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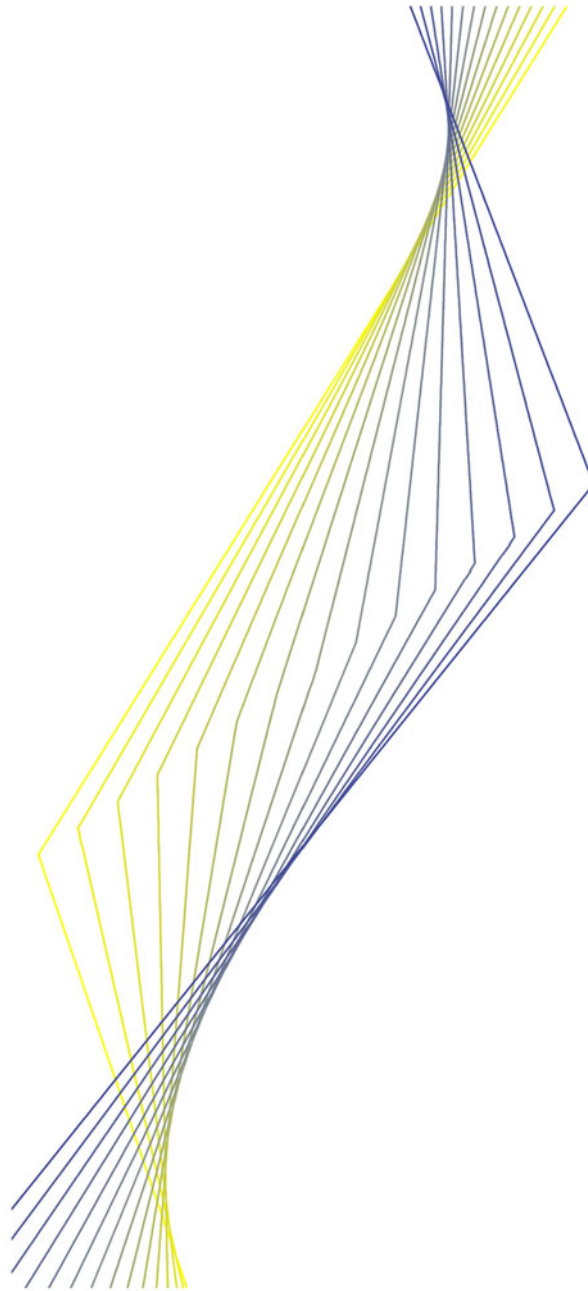


**ACCESSION COUNTRIES
BALANCE OF PAYMENTS/
INTERNATIONAL
INVESTMENT POSITION
STATISTICAL METHODS**

May 2003



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INTERNATIONAL
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List of abbreviations and acronyms

ÁPV Rt.	State Holding and Privatisation Company (Hungary)	DSBB	Dissemination Standards Bulletin Board
b.o.p.	Balance of payments	EAU	Estonian Authors' Society
BIS	Bank for International Settlements	EBRD	European Bank for Reconstruction and Development
BGN	Bulgarian leva	ECB	European Central Bank
BNB	Bulgarian National Bank	EDI	Electronic data interchange
BoL	<i>Lietuvos bankas</i> , Bank of Lithuania	EEK	Estonian kroon
BOPD	Balance of Payments Statistics Division (Estonia)	EFTA	European Free Trade Association
BOPED Division	Balance of Payments and External Debt Division (Bulgaria)	EP	<i>Eesti Pank</i> , the Bank of Estonia
BS	<i>Banka Slovenije</i> , Bank of Slovenia	EU	European Union
BPM4	IMF Balance of Payments Manual (4th edition)	EUR	Euro
BPM5	IMF Balance of Payments Manual (5th edition)	Eurostat	Statistical Office of the European Communities (Commission - DG ESTAT)
BUX	Index of the Budapest Stock Exchange (Hungary)	f.o.b.	Free on board at the exporter's border
CBC	Central Bank of Cyprus	FDI	Foreign direct investment
CBM	Central Bank of Malta	GDC	General Directorate for Customs (Romania)
c.i.f.	Cost, insurance and freight at the importer's border	GDDS	General Data Dissemination System
CMFB	Committee on Monetary, Financial and Balance of Payments Statistics	GESMES/TS	A message (with a GESMES profile) allowing the exchange of statistical time series, related attributes and structural metadata using a standardised format
CNB	<i>Ceská národní banka</i> , the Czech National Bank	GIRO Ltd.	Company operating the interbank clearing system (Hungary)
CPIS	Co-ordinated Portfolio Investment Survey	HUF	Hungarian forint
CSB	Central Statistical Bureau of Latvia	IAS	International Accounting Standard
CSE	Cyprus Stock Exchange	IBRD	International Bank for Reconstruction and Development (World Bank)
CSO	Central Statistical Office (Poland)	IFS	International Financial Statistics (IMF)
CSSE	Commission of Securities and Stock Exchanges (Poland)	i.i.p.	International investment position
CYSTAT	Statistical Service of Cyprus	IMF	International Monetary Fund
CZK	Czech koruna	ISIN	International Securities Identification Number
CZSO	Czech Statistical Office	ITRS	International Transaction Reporting System
DMFAS	Debt Management and Financial Analysis System (Romania)		
DR	Data collection system planned for Malta based on direct reporting		

KELER	Central Clearing House and Depository (Budapest) Ltd. (Hungary)	SDRs	Standard
KSH	Hungarian Central Statistical Office	SIT	Special drawing rights
L/C	Letter of credit	SITC	Slovene tolar
LCB	Law on the Central Bank of the Republic of Estonia	SKK	Standard International Trade Classification
LVL	Latvian lats	SNA	Slovak koruna (Slovakia)
MÁK	Hungarian State Treasury	SNA 93	System of National Accounts
MFIs	Monetary Financial Institutions	SOSR	The revised System of National Accounts
MFSA	Malta Financial Services Authority	SPE	Statistical Office of the Slovak Republic
MNB	<i>Magyar Nemzeti Bank</i> , National Bank of Hungary	SORS	Special-purpose entities
MoF	Ministry of Finance	SSO	Statistical Office of the Republic of Slovenia
MSE	Malta Stock Exchange	WIG	State Statistical Office (Estonia)
MTL	Maltese lira	USD	Warsaw Stock Exchange Index (Poland)
NACE	Nomenclature Générale des Activités Economiques dans les Communautés Européennes	ZUNK	US dollar
NBP	<i>Narodowy Bank Polski</i> , the National Bank of Poland		Government securities issued after the Law on Settlement of Non-performing Credits, negotiated prior to 31 December 1990 (Bulgaria)
NBR	<i>Banca Nationala a României</i> , National Bank of Romania		
NBS	<i>Národná banka Slovenska</i> , National Bank of Slovakia		
NCB	National Central Bank		
NIS	National Institute for Statistics (Romania)		
NSI	National Statistical Institute (Bulgaria)		
NSO	National Statistical Office (Malta)		
OECD	Organisation for Economic Co-operation and Development		
OSA	Official Statistics Act (Estonia)		
PHARE	An EC technical assistance programme for the applicant countries of central Europe in their preparations for joining the European Union		
repo	Repurchase agreement		
ROW	Rest of the world		
RPF	Reserve position in the (International Monetary) Fund		
SAD	Single Administrative Document (Poland)		
SDDS	IMF Special Data Dissemination		

I Foreword

This manual describes balance of payments (b.o.p.) and international investment position (i.i.p.) statistical methods in the accession countries (the countries that have applied to join the European Union namely Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia). It covers concepts and definitions and their adherence to international standards, notably those set by the 5th edition of the IMF Balance of Payments Manual, data collection, and compilation systems.

The manual provides a basis for monitoring harmonisation ahead of enlargement of the European Union and the euro area. The underlying methodological standards are briefly reviewed in Chapter 2. Chapter 3 contains the individual country presentations on the compilation of b.o.p. and related statistics and takes stock of the existing data collection system and applied methodologies, the latter in comparison with the “benchmark” requirements set out in

Chapter 2. Finally, a glossary is provided in the annexes (see list in Chapter 4.1).

The manual was first issued in February 2002. The present update of May 2003 provides, in particular, further information on the statistical compilation systems in individual accession countries and on the methodological standards agreed at the euro area level since the first release.

This manual is published on the ECB’s website (www.ecb.int). The ECB’s Balance of Payments Statistics and External Reserves Division takes responsibility for the overall presentation. The country chapters were drafted by the individual accession countries whose contributions are gratefully acknowledged.

Hard copies are available from the ECB’s Press Division on request. Specific enquiries relating to individual countries should be addressed to the countries concerned.

2 Scope of the presentations by accession countries

2.1 Organisational and institutional settings

Each presentation (“country chapter”) starts with an outline of the institutional framework within which balance of payments (b.o.p.) and related statistics are compiled. *Organisation charts* presenting the structure of the b.o.p. compiler (usually the central bank), supplemented in some cases by the internal structure of the unit producing b.o.p. statistics, help to provide an insight into the institutional environment of b.o.p. compilation.

The country’s legislation, i.e. national laws, regulations and specific provisions (*legislative provisions*) which determine the role and functions of the b.o.p. compiler, forms another important aspect of the institutional setting. This applies, in particular, where reporting agents are subject to sanctions in the event of non-compliance with legal requirements.

Internal organisation focuses on the practical organisation of work, including the staff involved and the tasks performed by the units responsible for data collection, control and processing.

External co-operation describes the co-operation between the b.o.p. compiler and other statistical authorities/departments. In cases where the central bank is responsible for b.o.p. compilation, it closely liaises with the national statistical institute (NSI), e.g. to obtain trade data or ensure consistency with national accounts. Moreover, b.o.p. compilers are in contact with general government, national central banks (NCBs) (either in their own country if the b.o.p. compiler is not the central bank and/or in partner countries), economic research institutes and European (ECB and Commission (Eurostat)) and international (IMF, OECD) organisations.

The sub-section on users lists the main consumers of b.o.p. and related statistics, both internally (i.e. other departments of the

b.o.p. compiler or the NCB) and externally (i.e. the government, international organisations and research institutes).

2.2 Statistical system

The section on the statistical system aims to give a comprehensive picture of the compilation of b.o.p. and related statistics in terms of data collection, processing, control and, lastly, dissemination. It starts with a description of the existing *type of collection system*, for which a distinction can be made between two models. First, the system may be based on the indirect reporting of settlements by banks on behalf of their customers and may be either “closed”¹ or “open”². Second, the system may be based on direct reporting through surveys of enterprises and banks, which report their own transactions only. In this case, it is useful to learn about the exhaustiveness of such surveys (i.e. their coverage and frequency) and the sampling procedures applied to select the reporting agents. It should be noted that many countries have mixed systems with elements of both direct and indirect reporting.

A detailed description of the *reporting agents* and their reporting obligations is given. In most cases, b.o.p. and related statistics are compiled on the basis of data from the following sectors: (i) the monetary authority sector, mainly for compiling reserve asset data; (ii) the banking sector; (iii) the general government sector; and (iv) other sectors. Finally, the use of additional data sources such as other statistics (e.g. stock or banking statistics) or the media is also described.

1 All changes in the level of the external accounts of the banking or non-banking sectors are explained by the full reporting of transactions (“flows”). The balance of the external accounts at the beginning of the period plus the transactions during the period equals the balance at the end of the period.

2 The changes in the level of the external positions of the banking or non-banking sectors cannot be fully explained by the reported cross-border transactions. The discrepancies are mainly due to (i) the presence of exemption thresholds in the reporting scheme and (ii) the use of different statistical sources for b.o.p. compilation.

Another important feature relates to *thresholds* of amounts below which reporting agents are not required to report any transactions (exemption thresholds) or below which the reporting agents may report transactions and positions in a simplified - e.g. aggregated - way (simplification thresholds).

The sub-section on the *availability of data* provides information about the compilation frequencies, the timeliness of data in days/weeks after the end of the reporting period and the available breakdowns, i.e. by instrument, sector, country or currency.

The *data controls* carried out by the b.o.p. compiler are explained both at the level of individual reports in the form of formal and plausibility checks and at the aggregate level by means of time series analysis or consistency checks with other statistics. Most countries have established built-in controls and perform automated checks, which are complemented by “intuitive” controls calling upon staff expertise.

The section on the statistical system finishes with an overview of the *revision policy*, focusing on the question of when data can be considered final, and the *dissemination* practices of the b.o.p. compiler.

2.3 Methodological standards applied in accession countries

The sub-sections on goods, services, income, current transfers, the capital account, direct investment, portfolio investment, other investment and reserve assets are structured in a similar way. *Data collection* is mentioned briefly, to the extent that it has not been covered in the section on the statistical system, and the availability of breakdowns, e.g. by geographical detail, sector or maturity, is described. Item-specific *estimation methods* are also covered. The *definition* sub-section describes the methodological contents and coverage of the individual b.o.p. items and thus forms the basis for recognising *gaps* and *deviations* relative to the agreed international

standards as laid down in the 5th edition of the IMF Balance of Payments Manual (BPM5). In this respect, countries may also specify their plans for methodological improvements (*intended harmonisation*). The sub-section on the i.i.p. is structured similarly and focuses on typical issues related to stocks such as valuation criteria and reconciliation with flows.

Following on from this general description of the country chapter structure, the paragraphs below recall the main concepts of the b.o.p./i.i.p. and highlight the particularities of the compilation of the individual sub-items as defined by the BPM5.

2.4 General principles of balance of payments and international investment position statistics

2.4.1 Balance of payments statistics

The *b.o.p.* is a statistical statement that systematically summarises, for a specific time period, the economic transactions of an economy with the rest of the world. A transaction itself is defined as an economic flow that reflects the creation, transformation, exchange, transfer or extinction of economic value and involves changes in ownership of goods and/or financial assets or liabilities, the provision of services or the provision of labour and capital.

Cross-border transactions are transactions between residents and non-residents of an economy. In this respect, the terms “resident” and “residing” mean having a centre of economic interest in the economic territory of a country. The following are examples of borderline cases in the determination of residence:

- (i) individuals from embassies and military bases should be classified as residents of their country of origin, thereby ensuring that a distinction is made between staff employed from among host country residents and those from the country

which the embassy or military base represents;

- (ii) when undertaking cross-border transactions in land and/or buildings (e.g. holiday homes), the owner should be treated as if having transferred ownership to a notional institutional unit actually resident in the country where the property is located. The notional unit should be treated as being owned and controlled by the non-resident owner; and
- (iii) where an institutional unit operates in an offshore financial centre, it should be treated as a resident of the territory in which the centre is located.

Despite its name, which refers to standards applicable in the past following recommendations of the IMF Manuals up to the fourth edition, the b.o.p. is now less concerned with *payments*, as that term is generally understood, than with *transactions*. This shift from a financial towards an economic approach (i) fosters a sound economic interpretation of the figures, and (ii) makes the b.o.p. concepts compliant with the national accounts (the b.o.p. is also the rest of the world account). Therefore, a number of international transactions, which are of interest in a b.o.p. context, may not involve the transfer of money, and some are not paid for in any sense. The inclusion of these transactions, in addition to those matched by actual payments, constitutes a principal difference between a b.o.p. statement and a record of foreign payments.

2.4.2 International investment position statistics

Closely related to the flow-oriented b.o.p. framework is the stock-oriented *i.i.p.* Compiled at a specified date, the *i.i.p.* is a statistical statement of (i) the value and composition of the stock of an economy's financial assets or claims on the rest of the world, and (ii) the value and composition of

the stock of an economy's financial liabilities to the rest of the world. *Cross-border positions* comprise the stocks of financial claims and liabilities vis-à-vis non-residents. Also encompassed are land, other real property and other immovable assets, which are physically located:

- outside the economic territory and owned by residents (considered as assets, from the resident perspective); or
- inside the economic territory and owned by non-residents (considered as liabilities, from the resident perspective).

In addition, monetary gold and special drawing rights (SDRs) held by residents are included.

In some instances, it may be of analytical interest to compute the difference between the two sides of the balance sheet. The calculation would provide a measure of the net position, which would be equivalent to that portion of the resident area's net worth attributable to, or derived from, its relationship with the rest of the world. A change in stocks during any defined period can be attributable to transactions (i.e. b.o.p. flows), to revaluations reflecting changes in exchange rates, prices, etc., or to other adjustments (e.g. reclassifications, corrections or uncompensated seizures).

2.4.3 Accounting principles for transactions and stocks

2.4.3.1 Double-entry system

The basic convention applied in constructing a b.o.p. statement is that every recorded transaction is represented by two opposing entries with equal values. One of these entries is designated a *credit*; the other a *debit*. In principle, the sum of all credit entries is identical to the sum of all debit entries, and the net balance of all entries in the statement is zero. In practice, however, the accounts frequently do not balance. Data for

b.o.p. estimates are often derived independently from different sources and may be incomplete. Moreover, timing and valuation effects along with a variety of other factors tend to cause imbalances in the information recorded. As a result, individual b.o.p. accounts tend to aggregate to a summary net credit or net debit. A separate entry, equal to that amount with the sign reversed and labelled net errors and omissions, is then included to balance the overall b.o.p. account.

2.4.3.2 Time of recording transactions

The BPM5 principally requires recording on a transactions basis, meaning that transactions are recorded when economic value is created, transformed, exchanged, transferred or extinguished. Claims and liabilities arise when there is a change in ownership. The change may be legal or economic. In practice, when a change in ownership is not obvious, the change may be assessed at the time that parties to a transaction record it in their books.

2.4.3.3 Valuation of transactions and stocks

In principle, market prices should be used as the basis of valuation for both transactions and stocks. Thus, transactions are generally valued at the actual prices agreed upon by transactors, and stocks of assets and liabilities are valued at the market prices prevailing at the times to which the balance sheet relates. Market valuation provides the most meaningful measure of the economic value of the resources available to an economy. From a methodological point of view, alternatives to valuation at market prices should only be used if absolutely necessary.

In practice, however, some deviations from the market principle may occur. *Book values* from the reporting agents' balance sheets may, in some cases, be the only readily available source for the valuation of assets and liabilities. In this case, owing to the

accounting principles established by the appropriate authority and/or different investment policies, those book values may differ from the market value. Moreover, equity and debt securities are not always recorded on a security-by-security basis. Suitable means (e.g. indices) must then be chosen by either the data provider or the compiler to approximate the market value. The i.i.p. is valued at current market prices, with the exception of direct investment stocks where book values are used to a large extent.

2.4.3.4 Reconciliation of stocks and flows

The reconciliation of changes in stocks and b.o.p. flow data allows sets of data to be validated when they are collected independently and gives possible explanations for the changes in positions over a given period. These factors are:

- (i) the transactions that have taken place during the period;
- (ii) price changes;
- (iii) exchange rate changes; and
- (iv) other adjustments reflecting changes in stocks which are not due to the aforementioned factors.

The greater the level of detail of the basic information on both stocks and flows, the more precise the reconciliation is. In particular, the following information is necessary:

- (i) a currency breakdown to capture the *exchange rate effect*;
- (ii) a breakdown of applicable market prices, especially for portfolio investment instruments, to isolate the *market value effect*; and
- (iii) the *timing of transactions* to select the appropriate price and exchange rate.

2.4.4 Classification principles for balance of payments and international investment position statements

2.4.4.1 Standard components of balance of payments and international investment position statements

According to the BPM5, the two major classifications of transactions in the b.o.p. statement are the current account and the capital and financial account. In brief, the current account shows transactions in the real economy and relates to goods, services, income and current transfers, while the capital and financial account records the transactions in the financial economy.

The major classifications within the current account are:

- goods;
- services;
- income; and
- current transfers.

The capital account records an economy's capital transfers and its transactions in non-produced, non-financial assets (such as patents and copyrights).

The financial account records an economy's transactions in external financial assets and liabilities and is structured around five accounts, differentiated by the type of financial assets/liabilities involved in the transaction:

- direct investment;
- portfolio investment;
- financial derivatives;
- other investment; and
- reserve assets.

The i.i.p. is structured in the same way as the financial account of the b.o.p.

2.4.4.2 Institutional sectors

In addition, transactions within the portfolio investment, financial derivatives and other investment accounts can be classified by sector, according to the institutional sector to which the resident undertaking the transaction belongs. This sectoral analysis also applies to the corresponding stock data for the i.i.p.

Four sectors are identified separately for b.o.p./i.i.p. statistics:

- (i) monetary authorities;
- (ii) general government;
- (iii) banking sector; and
- (iv) other sectors.

2.4.4.3 Classification of financial flows by credits/change in assets and debits/change in liabilities

Economic transactions are recorded (i) as credits or debits in the case of all items of the current and capital accounts, and (ii) as changes in assets or liabilities in the case of all items of the financial account. Credits and debits are shown as gross figures, i.e. inflows from non-residents will increase the amount of credits, while outflows to non-residents mean an increase of debits. By contrast, changes in assets and liabilities are shown as net figures: increases (decreases) in assets indicate that a net outflow (inflow) has occurred, since the payments by residents in respect of their acquisitions of assets issued by non-residents are larger (smaller) than the receipts derived from their sale or redemption. Increases (decreases) in liabilities indicate a net inflow (outflow), since the receipts from non-residents in respect of their acquisitions of assets issued by residents are larger (smaller) than the payments generated by their sale or redemption.

2.4.4.4 Geographical allocation principle for changes of ownership in the case of financial transactions and positions

For financial transactions/positions, there are two possible means of classification considered to be in accordance with the change-of-ownership principle: the *debtor/creditor principle* and the *transactor principle*. In order to achieve a more precise geographical allocation, the BPM5 recommends, in principle, the application of the *debtor/creditor principle*, according to which transactions/positions in a country's external liabilities are classified according to the country of the owner of the claim (the creditor) and transactions/positions in a country's financial assets are classified according to the country that incurs the liability (the debtor). The *transactor principle*, however, means that transactions/positions are classified according to the country of the non-resident counterparty to the transaction.

2.5 Goods

The goods item of b.o.p. statistics covers general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers and non-monetary gold. In accordance with general b.o.p. principles, change of ownership is the principle determining the coverage and time of recording of international transactions in goods. Exports and imports of goods should be recorded on an f.o.b./f.o.b. basis, i.e. at market value at the customs frontiers of exporting economies, including charges for insurance and transport services up to the frontier of the exporting country. Moreover, in line with the guidelines set out in the BPM5, the geographical allocation of exports should be based on the country of final destination and that of imports should be based on the country of origin.

Data for the b.o.p. goods item are mostly derived from trade data, which are collected by the national statistical institutes on the basis of customs reports. However, in cases

where the trade data are not available in a timely manner, countries may use other sources, e.g. the settlements reported by the banking sector or estimates, to compile the goods item. Moreover, trade data are not fully in line with BPM5 requirements for the goods item, implying that further adjustments have to be made. The most important one refers to imports, which are not available from trade statistics on an f.o.b. basis, meaning that the amounts of cost, insurance and freight have to be deducted from goods and allocated to the services item. Most countries use estimated ratios for this type of adjustment.

2.6 Services

The services account of the b.o.p. consists of the following items, which should be recorded according to their actual delivery:

- *Transportation* covers all transportation services (sea, air and other - including land, inland waterway, rail, space and pipeline) that are performed by residents for non-residents, or vice versa, and that involve the carriage of passengers, the movement of goods (freight), rentals (charters) of carriers with crew, and related supporting and auxiliary services. Excluded are passenger services provided to non-residents by resident carriers within the resident economies, or vice versa (these are included under travel).
- *Travel* includes primarily the goods and services which resident travellers acquire from non-residents or which residents provide to non-resident travellers during visits of less than one year, net of any purchases made with money earned or provided locally. Unlike other services, travel is not a specific type of service, but an assortment of goods and services consumed by travellers. Personal transport (only international transportation) in connection with travel is not included in this item but under transportation.

- *Other services* comprise those service transactions with non-residents which are not covered under transportation and travel, such as communications services, construction services, insurance services or financial services.

2.7 Income

Income covers two types of transactions between residents and non-residents:

- (i) those involving *compensation of employees*, which is paid to non-resident workers or received from non-resident employers; and
- (ii) those involving *investment income* receipts and payments on external financial assets and liabilities. Income derived from the use of tangible produced assets³ is excluded from income and classified, as appropriate, under leasing or rentals, under other business services or under transportation. Income from tangible non-produced assets is, however, classified as investment income, under “other investment” income in general or direct investment income in the case of income from land (rent).

Compensation of employees comprises wages, salaries and other benefits (in cash or in kind) earned by individuals in economies other than those in which they are resident, for work performed for and paid for by residents of those economies (and conversely). Included are the contributions paid by employers, on behalf of employees, to social security schemes or to private insurance or pension funds to secure benefits for employees.

Investment income (property income in the SNA 93 and the ESA 95) is income derived from ownership of external financial assets and payable by residents of one economy to residents of another economy. It includes interest, dividends, remittances of branch profits, and direct investors’ shares of the

retained earnings of direct investment enterprises. Where separately identifiable, holding (capital) gains and losses are not classified as investment income, but as changes in the value of the investments due to market price developments. For practical reasons, this requirement concerning holding gains and losses is often very difficult to fulfil. Settlement flows in respect of interest rate swaps and forward rate agreements (FRAs) are not regarded as interest income, but are recorded as transactions under financial derivatives in the financial account.

In line with the related financial accounts, the investment income account can be broken down into direct investment, portfolio investment and other investment components (income on reserve assets should be included in other investment income). Income on direct and portfolio investment can be broken down further into income on equity and income on debt. In the case of portfolio investment, income on debt can be subdivided into income on bonds and notes (long-term component) and income on money market instruments (short-term component). The most common types of investment income are dividends in the case of equity and interest in the case of debt.

2.7.1 Dividends

Dividends represent income that is payable without a binding agreement between the creditor and the debtor. Dividends may be paid out of *normal operating profits* or out of *realised or unrealised capital gains*. In principle, redistributed capital gains should be classified as other capital transfers.

The following borderline cases deserve attention: stock dividends, bonus shares and liquidating dividends. Distribution of earnings in the form of *stock dividends* is capitalisation

³ *Tangible assets cover produced and non-produced assets. Tangible non-produced assets consist of assets that occur in nature and over which ownership may be enforced and transferred, such as land and water resources.*

of current earnings and an alternative to distributing cash dividends, and should be recorded in the same manner as reinvested earnings (i.e. as investment income in the current account and as offsetting equity investments in the financial account). General *bonus shares*, by contrast, represent the substitution of one type of equity (paid-up capital or capital stock) for another (reinvested earnings) and should thus not be recorded in the b.o.p. Bonus shares reflect the transformation of reserves (which usually consist of accumulated, unremitted earnings) into voting power. *Liquidating dividends* refer to the distribution of assets in the form of a dividend from a corporation that is going out of business. Payment of liquidating dividends may take place when a firm goes bankrupt or when management decides to sell off a company's assets and pass the proceeds on to shareholders. As liquidating dividends represent a return of capital contributions rather than a remittance of earnings, they should be recorded as withdrawals of capital in the financial account and should consequently be excluded from investment income.

Dividends are recorded as of the date they are payable.

2.7.2 Interest

Interest is payable in accordance with a binding agreement between the creditor and the debtor. Interest is the amount that the debtor becomes liable, under the terms of the financial instrument agreed between them, to pay to the creditor over a given period of time without reducing the amount of principal outstanding. Interest income should be recorded on an accruals basis so as to ensure that the cost of capital continually matches the provision of capital. At the time interest accrues, the following entries are recorded: (i) accrued interest is recorded under investment income in the current account, either as a credit or as a debit, and (ii) an offsetting entry is made in the financial account according to the

underlying instrument (e.g. portfolio investment – debt securities, or other investment – loans/currency and deposits) to reflect an increase in the claim associated with the non-payment of the accrued amount. When the actual interest payment occurs, a debit/credit is usually recorded under other investment – loans/currency and deposits. The offsetting entry to this payment should not be recorded under investment income, but should instead be recorded in the financial account as a debit or credit entry, representing a reduction in the liabilities/assets (extinguishing the financial account entry made at the time interest accrued).

2.7.3 Reinvested earnings

Reinvested earnings appear in the context of income on equity and are defined as the direct investor's share of the total consolidated profits earned by the direct investment enterprise in the reference period covered (after allowing for tax, interest and depreciation), less dividends due for payment in the relevant period even if these relate to profits earned in earlier periods. Reinvested earnings should be recorded in the period in which they are earned and included in the b.o.p. statistics both (i) in the current account as imputed flows of undistributed income to the direct investor (credit) and (ii) in the financial account as additional equity capital for the direct investment enterprise (debit), the flows being equal and of opposite signs.

2.8 Current transfers and capital account

2.8.1 Distinction between current and capital transfers

The separation of capital and current transfers within the b.o.p. has been introduced for the purpose of achieving compatibility with national accounts statistics. For b.o.p. statistics, the sum of the balances on the current and capital accounts corresponds to

the net lending/borrowing of the total economy. However, the current account balance as such is viewed as an important economic indicator and the classification of transfers as current or capital has an impact on the resulting surplus or deficit on the current account. It is therefore vital that transfers be recorded appropriately in the b.o.p. current or capital account.

Transfers are offsetting items required to balance unilateral transactions in which one economic entity provides a real resource, such as goods or services, or a financial item to another entity without receiving any real resource or financial item in exchange.

Current transfers consist of transfers that are not transfers of capital. Current transfers directly affect the level of disposable income of the donor or recipient. They include those of general government, e.g. transfers relating to current international co-operation between different governments, payment of current taxes on income, wealth, etc., and other transfers, e.g. workers' remittances, insurance premiums (less service charges) and claims for non-life insurance.

Capital transfers may be in cash or in kind and consist of:

- (i) transfers involving transfers of ownership of fixed assets;
- (ii) transfers of funds linked to, or conditional upon, the acquisition or disposal of fixed assets; or
- (iii) the cancellation, without any counterparts being received in return, of liabilities by creditors.

In practice, the distinction between current and capital transfers is to be found in the use of the transfer by the recipient country.

2.8.2 Acquisition/disposal of non-produced, non-financial assets

In addition to capital transfers, the capital account also covers the acquisition/disposal of non-produced, non-financial assets which include the acquisition/disposal of non-produced, tangible assets (land and sub-soil assets) and the acquisition/disposal of non-produced, intangible assets, such as patents, copyrights, trademarks, franchises, etc., and leases or other transferable contracts. Only the purchase/sale, and not the use, of such assets, should be recorded in this category of the capital account. In the case of resident/non-resident transactions in land, an acquisition/disposal is deemed to occur between resident units, and the non-resident acquires a financial claim on a notional resident unit. Therefore, changes of ownership in land usually are classified as financial transactions under direct investment. (The only exception concerns land purchased or sold by a foreign embassy, which is recorded under acquisition/disposal of non-produced, non-financial assets.)

2.9 Direct investment

Direct investment reflects the objective of a resident entity in one economy to obtain a lasting interest in an enterprise resident in another economy. In line with international standards (IMF/OECD), a "10% ownership criterion" should be applied in order to infer the existence of a lasting interest. Based on this criterion, a direct investment relationship can exist between related enterprises, regardless of whether the linkage involves a single chain or a number of chains. It can extend to a direct investment enterprise's subsidiaries, sub-subsidiaries and associates. Once the direct investment has been established, all subsequent financial flows⁴ between the related entities should be recorded as direct investment transactions, regardless of the financial instrument used,

⁴ Including those related to securities and financial derivatives.

except in the case of transactions between affiliated banks and other financial intermediaries where direct investment transactions are confined to those of a permanent capital nature.

Special-purpose entities (SPEs) are enterprises in the form of holding companies, base companies, regional headquarters or other types of subsidiaries, which are established for the purpose of managing foreign exchange risks, facilitating the financing of investments or otherwise engaging in financial transactions. They are considered to be direct investors and/or direct investment enterprises. However, for SPEs with the sole purpose of acting as a financial intermediary (as is the case for banks and other financial intermediaries, such as brokers), transactions recorded under direct investment are limited to those associated with permanent debt and equity (see above).

The components of direct investment transactions are equity capital, reinvested earnings and other capital associated with various inter-company debt transactions. Real estate investment including private, non-business real estate investment should be recorded as well. Private non-business real estate investment relates, in particular, to holiday and other residences owned by non-residents, whether for personal use or leased to others.

Equity capital comprises equity in branches, all shares in subsidiaries and associates (with the exception of non-participating preference shares which are treated as debt securities) and other capital contributions.

Reinvested earnings consist of direct investors' shares of earnings not distributed as dividends by subsidiaries or associates and earnings of branches not remitted to direct investors, but recorded under investment income.

Other capital covers all inter-company financial transactions (borrowing and lending of funds) – including debt securities and

suppliers' credits (i.e. trade credits) – between direct investors and subsidiaries, branches and associates.

Following the recommendations of the IMF and Eurostat/OECD guidelines, direct investment relationships should be recorded using the *directional principle*, implying that the financial transactions between the resident direct investors and the non-resident direct investment enterprises are classified as direct investment abroad (negative or positive, depending on the direction of the flow). Symmetrically, the financial transactions between resident direct investment enterprises and non-resident direct investors are classified as direct investment in the reporting economy.

With regard to the valuation of direct investment *stocks*, the internationally recommended approach is to use market prices. However, owing to practical difficulties, some compilers partly use book values or extended book values, e.g. based on the volume of own funds of the companies involved.

2.10 Portfolio investment

The portfolio investment account includes (i) equity securities and (ii) debt securities in the form of bonds and notes and money market instruments, except for those falling under the category of either direct investment or reserve assets. *Financial derivatives* should be excluded from portfolio investment and shown in a separate category of the financial account and in the i.i.p., in line with recent IMF recommendations.

Equity securities cover all instruments representing claims to the residual values of incorporated enterprises after the claims of all creditors have been met. Shares, stocks, preferred stock or shares, and participation or similar documents usually denote ownership of equity. Transactions in and holdings of shares of collective investment institutions, e.g. investment funds, are also included.

Bonds and notes are, in principle, securities issued with an initial maturity of more than one year which usually give the holder (i) the unconditional right to a fixed monetary income or contractually determined variable monetary income (payment of interest being independent of the earnings of the debtor) and (ii) the unconditional right to a fixed sum in repayment of principal on a specified date or dates. Transactions in and holdings of securities issued with a maturity of more than one year are always classified as bonds, even though their residual maturity at the time of the investment may be one year or less.

Unlike bonds and notes, *money market instruments* are securities issued with an initial maturity of up to one year. They generally give the holder the unconditional right to receive a stated, fixed sum of money on a specified date. These instruments are usually traded, at a discount, in organised markets; the discount is dependent upon the interest rate and the time remaining to maturity. Examples of such instruments are Treasury bills, commercial and financial paper and bankers' acceptances.

Collateralised loans and other relevant transactions/holdings related to *repurchase agreements* involving debt securities are recorded in the other investment account.

The recording of portfolio investment transactions in the b.o.p. takes place when the creditors or debtors enter the claim or liability in their books. Transactions should be recorded, in principle, at the effective price paid or received, less commissions and expenses. Thus, in the case of securities with coupon interest, the interest accrued from the last payment of interest is included and, for securities issued at a discount, the interest accumulated since issue is included. Offsetting entries for interest accrued are required in the b.o.p. financial account and in the i.i.p., in line with the income account.

With regard to stocks, as financial instruments within portfolio investment are greatly affected by price adjustments,

compilation based on market value is important in the i.i.p. Therefore, *market values* should be applied as far as possible in the case of equity and debt securities, on both the assets and the liabilities side, since the i.i.p. must show the economic value of the resources and not the redemption value. The relevant prices are those prevailing at the end of the reference period to which the reporting relates.

2.11 Financial derivatives

Financial derivatives are financial instruments that are linked to a specific financial instrument, indicator or commodity, and through which specific financial risks can be traded in financial markets in their own right. Transactions in financial derivatives are treated as separate transactions, rather than as integral parts of the value of underlying transactions to which they may be linked. The transactions and positions recorded under the item financial derivatives should be those in *options, futures, swaps, forward foreign exchange contracts* and *credit derivatives*.

Net flows associated with *interest rate derivatives* are recorded under financial derivatives, not as interest flows, in line with recent international agreement.

Initial margin payments are regarded as changes in deposits and should be recorded, if identifiable, under other investment. The treatment of *variation margin payments* depends on the form of the variation margin: *options-style variation margins* are regarded, in principle, as changes in deposits and should be recorded, if identifiable, under other investment. *Futures-style variation margin payments* are regarded, in principle, as operations in derivatives and should be recorded under financial derivatives. In the case of options, the full premium (i.e. the purchase/sale price of the options and the implied service charge) is recorded.

The recording of transactions in financial items takes place when both creditor and

debtor enter the claim and liability, respectively, in their books.

2.12 Other investment

The other investment item is a residual category that includes all financial transactions not covered under direct investment, portfolio investment, financial derivatives or reserve assets. It can be further subdivided into (i) trade credits, (ii) loans/currency and deposits and (iii) other assets/other liabilities. It also encompasses the offsetting entries for accrued income on instruments classified under other investment.

Trade credits consist of claims or liabilities arising from the direct extension of credit relating to transactions in goods and services and advance payments for work in progress (or to be undertaken) associated with such transactions. There are two types of trade credit assets: (i) prepayments on imports and (ii) trade credit extended on exports. Assets represented by prepayments on imports are extinguished upon delivery of the goods or services and assets represented by trade credit on exports are extinguished by actual payment (postpayment). Trade credit liabilities arise from the prepayment of exports or trade credit received on imports. Delivery of exports extinguishes the former and actual payment (postpayment) extinguishes the latter.

Loans/currency and deposits comprise transactions in the following financial instruments: loans, i.e. those financial assets created through the direct lending of funds by a creditor (lender) to a debtor (borrower) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument; deposits; repo-type operations; and currency (notes and coins which are in circulation and commonly used to make payments). Loans to finance trade, other loans and advances (including mortgages) are included, as are financial leases.

Other assets/other liabilities cover all items other than trade credits, loans and currency and deposits. Examples are: capital subscriptions to international non-monetary organisations, changes in insurance technical reserves and offsets in respect of unsettled securities transactions.

In the case of the other investment holdings (*stocks*), the discrepancies between the market value and the nominal or book value can be considered to be somewhat smaller than for other financial instruments, except in cases where there have been large write-downs or valuations are based on secondary market quotations. For these reasons, *book values* are accepted as the valuation criterion for other investment stocks, except for loans that are negotiable at a discount in which case market value should be applied.

2.13 Reserve assets

Reserve assets must be under the effective control of the relevant monetary authority (e.g. the NCB or the Treasury) and refer to highly liquid, marketable and creditworthy foreign currency denominated claims on non-residents, plus monetary gold, SDRs and the reserve position in the IMF.

Reserve asset data are compiled on the basis of the information provided by the accounting or operations departments of the NCBs.

Against the background of the 1997 Asian financial crisis, the concept of *usable reserves* has gained importance. This concept supplements data on gross reserves with information about encumbrances on reserves, i.e. the so-called “reserve-related liabilities”. Together with other foreign currency claims (e.g. on resident counterparts), these liabilities might constitute an important additional indicator of a country’s ability to meet its foreign exchange obligations. Nonetheless, reserve assets presented on a *gross basis* without any netting-off of reserve-related liabilities remain the central indicator of a

country's ability to meet its foreign exchange obligations.

though they may be shown separately in the context of IMF dissemination standards⁵.

Foreign currency claims on residents should not be included in official reserve assets,

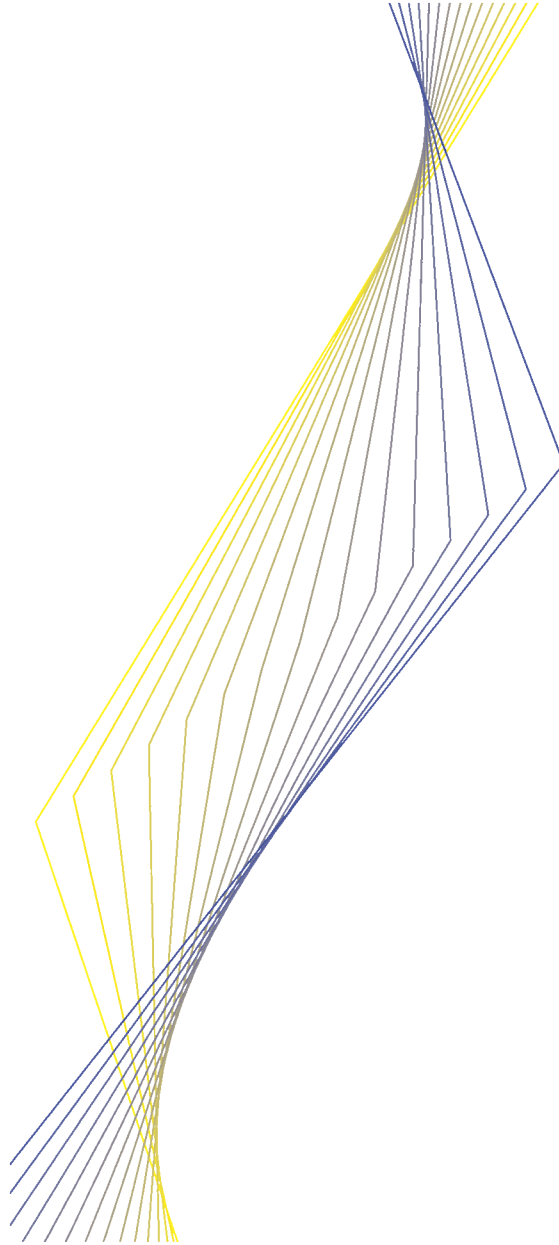
The offsetting entries for accrued interest on reserve assets should be recorded under the relevant reserve asset items.

⁵ This concept was developed by the IMF in the context of the Special Data Dissemination Standard. All this relevant information has been integrated into a common statistical layout in the form of the "IMF/BIS Common Template on international reserves and foreign currency liquidity".



EUROPEAN CENTRAL BANK

3 Country-specific details

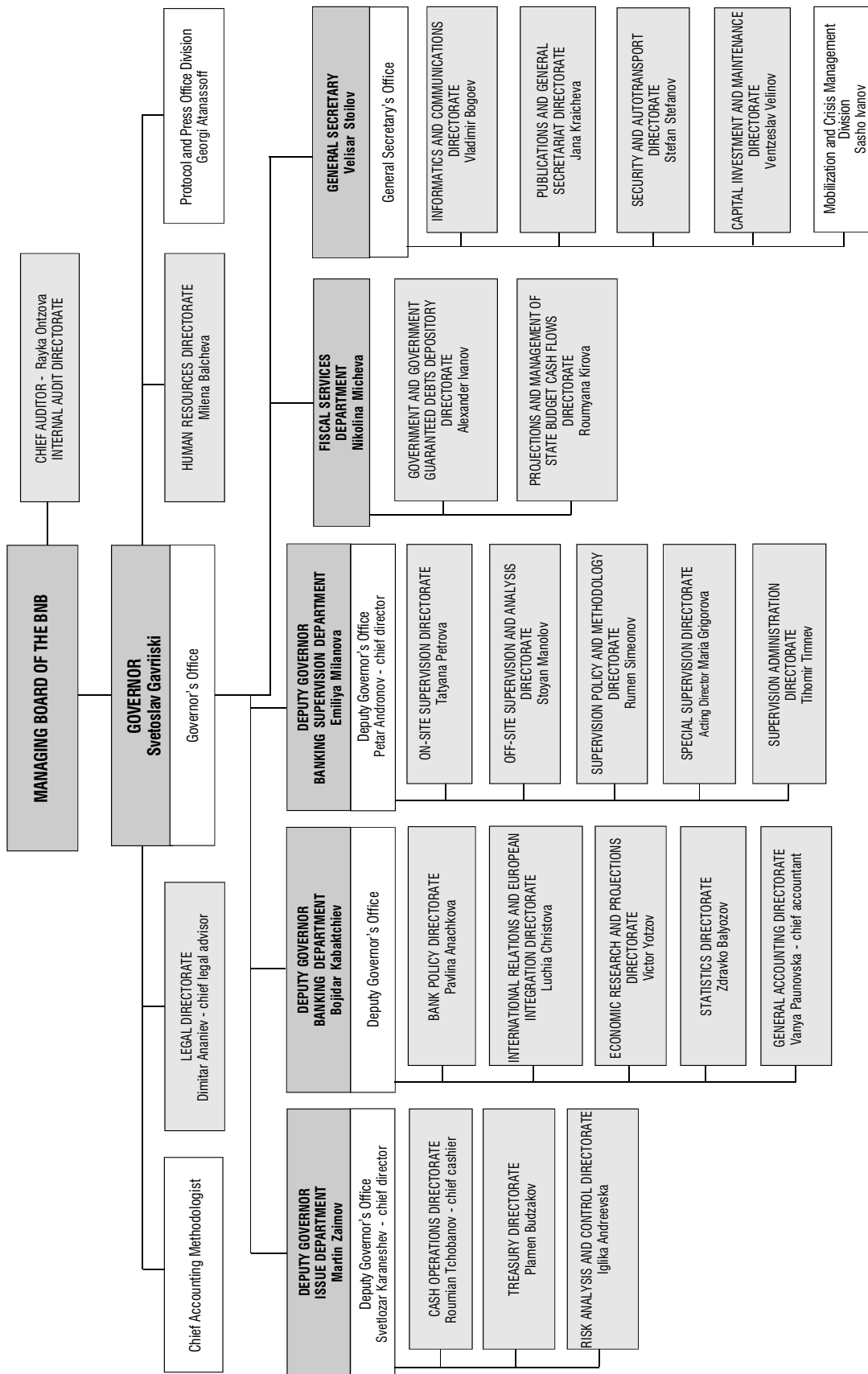


Bulgaria

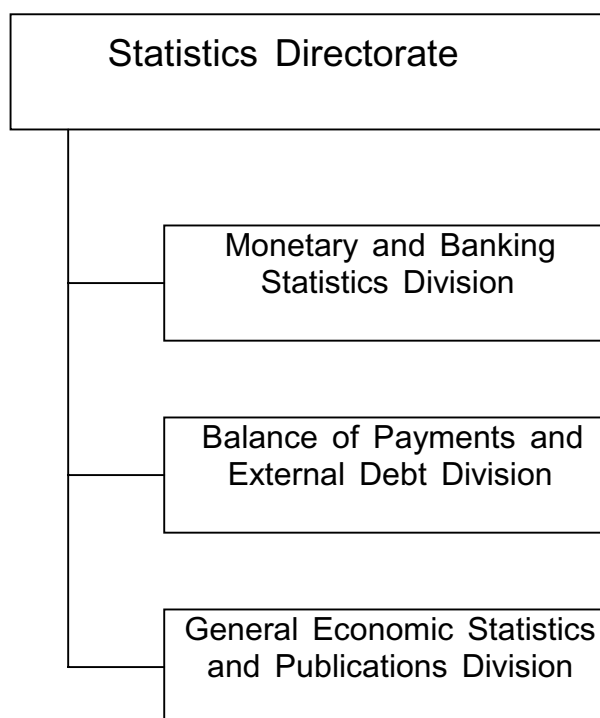
May 2003

I Organisation chart

ORGANIZATIONAL STRUCTURE OF THE BNB
(as of July 2002)



Organisation chart of the BNB Statistics Directorate



2 Institutional aspects

2.1 Introduction

The Bulgarian National Bank (BNB) has been responsible for compiling the balance of payments (b.o.p.) since 1991. The legal basis for b.o.p. compilation in Bulgaria is provided for in Article 42 of the Law on the Bulgarian National Bank. Data for the purposes of this compilation are collected on the basis of this Article as well as on the basis of the Foreign Exchange Law. These data are processed by the Balance of Payments and External Debt (BOPED) Division within the Statistics Directorate of the BNB. At present, the BNB compiles and publishes monthly analytical presentations as well as standard presentations of the b.o.p. in accordance with the fifth edition of the IMF "Balance of Payments Manual" (IMF, 1993) (BPM5) and the "Balance of Payments Textbook" (IMF, 1996). In compiling the b.o.p., the Bank is fully independent from the general government and follows the methodological principles of the BPM5 as strictly as possible.

2.2 Legislative provisions

Since 1991 the BNB has borne responsibility for compiling the Bulgarian b.o.p. The role of the BNB was confirmed in Article 42 of the Law on the Bulgarian National Bank. With Decree No. 181 of 22 July 1996 of the Council of Ministers, a new Article was added to the existing Decree No 15, which set out the obligation that all information concerning the b.o.p. should be presented to the BNB directly or via the commercial banks.

The Foreign Exchange Law, in force since 1 January 2000, introduced the basis for significant improvements of the reporting system. It specified a number of procedures for the collection of data for b.o.p. statistics. Although the Law strengthened the ability of the BNB to collect information in some respects, minor gaps remained in the b.o.p. compilation methodology according to the

BPM5. The following regulations have been issued in compliance with the Foreign Exchange Law - Regulation No. 27 on the Registration by the Bulgarian National Bank of Transactions between Residents and Non-Residents; Regulation No. 29 on the Terms and Procedures for the Submission of Reports and Declarations on the Liabilities of Residents vis-à-vis Non-Residents; and the Regulation on the Collection of Information on Balance of Payments Statistics.

2.3 Internal organisation

At the BNB, b.o.p. statistics and the international investment position (i.i.p.) are compiled in the BOPED Division within the Statistics Directorate. The Directorate has three divisions, namely the BOPED Division, the Monetary and Banking Statistics Division and the General Economic Statistics and Publications Division.

At present, the BOPED Division, which has a total of eight staff, is made up of the following three sections:

- *Methodology and Compilation* - this section has three staff (one expert and two economists) and is mainly responsible for the collection of data for and the compilation of the b.o.p., the development and improvement of the methodology for data collection and compilation techniques, the adaptation of the compilation system to the various requirements of the international institutions, the maintenance of metadata concerning the b.o.p., etc. This section is also responsible for publishing the b.o.p. data.
- *Analyses and Forecasting of Foreign Trade and the BOP* - this section has two members of staff and its main responsibilities include the processing of foreign trade data, monthly analyses of current b.o.p. and foreign trade developments and

short-term forecasting. The section is also responsible for publishing the foreign trade data.

- *International Investment Position* - this section has two members of staff and is responsible for compiling the i.i.p. and private-sector external debt, providing monthly gross external debt information, monthly analyses of current debt developments, short-term and long-term projections for debt service, etc. It is also responsible for publishing external debt and i.i.p. data.

2.4 External co-operation

The BNB receives customs declarations' trade data from the Information Services Company. These data are supplemented with data from the National Statistical Institute (NSI) and are further processed by the BNB.

The data on travel are based on information from the Ministry of Internal Affairs on the number of travellers crossing the borders and on estimates of "per capita" receipts and expenditures elaborated by the BNB, together with the Ministry of Economy. The BNB receives information on current transfers in kind from the Bulgarian Red Cross, the Agency for Foreign Aid and in cash from the monthly commercial banks' reports.

The BNB also receives data on direct investments in the country from the Privatisation Agency, the Central Depository, commercial banks' reports, the Agency for Gambling and Insurance Supervision at the Ministry of Finance, the Pension Insurance Supervision Agency and from notaries public on private real estate investment of non-residents as well as from the reports on inter-company debt transactions and the statistical survey carried out by the NSI among non-financial sector enterprises and from the commercial banks' annual financial and accounting reports (balance sheets and profit and loss statements). The BNB

provides the Foreign Investment Agency with information on direct investment in the country.

The BNB receives monthly data on direct investment abroad from the commercial banks' reports and annually from the survey carried out by the BNB among direct investors from the country.

The BNB works in close co-operation with the 35 existing commercial banks, which provide monthly aggregated reports on their transactions with the rest of the world, as well as with more than 3,000 companies reporting their external liabilities directly to the BNB.

With respect to the b.o.p. methodology, the BNB works in close co-operation with the International Monetary Fund (IMF), Eurostat and the European Central Bank (ECB). Since 1998, experts from the BOPED Division have taken part in the b.o.p. working parties organised by Eurostat. Since November 2000, regular meetings between the BNB and the ECB have been held with the aim of harmonising the methodology and getting the accession countries acquainted with the reporting requirements.

2.5 Users

B.o.p. data are supplied to various internal and external users. Within the BNB the main users of the b.o.p. are the Managing Board of the BNB, the Economic Research and Projections Directorate and the General Economic Statistics and Publications Division within the Statistics Directorate, the Issue Department, etc. Externally, the main users of b.o.p. data are the Council of Ministers, the Ministry of Finance, the Ministry of the Economy, government agencies, foreign embassies, international financial organisations, international investors and rating agencies. B.o.p. data are used as input in the rest of the world account in the System of National Accounts produced by the NSI. Quarterly b.o.p. data, annual i.i.p. data and monthly

Chapter 3.1 Bulgaria

trade data are sent electronically to the IMF in the requested format. Since mid-2000, a GESMES-CB message has been used for b.o.p.

data dissemination to Eurostat. Monthly b.o.p. and reserve assets data are sent to ECB in GESMES format, as are the annual i.i.p. data.

3 Statistical systems

3.1 Type of collection system

The existing open International Transactions Reporting System (ITRS) was introduced in 1996 as a first step towards achieving a closed ITRS. It includes (i) commercial banks' reports and (ii) reports by some enterprises which have bank accounts abroad pertaining to residents' international transactions. In addition, the data on certain b.o.p. components collected by the ITRS are substituted for data from other sources: (i) exports and imports data, based on customs declarations, (ii) travel debits and credits, as estimated by customised methodology, (iii) the direct investment enterprise survey, (iv) administrative records and (v) reports by enterprises having borrowed from abroad and others.

3.2 Reporting agents

(i) *Banking sector* - historically, the banking sector has been the backbone of the reporting system. In the first quarter of 2000, following the adoption of the Foreign Exchange Law, the BNB developed and adjusted the existing collection system to the new requirements of this Law. The banks should report monthly (Form IT-1) all transactions between residents and non-residents above a threshold of BGN 5000 (approximately EUR 2,556). In accordance with regulations, the banks provide the BNB with aggregated (by economic code) information. They keep a register of all these transactions and are obliged to present the BNB with detailed information upon request. There are, however, some b.o.p. items, such as direct investment in the reporting country and loans received from abroad,

for which the BNB receives monthly and quarterly detailed information respectively.

(ii) *Corporate sector* - these are partial direct reporting companies (PDRCs) providing the BNB with monthly or quarterly information on selected b.o.p. items:

- enterprises holding bank accounts abroad are obliged to provide monthly reports on all their transactions with non-residents channelled via their accounts abroad. The Foreign Exchange Law stipulates that as of January 2000, all enterprises and persons opening accounts abroad are obliged to register at the BNB;
- enterprises which have received financial loans from non-residents are obliged to register them at the BNB and to provide quarterly reports on all transactions connected with financial loans;
- enterprises which have extended financial loans to non-residents are obliged to register them at the BNB and to provide quarterly reports on all transactions connected with financial loans;
- enterprises that have other liabilities to non-residents (trade credits, etc.) provide quarterly reports on the amount of their liabilities other than financial loans to non-residents. Data are provided on the country of creditor and on the original currency. Flow data are derived from stocks;
- enterprises with direct investments abroad provide information on their foreign direct investment (FDI)

- abroad through the annual survey conducted by the BNB;
- tourist agencies provide information on the receipts and expenditure of foreign travellers in the country and Bulgarian travellers abroad through the annual sample survey conducted by the BNB and the Ministry of the Economy. The results of the survey are used as a basis for the estimation of “per capita” receipts and expenditure.
- (iii) *Monetary authorities* - the Accounting Directorate at the BNB provides the BOPED Division with data on reserve assets as well as on its own transactions with non-residents.
- (iv) *General government* - the Ministry of Finance provides the BNB with monthly information on government and government-guaranteed external debt. Data on transactions made on behalf of the general government and its agencies are also obtained from the reporting forms of the BNB and the commercial banks. The Agency for Foreign Aid provides the BNB with quarterly data on the current transfers in kind received by the Government. Monthly reports are also received from the Central Depository and from the Privatisation Agency regarding their privatisation receipts.

Table I
Reporting scheme for b.o.p. and i.i.p. data collection for Bulgaria

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Commercial banks	Form IT-1	All transactions between residents and non-residents aggregated by economic code. Data are reported in USD and BGN. Conversion is made using the exchange rate on the date of the transaction (if it is not available, the average monthly exchange rate is used).	Monthly	15 calendar days
	Form IT-1A	Reclassification of transactions between residents and non-residents above a threshold of BGN 5,000, which had previously (during the reporting period) been recorded as “non-classified”, by economic code.	Quarterly	15 calendar days
	Form ED-1	Information about the credit – creditor and debtor data, type of credit, currency, date of disbursement, interest rates, repayment schedule, etc.	Upon registration	Upon registration
	Form ED-2	Information about the transactions during the reporting period – disbursements, principal payments, interest payments, principal in arrears, interest in arrears, repaid arrears, rescheduled principal, accrued interest, restructured debt, etc.	Monthly	15 calendar days

Table 1 (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection for Bulgaria

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Commercial banks (cont'd)	Form ED-2 (cont'd)	Stocks at the beginning and end of the quarter are reported. Data are reported in the original currency.		
	Form FI-1	Information about direct and portfolio investment in the bank – equity capital and income on equity capital (dividends paid, reinvested earnings). Country breakdowns are also reported.	Monthly	15 calendar days
	Form CS	Currency breakdown both of commercial banks' assets in bonds, currency and deposits and of their liabilities in currency and deposits.	Monthly	15 calendar days
Enterprises holding bank accounts abroad	Form IT-1P	All transactions between residents and non-residents channelled through these accounts, aggregated by economic code. Transactions are reported in the original currency. Opening and closing balances are reported.	Monthly	15 calendar days
Enterprises which have liabilities other than financial loans to non-residents	Form PRL 1	Stock data on financial liabilities of residents vis-à-vis non-residents, aggregated by economic code, by country and by currency.	Quarterly	15 calendar days
Enterprises and individuals which have received/ extended financial loans from/to non-residents Enterprises which have received financial loans from non-residents	Form 1	Information about the credit – creditor and debtor data, type of credit, currency, date of disbursement, interest rates, repayment schedule, etc.	Upon registration	Upon registration
	Form PD-2	Information about the transactions during the reporting period – disbursements, principal payments, interest payments, principal in arrears, interest in arrears, repaid arrears, rescheduled principals, accrued interest, restructured debt, etc. Stocks at the beginning and end of the quarter are reported. Data are reported in the original currency.	Quarterly	15 calendar days
Enterprises which have extended financial loans to non-residents	Form PC-2	Information about the transactions during the reporting period – disbursements, principal payments, interest payments, principal in arrears, interest in arrears, repaid arrears, rescheduled principals, accrued interest, restructured debt, etc. Stocks at the beginning and end of the quarter are reported. Data are reported in original currency.	Quarterly	15 calendar days

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection for Bulgaria

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Enterprises with direct investments abroad (sample)	Form DIA	Information about the direct investor and the direct investment enterprise, claims and liabilities of the direct investor, amount of equity capital, income on equity, inter-company loans, etc. Data are reported in the original currency. Monthly data are produced.	Annually	5 calendar months
Tourist agencies (sample)	Form T-B	Information about expenditure of Bulgarian tourists abroad (hotel accommodation, transportation, food and beverages, etc.), the duration of the stay and the purpose of travel (business, personal, etc.). Data are reported by country.	Annually	3 calendar months
Tourist agencies (sample)	Form T-1 (T-2)	Information about receipts from foreign tourists in Bulgaria (hotel accommodation, transportation, food and beverages, etc.), the duration of the stay and the purpose of travel (business, personal, etc.). Data are reported by country.	Annually	3 calendar months

3.3 Thresholds

A simplification threshold of BGN 5000 (approximately EUR 2556) was introduced with the Foreign Exchange Law. However, the amount of non-classified transactions is in fact relatively small. This is mainly due to the good co-operation of the domestic banks and reporting companies.

3.4 Availability of data

The BNB compiles a monthly b.o.p. The BNB's schedule is to publish the data within eight weeks after the close of the reference period.

Geographical and sectoral breakdowns are available on a monthly basis, but only for items such as foreign trade, direct investment in the reporting country, other investment/liabilities/trade credits and loans. For direct

investment abroad, geographical and sectoral breakdowns are available on an annual basis.

The i.i.p. is compiled annually. First estimates are available within nine months after the end of the reporting year. They are subject to further revisions depending on the availability of the FDI in the reporting country stock data. Final i.i.p. data are available within 12 months after the end of the reporting year. Breakdowns by institutional sector and by instrument are available. For other investment liabilities, loans and external reserves, a currency breakdown is available.

3.5 Data controls

At present, there are no built-in computerised controls of data, which is mainly due to the software used (Microsoft Excel and Access) for processing the incoming information. However, some

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Bulgaria	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split		
	Item	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
		credits/ assets	debits/ liabilities	credits/ assets			debits/ liabilities
Current account	8 weeks	8 weeks	n/a	n/a	-	-	
Goods	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Services	8 weeks	8 weeks	n/a	n/a	n/a	n/a	
Income	8 weeks	8 weeks	n/a	n/a	-	-	
Compensation of employees	8 weeks	8 weeks	n/a	n/a	n/a	n/a	
Investment income	8 weeks	8 weeks	n/a	n/a	-	-	
on direct investment	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
on portfolio investment	8 weeks	8 weeks	n/a	n/a	n/a	-	
on other investment	8 weeks	8 weeks	n/a	n/a	n/a	n/a	
Current transfers	8 weeks	8 weeks	n/a	n/a	n/a	n/a	
Capital account	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Direct investment	8 weeks	8 weeks	n/a	n/a	n/a	n/a	
Equity capital	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
MFIs (excluding central banks)	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Non-MFIs	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Reinvested earnings	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
MFIs (excluding central banks)	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Non-MFIs	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Other capital	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
MFIs (excluding central banks)	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Non-MFIs	8 weeks	8 weeks	8 weeks	8 weeks	Split available	Split available	
Portfolio investment	8 weeks	8 weeks	n/a	n/a	n/a	-	
Equity securities	8 weeks	8 weeks	n/a	n/a	n/a	-	
Monetary authorities	8 weeks	8 weeks	n/a	n/a	n/a	-	
MFIs (excluding central banks)	8 weeks	8 weeks	8 weeks	n/a	8 weeks	-	
Non-MFIs	8 weeks	8 weeks	8 weeks	n/a	8 weeks	-	
Debt securities	8 weeks	8 weeks	n/a	n/a	n/a	-	
Bonds and notes	8 weeks	8 weeks	n/a	n/a	n/a	-	
Monetary authorities	8 weeks	8 weeks	n/a	n/a	n/a	-	
MFIs (excluding central banks)	8 weeks	8 weeks	n/a	n/a	n/a	-	
Non-MFIs	8 weeks	8 weeks	n/a	n/a	n/a	-	
Money market instruments	8 weeks	8 weeks	n/a	n/a	n/a	-	
Monetary authorities	8 weeks	8 weeks	n/a	n/a	n/a	-	
MFIs (excluding central banks)	8 weeks	8 weeks	n/a	n/a	n/a	-	
Non-MFIs	8 weeks	8 weeks	n/a	n/a	n/a	-	
Financial derivatives	8 weeks	8 weeks	n/a	n/a	-	-	

Table 2 (cont'd)**Monthly b.o.p.: data availability and implementation of the ECB's requirements**

Other investment	8 weeks	8 weeks	n/a	n/a	n/a	n/a
Monetary authorities	8 weeks	8 weeks	n/a	n/a	n/a	n/a
General government	8 weeks	8 weeks	n/a	n/a	n/a	n/a
MFIs	8 weeks	8 weeks	n/a	n/a	n/a	n/a
long-term	8 weeks	8 weeks	n/a	n/a	n/a	n/a
short-term	8 weeks	8 weeks	n/a	n/a	n/a	n/a
Other sectors	8 weeks	8 weeks	n/a	n/a	n/a	n/a
Reserve assets	8 weeks	-	n/a	-	n/a	-

N/a: Information is currently not available.

-: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

systematic quality checks are made by comparing previous periods with current reports. Checks are also carried out using information obtained through regular contacts with banks and companies or even from newspapers and other media. Often, data controls are based on staff knowledge and expertise. For some items, reports from companies are cross-checked with reports from banks. Checks for consistency with money and banking statistics and the i.i.p. are made.

3.6 Revision policy

Revisions of published b.o.p. estimates are a common feature of b.o.p. compilation systems. With the publication of revisions, the users are acquainted with the revised data on the relative items in a timely manner. The policy on revisions pursued by the BNB is based on the following principles:

- (i) concerning the most frequent data, each monthly publication includes revisions of the data for the previous three months and each quarterly publication includes revisions of the monthly data for the entire current year;

4 Goods

4.1 Specific features of data collection

The data on imports and exports (f.o.b.) are based on customs declarations data from the Customs Agency and the Information

- (ii) when ongoing changes are made as a result of additional information collected and the elimination of errors, the BNB informs the users in a timely manner through the monthly press releases, as well as through the notes at the end of the b.o.p. table;

- (iii) when significant revisions are made as a result of changes in the methodology for the reporting of certain b.o.p. components or other reasons, the BNB publishes information on the changes in advance in order to assist the users of the data.

3.7 Dissemination

The BNB announces the publication of the press-release on the monthly b.o.p. data a week in advance. The press-release is published on the website of the BNB at <http://www.bnb.bg>. The data are also published in the BNB Monthly Bulletin. Data on the country's b.o.p. are also included in the official semi-annual and annual reports of the BNB.

Services Company, as the codes used in them are taken from the Harmonised System for the Description and Coding of Commodities of the World Customs Organisation. The BNB and the NSI receive the exports and

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imports data, supplement them with other information and process them. In accordance with the common methodology, before publishing the data the BNB and the NSI have to agree on them.

In accordance with the common methodology of the BNB and the NSI, exports and imports have, since 1999, been recorded under the special trade system where the moment of registration of a transaction coincides with the moment of the clearance of the customs declaration. The BNB has re-calculated and published imports and exports data in accordance with the new methodology for the period 1995-1998.

For the purposes of economic analysis, the BNB publishes the tables broken down by end-use (i.e. by commodity group, such as consumer goods, raw materials, investment goods, etc.). They are based on the four-digit codes of the harmonised system and grouped according to purpose and end-use of the respective commodity. The two basic principles for the allocation of the commodities to the respective groups are the purpose of their use and the degree of processing. In the tables entitled "Major trading partners and regions", only the most important countries and regions for the country's exports (imports) are included. The criteria for describing the partner countries are as follows: imports, by country of origin of the commodities; exports, by the commodities' recipient country, i.e. the last known country to which the commodities are to be delivered. The table entitled "Breakdown by commodities (end-use) and by regions" represent a cross-section of import and export data broken down by region and commodity. The table entitled "Structure of imports and exports by original currency" represent the relative shares of the different currencies in the export and import transactions. In all published trade tables, exports are reported f.o.b., while imports are reported c.i.f.

Quarterly and annual time series for exports and imports broken down by "end-use" and by major trading partner are published on the BNB's website. Quarterly tables entitled "Breakdown by commodities (end-use) and by regions" and "Structure of imports and exports by original currencies" are published separately.

4.2 Definition

The goods component of the b.o.p. current account covers movable goods for which changes of ownership between residents and non-residents occur. The country's exports are reported f.o.b. and imports c.i.f. as, for the purposes of the b.o.p., total imports are re-calculated on an f.o.b. basis.

4.3 Deviations from agreed definitions

None.

4.4 Gaps

For the time being, there are no estimates on the shuttle trade.

4.5 Intended harmonisation

No harmonisation is necessary.

4.6 Estimation methods

None.

5 Services

5.1 Specific features of data collection

The BNB derives the data on freight transportation as a percentage of foreign trade data and those on passenger transportation as a percentage of travel data on the basis of estimates. The NSI provides the BNB with monthly data on receipt of transit fees.

The data on travel are based on information from the Ministry of Internal Affairs on the number of travellers crossing the borders and on estimates of “per capita” receipts and expenditure. In 1999, the BNB, together with the Ministry of the Economy (formerly the Ministry of Trade and Tourism), developed a new methodology to estimate the receipts and expenditure from travel services, entitled “Methodology for the Estimation of the Receipts and Expenditures from Travel in the Bulgarian Balance of Payments” (Bulgarian National Bank, Ministry of Trade and Tourism, 18 November 1999). For consistency, the data on the travel item for the period 1995-1999 have been revised. Estimates are updated every year on the basis of the results from the annual survey among travel agencies.

The main source of information on the other services item is the ITRS.

5.2 Definition

Following the BPM5, the services component comprises transportation, travel and other services. Transportation services cover

freight and passenger transportation as well as transit fees on the credit side. No breakdown for means of transportation is available. Travel covers goods and services, including those related to health and education, acquired by travellers for business and personal purposes. The other services item covers receipts and payments related to services other than transportation and travel (communication, construction, financial, leasing, insurance, cultural, sport and recreational services, government services n.i.e.,¹ etc.).

5.3 Deviations from agreed definitions

None.

5.4 Gaps

Data availability in the required breakdown for certain items is limited.

5.5 Intended harmonisation

The BNB is currently working on a project for a new methodology to estimate receipts and expenditure from transportation services. The plans for the near future include a new methodology for the estimation of travel receipts and payments.

5.6 Estimation methods

No estimations are necessary.

6 Income

6.1 Specific features of data collection and definitions

In line with the BPM5, income consists of two main categories, namely (i) compensation of employees and (ii) investment income.

6.1.1 Compensation of employees

Compensation of employees covers wages, salaries and other benefits paid to non-resident workers in the country or received

¹ Not included elsewhere (see BPM5, paragraph 168).

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by resident workers abroad. The main source of information on this component is the ITRS.

Investment income covers receipts and payments of income associated with external financial assets and liabilities. Included are receipts and payments on direct investment, portfolio investment, other investment and receipts on reserve assets.

6.1.2 Income on direct investment

In line with the BPM5, the direct investment income item in the Bulgarian b.o.p. comprises income on equity (dividends and reinvested earnings) and income on debt (interest). Breakdowns by country and by sector are available. The main sources of information on reinvested earnings (debit side) are the quarterly data on commercial banks' net current profit/loss. These data are revised with the results from the annual survey conducted by the NSI and the data from the annual commercial banks' balance sheets and reports. An offsetting entry for reinvested earnings is recorded in the financial account, as defined in the BPM5. Reinvested earnings (credit side) are recorded annually on the basis of the survey conducted by the BNB. Income on inter-company loans is recorded monthly. The source of information on the debit side for non-financial enterprises is the Private Debt Register (in which inter-company loans are clearly distinguished at the moment of registration of the loan with the BNB) and, for the banking sector, commercial banks' data. The sources of preliminary information on the credit side are commercial banks' monthly reports, and the data is later replaced by data from the annual survey on direct investment abroad. Only actual payments are recorded.

6.1.3 Income on portfolio investment

Income on portfolio investment covers income on equity, income on debt and income on financial derivatives, as defined in the BPM5. Data on the credit side are

provided by enterprises holding bank accounts abroad, commercial banks, the BNB and the Ministry of Finance.

The main source of information on the debit side is the data provided by the Ministry of Finance, the BNB, commercial banks and enterprises with bank accounts abroad.

For portfolio investment income, the accruals principle is applied to only a few instruments - collateral on the Brady Bonds on the assets side and Bulgarian government securities on the liabilities side. For these cases, an offsetting entry is recorded with respect to the underlying financial instrument.

6.1.4 Income on other investment

Income on other investment includes income on loans and income on deposits. Data on the credit side (flows) are received mainly through the ITRS and through direct reporting from local companies which have extended loans to borrowers abroad. Data on the debit side of the loans item is received by the Ministry of Finance, the BNB, the commercial banks and directly by the enterprises that have borrowed from abroad. The accruals principle is not applied. Income on trade credits is not included. Income on reserve assets is recorded monthly on an actual basis.

6.2 Deviations from agreed definitions

The accruals principle is not applied to all items. Income on trade credits is not included. Income on financial derivatives is included under income and not recorded under financial derivatives.

6.3 Gaps

As the information on the actual number of residents' accounts abroad is incomplete, data on the income on these accounts could be considered incomplete.

6.4 Intended harmonisation

Further refinement of the compilation techniques is necessary, particularly with regard to the application of the accruals principle where possible.

6.5 Estimation methods

None.

7 Current transfers

The BNB receives information on current transfers from the monthly reports of commercial banks for transfers in cash, as well as information on pre-accession funds received from the EU from the Ministry of

Finance. For current transfers in kind, quarterly data are obtained from the Bulgarian Red Cross, the Agency for Foreign Aid, the Notary Offices and other occasional sources.

8 Capital account**8.1 Specific features of data collection**

There are no specific features for data collection for this item: it is a part of the general reporting system (see Sub-section 3).

reports. For government transfers, data are obtained directly from the Ministry of Finance or any other ministry concerned.

8.2 Definition

In line with the definition of the BPM5, the capital account consists of two categories: (i) capital transfers and (ii) the acquisition or disposal of non-produced, non-financial assets. If in kind, a capital transfer consists of (i) a transfer of ownership of fixed assets or (ii) forgiveness of a liability by a creditor when no counterpart is received in return. If in cash, a transfer is a capital transfer when it is linked to, or conditional upon, the acquisition or disposal of fixed assets (e.g. an investment grant).

8.3 Deviations from agreed definitions

None.

8.4 Gaps

None.

8.5 Intended harmonisation

No harmonisation is necessary.

8.6 Estimation methods

None.

The main sources of information on private transfers are the banks' and companies'

9 Direct investment**9.1 Specific features of data collection**

For the compilation of direct investment in the country, the BNB uses data from the following sources:

- privatisation authorities
- Privatisation Agency;

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- the Agency for Gambling and Insurance Supervision at the Ministry of Finance;
- the Pension Insurance Supervision Agency;
- notaries public;
- the Central Depository;
- financial sector enterprises;
- foreign investment enterprises from the non-financial sector; and
- the NSI.

The privatisation authorities provide monthly data on sales of the state's shares in the capital of Bulgarian enterprises to non-residents, which are included in the equity capital item. The BNB only reports on what has actually been accomplished and not on contracted receipts on privatisation deals. This is necessitated both by the double-entry principle of b.o.p. compilation and by the presence of rescheduled or cancelled deals at which the contracted receipts have not been received at all or have been received only partially. The receipts are reported for the month in which they were actually paid to residents. When reporting the receipts, the market and not the nominal value of the financial instruments used (ZUNK bonds, compensatory bonds, etc.) is considered.

The Agency for Gambling and Insurance Supervision provides quarterly data on non-residents' participations in the capital of Bulgarian insurance companies. Flows are derived from the stocks data and are included under the item equity capital.

The Pension Insurance Supervision Agency provides quarterly data on non-residents' participations in the capital of Bulgarian pension insurance companies. Flows are derived from the stock data and are also included under the equity capital item.

Notaries public provide monthly data on non-residents' purchases of real estate in the

country. Data are included under equity capital.

The Central Depository provides monthly data on the shares purchased and sold by non-residents, whose participation in the firm's capital is at least 10%, as well as on the average monthly market prices of the shares of the separate issues.

Data from the financial sector enterprises are collected through the reporting forms, developed by the BNB (FI-1, ED-1, ED-2 and IT-1), as well as through the commercial banks' annual financial and accounting reports (balance sheets and profit and loss statements). The BNB receives data on non-resident investment/disinvestment in the capital of commercial banks and their clients, on transactions connected with the inter-company indebtedness of commercial banks and their clients and on commercial banks' reinvested earnings.

Data from the non-financial sector enterprises are collected through the following forms, developed by the BNB: PD-1 and PD-2. Through these forms, the BNB receives data on transactions connected with inter-company indebtedness.

Since June 2000, the NSI has regularly provided data on non-privatisation transactions to the BNB from its quarterly and annual statistical surveys on FDI conducted among non-financial sector enterprises. Only the data that have not been reported by the other sources are included in the b.o.p.

Surveys of the largest foreign direct investment companies are carried out by the BNB, providing data on their equity capital, other capital and reinvested earnings.

The BNB receives monthly data on direct investments abroad from the ITRS and annual data from the survey conducted by the BNB among the country's direct investors. Since 2000, the BNB has conducted an annual survey of Bulgarian enterprises regarding their FDI abroad. The survey produces

monthly data that are used for revisions both of the ITRS data and of the stock data.

At present, breakdowns by sector and by country are available for both direct investment transactions in the country and abroad as they are classified according to the economic activity of the resident enterprise.

9.2 Definition

When compiling the direct investment in the country, the BNB adheres to the international conventions and requirements set out in the BPM5 and in the OECD's "Benchmark Definition of Foreign Direct Investment", third edition, 1996. In accordance with these requirements, a direct investment in the country is an international investment, in which the direct investor, a resident of a foreign economy, acquires a lasting interest in an enterprise that is resident in the Bulgarian economy (direct investment enterprise). The direct investment includes both the initial transaction through which the relationship between the direct investor and the direct investment enterprise is established and all subsequent transactions between them. The transactions can involve both an increase/decrease in the liabilities of the direct investment enterprise vis-à-vis the direct investor and an increase/decrease in the claims of the direct investment enterprise on the direct investor. The BNB therefore reports both accomplished investment and disinvestment. The basic principles of the reporting of direct investment in the country are: first, only actually received and not contracted amounts are recorded and, second, when financial instruments are used for settlements, they must be recorded at their market price and not at their nominal value.

The presence of a lasting interest presupposes a long-term relationship between the direct investor and the direct investment enterprise as well as a considerable degree of influence on the part of the investor in the management of the direct investment enterprise. Owing to the need for international compatibility of the

data from the different countries, the BPM5 has adopted the principle that the acquisition of 10% or more of the voting power in the management of the investment enterprise is considered an establishment of a direct investment relationship. The Bulgarian compilation methodology adheres strictly to these rules. In accordance with the standard presentation of the b.o.p., direct investment in the country and abroad items of the Bulgarian b.o.p. comprise:

- (i) *Equity capital* - the acquisition/disposal of shares and equities (in cash and in kind) by direct investors in the share or equity capital of direct investment enterprises. The acquisition of equities and shares in the capital is reported as an increase and the disposal as a decrease in direct investment.
- (ii) *Other capital* - the principal received and paid on loans (both short and long-term loans) between the direct investor and the direct investment enterprise. The receipt of a loan from the direct investor is treated as an increase of the direct investment and the repayment of the principal as a decrease. The extension of a loan by the direct investment enterprise to the direct investor is treated as a decrease in the direct investment and the repayment of the principal as an increase.
- (iii) *Reinvested earnings* - the share of the direct investors in the undistributed earnings/losses of the enterprise for the reporting period. The share in the undistributed earnings is reported as an increase of the direct investment in the country and the share in the loss as a decrease. In line with requirements, an offsetting entry is recorded in the case of reinvested earnings.

9.3 Deviations from agreed definitions

The reinvested earnings are derived by deducting the net profit/loss for the reporting

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period from the amount of dividends to be paid to shareholders. Net losses are included with a negative sign.

9.4 Gaps

None.

9.5 Intended harmonisation

No harmonisation is envisaged.

9.6 Estimation methods

Reinvested earnings are derived as the net profit for the reporting period less the

amount of dividends to be paid to shareholders. However, the actual amount of dividends to be paid is not available until the next year, when the decision to distribute dividends is made. For this purpose, the net profit/loss of non-residents for the current year is diminished by the amount of projected dividends (based on the net profit/dividend ratio in the previous year, which is used as an estimation). That estimation of the net reinvested earnings for the current period is included as preliminary data in the balance of payments, and is replaced by final data when the actual amount of dividends to be paid is available. Net losses are included with a negative sign.

10 Portfolio investment

10.1 Specific features of data collection

Data on the assets side of portfolio investment are provided by commercial banks, the BNB and the Ministry of Finance. The main source of information on the liabilities side of portfolio investment is the data provided by the Ministry of Finance, the BNB, commercial banks, and the Central Depository. For both the assets and the liabilities' sides, data are collected on an aggregated basis. Only for equity securities/liabilities are the ISIN codes available from the Central Depository database and, for Treasury securities, from the Fiscal Services Department of the BNB. For these items, a breakdown by country is available.

10.2 Definition

In line with the BPM5, the portfolio investment item in the Bulgarian b.o.p. covers transactions in shares and equity if the investor's share in the capital is less than 10%, transactions in bonds, notes, money market and other tradable securities and transactions in financial derivatives. At present,

transactions in financial derivatives are also included in the portfolio investment item.

The accruals principle for portfolio investment income is applied to only a few instruments - collateral on Bulgarian Brady Bonds on the assets side and Bulgarian state securities on the liabilities side. For these cases, an offsetting entry is recorded with regard to the underlying financial instrument.

Due to the existing methodology for compiling the portfolio investment item, service charges and commissions are excluded and are recorded as services where identifiable.

10.3 Deviations from agreed definitions

At present, transactions in financial derivatives are also included in the portfolio investment item. The accruals principle is not followed for all items.

10.4 Gaps

None.

10.5 Intended harmonisation

None.

10.6 Estimation methods

Accruals (where applied) are estimated on the basis of the discount and interest rates of each separate issue.

11 Financial Derivatives**11.1 Specific features of data collection**

There are no specific features for data collection for this item - it is a part of the general reporting system. The sources of information are the commercial banks' monthly reports.

11.4 Gaps

See 11.1.

11.2 Definition

See 11.1.

11.5 Intended harmonisation

The BNB plans to design and implement a special survey on financial derivatives, and to conduct a monthly survey among commercial banks and non-financial enterprises on their portfolio assets.

11.3 Deviations from agreed definitions

At present, transactions in financial derivatives are not recorded as a separate item, but are included in the portfolio investment item.

11.6 Estimation methods

See 11.1.

12 Other investment**12.1 Specific features of data collection**

The main source of information on the liabilities side is the quarterly report (PRLI) from all companies with such liabilities. The BNB has received reports from more than 3,000 companies reporting their stocks of external liabilities by country and by currency. The flow data are derived from these stocks.

Regarding loans, data on the asset side (flows) are received mainly through the ITRS and through direct reporting from local companies, which extended loans to countries abroad (according to Article 4 of the Foreign Exchange Law, these loans have to be registered and reported to the BNB).

Data on the liabilities side of the loans item are received by the Ministry of Finance, the BNB, the commercial banks and directly by the enterprises that have borrowed from countries abroad. The banks report all transactions concerning their financial credits received from abroad monthly via a special form (ED). According to Article 4 of the Foreign Exchange Law, all loans received by the local enterprises and households from abroad have to be registered and reported quarterly to the BNB. The BOPED Division keeps a register of non-guaranteed external debt, which contains detailed information on flows and stocks. This register allows a differentiation between intra-company and other debt, as well as sector, instrument, maturity, country and currency breakdowns.

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The same is true of sources of information on government and government-guaranteed loans. The main source of information is the Ministry of Finance.

Data on flows are obtained in the original currencies and are converted into US dollars using the average monthly exchange rates.

12.2 Definitions

In line with the definitions in the BPM5, other investment covers trade credits, loans, currency and deposits and other assets and liabilities. According to the b.o.p. conventions, trade credits arise from the direct extension of credit from a supplier to a buyer, i.e. this is a credit extended by a trade partner without a tradable security being issued.

The loans item includes received and paid principal on short and long-term loans between residents and non-residents if a tradable security is not issued with these loans.

The currency and deposits component on the assets side lists the changes in the residents' currency and deposits held abroad. Article 10 of the Foreign Exchange Law requires quarterly reporting on liabilities vis-à-vis non-residents, but the Law does not cover reporting of claims on non-residents, which opens a gap on the assets side of the b.o.p. and the i.i.p. For the time being, the data of the Bank for International Settlements (BIS) in Basel are used as a source of information for this item. On the liabilities side - the changes in the liabilities of resident commercial banks to non-residents in domestic and foreign currency - data are

obtained directly from the banks' balance sheets. Following the basic accounting principle and conventions laid down in the BPM5, the BNB excludes any fluctuations in the exchange rate when compiling this item.

The other assets and other liabilities items include all transactions receivable and payable on miscellaneous accounts not included elsewhere, as well as transactions in arrears.

12.3 Deviations from agreed definitions

The foreign exchange deposits held by households with domestic commercial banks are included on the assets side under other investment.

12.4 Gaps

Article 10 of the Foreign Exchange Law requires quarterly reporting on liabilities to non-residents - the Law does not cover reporting on claims on non-residents, which opens a gap on the asset side of the b.o.p. and the i.i.p.

12.5 Intended harmonisation

The methodology for including the foreign exchange deposits held by households with domestic commercial banks is to be revised.

12.6 Estimation methods

None.

13 Reserve assets

13.1 Specific features of data collection

The entries under this category pertain to transactions in the BNB's external holdings that are administered by the Issue Department. The data on reserve assets exclude exchange rate fluctuations.

13.2 Definition

Reserve assets include those external assets that are readily available to and controlled by the central bank (government) for the direct financing of b.o.p. imbalances. The reserve assets comprise monetary gold,

special drawing rights (SDRs), reserve positions in the IMF, foreign exchange assets (consisting of currency and deposits and securities) and other claims. Transactions with residents are excluded.

13.3 Deviations from agreed definitions

None.

13.4 Gaps

None.

13.5 Intended harmonisation

None.

14 International Investment Position

14.1 Specific features of data collection and definitions

by domestic sector, while the components of other investment are also cross-classified by original maturity.

14.1.1 General

The i.i.p. statement is compiled in general conformity with the international standards prescribed by the BPM5 and the "Balance of Payments Textbook" (IMF, 1996). The i.i.p. statement is compiled and published annually.

The i.i.p. is the balance sheet of the country's stocks of external financial assets and liabilities at the end of a specific period. The external financial assets consist of direct investment, portfolio investment, financial derivatives, other investment and reserve assets. The external financial liabilities consist of direct investment, portfolio investment, financial derivatives and other investment and, therefore, they are a broader concept than the liabilities that constitute the country's gross external debt. The primary type of classification in the i.i.p. statement is the distinction between assets and liabilities. The second level of classification, fully consistent with the b.o.p. financial account, is by function. The functional types of assets and liabilities are (i) direct investment, (ii) portfolio investment, (iii) financial derivatives and (iv) other investment. Included in assets are also the reserve assets held by the monetary authorities. The third level of classification is by investment instrument; instruments recorded as portfolio investment and other investment are further sub-divided

14.1.2 Direct investment

Direct investment is a category of international investment in which a resident of one economy - a direct investor - holds a lasting interest (at least 10% of the ordinary shares or voting power) in an enterprise resident in another economy - a direct investment enterprise. It is recorded on a directional basis: direct investment abroad as an asset and direct investment in the reporting country as a liability. The direct investment stocks covers claims and liabilities in equity capital and reinvested earnings, as well as other capital (inter-company debt).

Preliminary data on FDI stocks are estimated as stocks at the end of previous year plus b.o.p. flows. Later, the stocks of Bulgarian direct investment abroad are replaced with data from a special annual survey. The stocks of the direct investment in Bulgaria are replaced with information provided by the NSI on direct investment in the non-banking sector and information provided by the commercial banks on direct investment in the banking sector. Breakdowns by sector and by country for both FDI in Bulgaria and abroad are available. For FDI abroad, a breakdown by currency is also available.

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14.1.3 Portfolio investment

Portfolio investment stocks comprise holdings of and liabilities on equity securities and debt securities; the latter are subdivided into bonds and notes (with an original maturity of one year or more) and money market instruments (with an original maturity of less than one year). The portfolio investment assets of the monetary authorities and the general government are compiled on the basis of information provided by the Fiscal Services Department of the BNB. These holdings of securities do not constitute a part of the reserve assets. The commercial banks' holdings of securities are compiled on the basis of balance sheet data, while the other sectors' portfolio investment assets are estimated as the cumulative sum of the flows recorded in the b.o.p. statement.

The stocks of portfolio investment liabilities cover securities issued by residents and held by non-residents. The main sources of information on the portfolio investment liabilities in equity securities are (i) the commercial banks' balance sheets on portfolio investment in the banking sector and (ii) the Central Depository which provides flow information on the portfolio investment in the non-banking sector. The stocks relating to the non-banking sector are estimated as the cumulative sum of the balance of payments flows. The System for Debt Registration, Service and Management of the Ministry of Finance and the Bulgarian National Bank and the commercial banks are the main sources of information on the portfolio investment liabilities in debt securities of the monetary authorities and the general government. The portfolio investment liabilities in debt securities of the commercial banks and the other sectors are estimated as the cumulative sum of the b.o.p. flows.

14.1.4 Financial derivatives

Assets and liabilities in financial derivatives cover financial derivative instruments such as forwards, futures, swaps, options, etc. The

BNB does not currently obtain stock information on this i.i.p. component.

14.1.5 Other investment

Other investment covers the stocks of assets and liabilities relating to short and long-term trade credits and loans, currency and deposits and other accounts receivable and payable.

According to the BPM5, trade credits consist of claims and liabilities arising from the direct extension of credit by suppliers and buyers for transactions in goods and services and advance payments for work in progress (or to be undertaken) that is associated with such transactions. Loans to finance trade are not considered trade credits. The BNB does not currently obtain information on the trade credit assets. On the liabilities side, for the 2000 i.i.p. and onward, information obtained under Regulation No. 29 of the BNB are used for compiling the stock data of the trade credits received. For 1998 and 1999, estimations were produced.

The BNB compiles stock data on loans extended by resident entities to non-residents, i.e. assets, on the basis of information in the BNB's and commercial banks' balance sheets. These data cover the monetary authorities, general government and commercial banks; data for the other sectors for the 2000 i.i.p. and onward are available from Form PC-2. On the liabilities side, the BNB compiles data on loans received by the monetary authorities and the general government on the basis of information from the System for Debt Registration, Service and Management of the Ministry of Finance and the Bulgarian National Bank, as well as directly from the Ministry of Finance. In accordance with the BPM5, the credit and loans from the IMF are recorded as liabilities of the BNB in both the b.o.p. statement and in the i.i.p. statement, regardless of whether they are extended to the BNB or to the Ministry of Finance. The commercial banks, the enterprises and the individuals provide data on the banks and

other sectors. The enterprises and individuals report the loans received under the provisions of Regulation No. 29 of the BNB.

On the assets side, the currency and deposits component represents the stock of foreign currency and deposits held by residents. For the banking sector, data are obtained from the commercial banks' balance sheets; for the other sectors, information provided by the BIS is used. On the liabilities side, the deposits of non-residents held with domestic banks in both national and foreign currency are recorded on the basis of information from the commercial banks' balance sheets.

The other assets and other liabilities components cover miscellaneous claims and liabilities vis-à-vis non-residents not included in the other items. Included in these components are also arrears on both (i) loans provided by residents to non-residents, which are recorded under assets, and (ii) loans received by residents from abroad, which are recorded as liabilities.

14.1.6 Reserve assets

According to BPM5, Reserve assets consist of those external assets that are readily available to and controlled by monetary authorities for direct financing of payments imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange markets to affect the currency exchange rate and/or for other purposes. The reserve assets comprise monetary gold, SDRs, the reserve position in the Fund, foreign exchange assets (consisting of currency and deposits and securities) and other claims. Claims on residents are excluded. Under the provisions of the currency board, the reserve assets of the BNB are equal to the assets of the Issue Department as presented in its balance sheet.

The valuation of the reserve assets is made in accordance with the National Accounting Standards and the Law on the BNB. According to Article 28 (3), item 6, of the Law on the BNB, the stock of monetary gold shall be valued at DEM 500 per troy ounce, or at the market value, whichever is lower.

14.2 Deviations from agreed definitions

For consistency between the b.o.p. statement and the i.i.p. statement, the foreign exchange deposits of resident households held with domestic banks are also included as a specific component of other investment; these are included under assets, other investment, other assets, other sectors, short-term. The respective changes in these deposits are shown in the b.o.p. statement under the other foreign exchange deposits component on the assets side. The recording of both the stocks and the flows associated with resident households' deposits with domestic banks is a specific feature of the Bulgarian b.o.p. and i.i.p. statements, and represents a departure from international methodology.

14.3 Gaps

None.

14.4 Intended harmonisation

The BNB plans to elaborate and implement a special survey on financial derivatives and to revise the methodology for including the foreign exchange deposits held by households with domestic commercial banks as b.o.p. transactions.

14.5 Estimation methods

None.

15 Contacts

This country information was drafted by Bulgaria in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Bulgaria should be addressed to:

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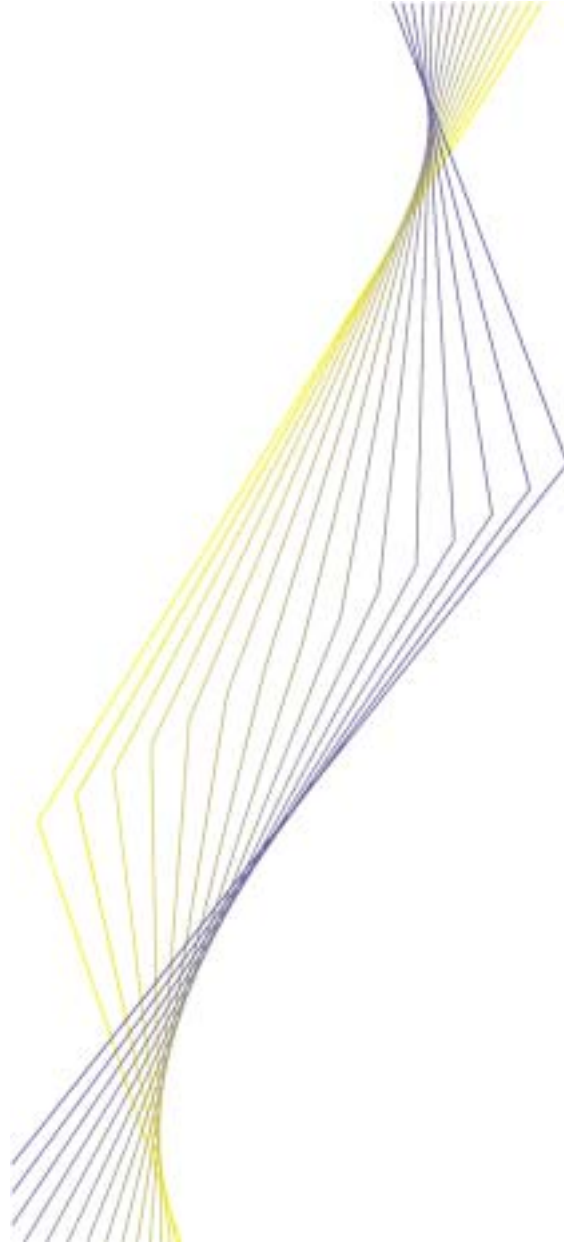
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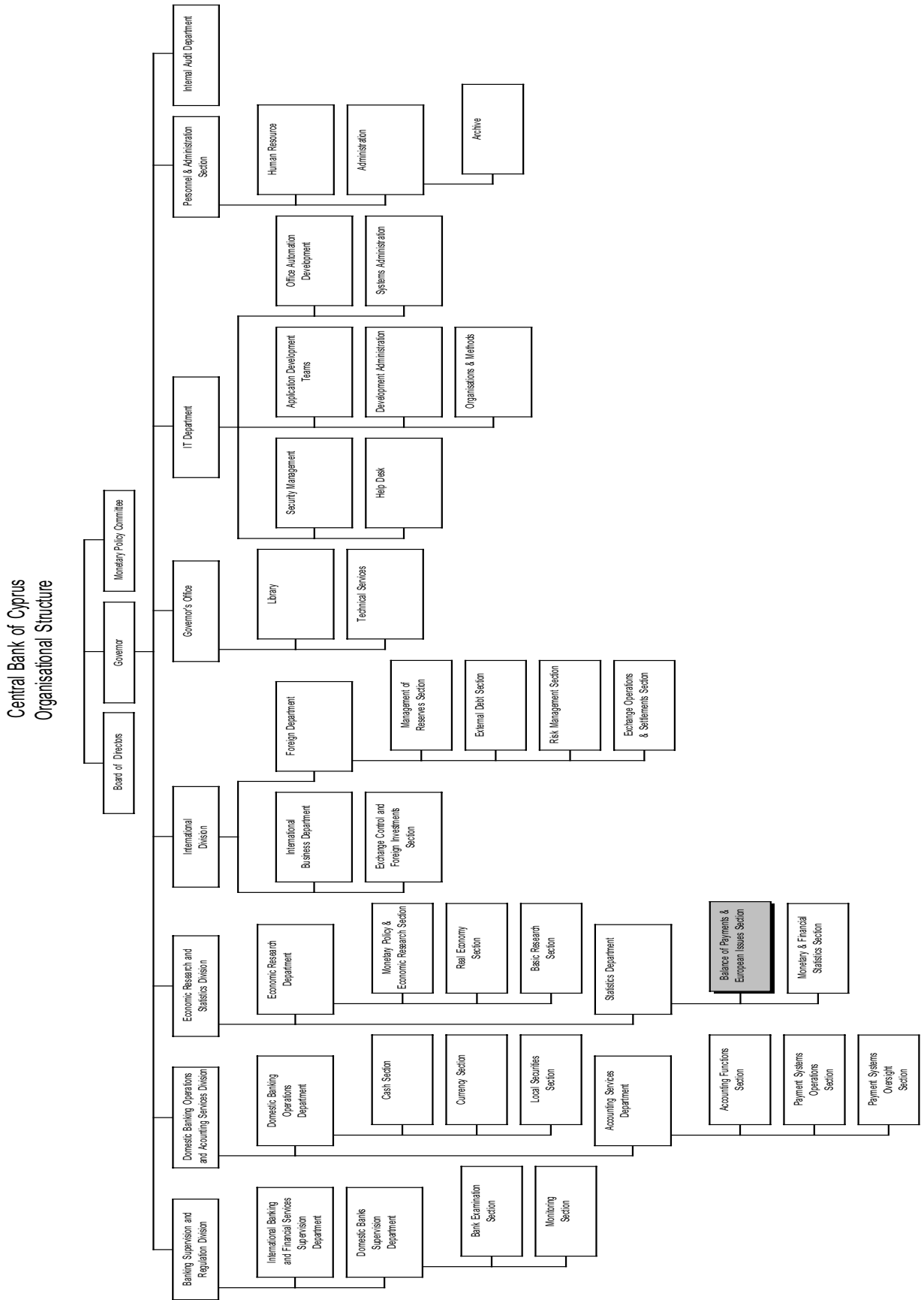
EUROPEAN CENTRAL BANK



Cyprus

May 2003

I Organisation chart



Note: The organisational structure of the Central Bank of Cyprus is currently under revision.

2 Institutional aspects

2.1 Introduction

The Central Bank of Cyprus (CBC) is responsible for compiling the balance of payments (b.o.p.) statistics and the international investment position (i.i.p.) of Cyprus. The CBC was established in 1963 as an autonomous institution, in accordance with the Central Bank of Cyprus Law of 1963 and relevant articles of the Constitution of the Republic of Cyprus. Since 5 July 2002, the CBC has been governed by the Central Bank of Cyprus Law of 2002 (Law No. 138(I)/2002), which ensures the independence of the CBC and compatibility with the relevant provisions both of the Treaty establishing the European Community and of the Statute of the European System of Central Banks and of the European Central Bank. At the same time, the pertinent constitutional provisions were amended so as to ensure central bank independence. The primary objective of the CBC, in accordance with its new statute, is to ensure price stability. Without prejudice to this primary objective, the CBC is required to support the general economic policy of the government. The main tasks of the CBC include, inter alia, the definition and implementation of monetary policy, the conduct of exchange rate policy, the holding and management of official international reserves, the supervision of banks, and the performance of the tasks of banker and financial agent of the government. The CBC also administers exchange control legislation, which - until the end of 2001 - formed the basis for the collection of b.o.p. data.

Given the gradual dismantling of exchange controls, in line with the *acquis communautaire*, the CBC has developed a new statistical reporting system to counter the loss of data and to produce statistics in accordance with the requirements of Eurostat, the European Central Bank (ECB) and the International Monetary Fund (IMF). The new system is a settlements-based system complemented by direct reporting

and surveys and has been in operation since January 2002. It should be noted that the new system is based on the residency definition given in the 5th edition of the IMF Balance of Payments Manual (BPM5), whereby natural persons are considered residents when they reside (or intend to reside) for at least a year in a country and legal entities are considered to be residents of a country when they have a physical presence in that country.

2.2 Legislative provisions

The legal basis for the collection and compilation of b.o.p. statistics is Article 64 of the Central Bank of Cyprus Law of 2002 (the previous statute of the CBC essentially included the same provisions). In particular, the CBC Law empowers the CBC to require banks, designated financial institutions, government services, public corporations, as well as any other natural or legal person, to report to the CBC any data in their possession deemed necessary for the compilation of the b.o.p. and the i.i.p. of Cyprus. By virtue of this law, the CBC issues directives concerning the data to be reported.

The same law provides for penalties in the case of non-compliance with the obligation to provide data. The Governor of the CBC is vested with the power to impose administrative fines. Moreover, any violation of the law is an offence punishable, on conviction, with substantial fines. The CBC's policy is to inform the banks and the public and persuade them of the necessity of reporting data for the compilation of the b.o.p. of Cyprus.

In December 2001 the CBC issued a directive to banks, under the aforementioned law, concerning the implementation of the new b.o.p. reporting system as from 1 January 2002. A series of meetings and discussions between the CBC and the banks

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as well as training sessions for bank employees preceded the issue of the directive.

2.3 Internal organisation

B.o.p. statistics are compiled by the Balance of Payments Section of the Statistics Department of the CBC, which is also responsible for data collection and processing. The Balance of Payments Section consists of four officers and eight administrative/clerical staff, and is supported by one analyst and one programmer from the Information Technology Department. Statistical work is also carried out by the following other divisions/departments/sections of the CBC:

The *Banking Supervision and Regulation Division* collects monthly balance sheet returns, profit and loss accounts and other returns for both statistical and prudential supervisory purposes from all deposit money banks, other financial institutions and international banking units.

The *Monetary and Financial Statistics Section* is responsible for the compilation and dissemination of money and banking statistics in accordance with the requirements of the ECB, Eurostat and the IMF.

The *Accounting Services Department* produces a number of reports relating to the CBC's general ledger. These include the monthly balance sheet, the quarterly management accounts and the annual financial statements of the CBC.

The *International Business Department* monitors, regulates and supervises the activities of international business companies (offshore companies), which are required to submit to the CBC audited annual financial statements and other information, which are used for the preparation of an annual report on developments in the international business sector. The company statements submitted to the International Business Department are

also used by the Balance of Payments Section for the compilation of FDI data.

The *External Debt Section* keeps detailed statistics on the composition of government external debt by currency, creditor, interest rate type and maturity profile.

The *Management of Reserves Section* keeps detailed data on official reserves and produces various statistics for reserve management purposes. It also keeps statistics on the spot and forward exchange rates of the Cyprus pound and on the foreign currency deposits of domestic banks.

The *Exchange Control and Foreign Investments Section* collects data on the initiation of inward foreign direct investment (FDI) relationships. Until the end of 2001, this unit collected the bulk of data on outward flows, other than for imports of goods, from banks. Since the implementation of the new reporting system in 2002, the Balance of Payments Section of the Statistics Department has been collecting these data.

2.4 External co-operation

The CBC co-operates closely with the Statistical Service of Cyprus (CYSTAT). CYSTAT provides foreign trade statistics, which are based on customs data, and data on receipts from tourism as well as the number of tourist arrivals and departures derived from frontier surveys, on a monthly basis. The frontier surveys are partly financed by the CBC. CYSTAT is currently building a complete business register, distinguishing between the seven institutional sectors. The CBC is participating in the preparation of the business register, which will be useful for the compilation of b.o.p. and i.i.p. statistics.

The CBC also receives data from the Cyprus Stock Exchange (CSE), which is the national numbering agency and also acts as the central security depository and registry of shareholders for companies listed on the stock exchange.

The CBC communicates with the government, in particular the Ministry of Finance, concerning government foreign borrowing and foreign grants, the Planning Bureau and the Department of Land and Surveys concerning investment by non-residents in real estate in Cyprus. In addition, the CBC co-operates with other financial supervisory authorities (Insurance Companies Control Service, Securities and Exchange Commission) for the collection of data from companies under their supervision.

As regards European and international co-operation, the Balance of Payments Section of the CBC has benefited from technical advice from the IMF, the Banque de France and the Banco de Portugal. The Balance of Payments Section participates in the meetings of Eurostat's b.o.p. working group and the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) as well as in seminars and other activities organised by the ECB. Furthermore, the CBC plans to become a subscriber to the IMF's Special Data Dissemination Standard (SDDS).

3 Statistical system

3.1 Type of collection system

A new b.o.p. collection system has been implemented since January 2002. The new system is an open settlements-based system complemented by direct reporting and surveys. In particular, since 1 January 2002, domestic banks have reported to the CBC data on a transaction-by-transaction basis for transactions between residents and non-residents that are carried out on behalf of their customers or on their own behalf. Banks are required to record each transaction (credit or debit) and indicate the country, currency, and type of operation, as well as the institutional sector in the case of financial account transactions. Furthermore, an annual survey of portfolio investment stocks was initiated in 2002, within the framework of the IMF's 2001 Co-ordinated Portfolio Investment Survey (CPIS).

2.5 Users

Internally, the b.o.p. statistics produced by the Balance of Payments Section are used by other sections/departments of the CBC (e.g. the Monetary Policy Section, the External Debt Section, the Management of Reserves Section and the International Business Department), as well as by the Monetary Policy Committee for policy formulation.

Externally, these statistics are used by CYSTAT in the production of national accounts and by the Ministry of Finance (particularly the Planning Bureau) for economic planning. The CBC maintains regular contact with these users and meetings are often held to discuss specific issues.

B.o.p. statistics are also submitted on a regular basis to European and international organisations such as Eurostat, the ECB and the IMF. Furthermore, b.o.p. statistics are published on the CBC's website for easy access by other users and the general public.

As far as the definition of residency is concerned, the new system is based on the definition given in the BPM5. In particular, the one-year rule is applied in the case of natural persons and the physical presence criterion is applied to legal persons. Thus, companies in the international business sector (offshore companies) are treated as residents if they have a physical presence (office) in Cyprus, whereas - prior to 2002 - all companies in the international business sector were treated as non-residents in b.o.p. statistics.

3.2 Reporting agents

The following agents report data to the Balance of Payments Section of the CBC:

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- (i) *Monetary authority sector:* the Accounting Services Department of the CBC provides the monthly balance sheet of the CBC, from which data on reserve assets and other required items are obtained, and the External Debt Section of the CBC provides data on government debt. The Banking Supervision and Regulation Division provides monthly balance sheets of all banks as well as six-monthly profit and loss returns.
- (ii) *Banking sector:* As of 1 January 2002, domestic banks report individual transactions (both debit and credit) between residents and non-residents, which are carried out on behalf of their resident customers or on their own behalf. Aggregate reporting is possible for banks' own transactions with non-residents. Each transaction is described by type of operation, country and currency, and by institutional sector for financial account transactions. Concerning the type of operation, a simplified version of the harmonised code list for b.o.p. collection systems issued by Eurostat on 30 April 2001 is used. Data are transmitted to the CBC electronically at least twice a month, no later than five working days after the end of the reference month; this allows smooth and timely data processing and quality control by the CBC.
- (iii) *General government sector:* various government departments (including municipalities and sewage boards) report transactions involving non-residents on a quarterly basis to the CBC.
- (iv) *Other sectors:* The CSE reports data on purchases and sales of quoted securities by non-residents. In its capacity as central security depository and registry of shareholders for listed companies, the CSE also reports data on the investment positions (liabilities) of listed companies (i.e. equity held by non-resident shareholders). Public corporations (government-owned organisations such as the Cyprus Telecommunications Authority and the Electricity Authority of Cyprus) provide data on their international transactions. The CBC also collects data directly from other major companies involved in international transactions and conducts a number of surveys for selected activities.

Foreign currency operations may only be carried out by those domestic credit institutions that have been designated as

Table I
Reporting scheme for b.o.p. and i.i.p. data collection in Cyprus

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Domestic banks (settlement system)	General statistical declaration: Transactions between residents and non-residents (electronic reporting)	Name and registration number of resident legal person (name not required for natural persons); transaction date, currency and amount; type of transaction, credit/debit; country of	Twice a month	5 working days

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection in Cyprus

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Domestic banks (cont'd)		non-resident; resident's institutional sector (for financial account transactions); ISIN account for bank's own portfolio investment transactions		-
Non-resident direct investors (through their resident lawyers or accountants)	Foreign direct investment in Cyprus – Statistical declaration	Name, address, economic activity, and country of residence of direct investor and direct investment company; information on equity capital and loans	This declaration is submitted to the CBC prior to the realisation of the direct investment in Cyprus	-
Resident direct investors	Foreign direct investment abroad – Statistical declaration	Name, address, economic activity, and country of residence of direct investor and direct investment company; information on equity capital and loans	This declaration is submitted to resident banks upon the initial transfer of capital for a direct investment abroad.	5 months
Domestic banks, international/administered banking units, investment companies, domestic and international insurance companies, and other (non-financial) international business companies that have a physical presence in Cyprus	Statistical declaration on holdings of foreign securities (issued by non-residents) as at 31 December	Title of security, ISIN code, country of non-resident issuer, number of securities held, market value of holdings, and for equity securities percentage participation in foreign companies	Annual, starting with the 2001 CPIS	
Selected resident companies or organisations as follows:	Annual balance of payments questionnaire	Quarterly amounts of receipts from non-residents and payments to non-residents:	Annual	73 days (2½ months)
Shipping companies	Annual balance of payments questionnaire	Receipts from freight / passenger transport services rendered to non-residents; payments for supplies (fuels and other) and services in foreign ports, and for major overhaul abroad	Annual	73 days (2½ months)
Airlines	Annual balance of payments questionnaire	Receipts from freight / passenger transport services rendered to non-residents; payments for supplies (fuels and other) and services in foreign ports, and for major overhaul abroad	Annual	73 days (2½ months)
Colleges	Annual balance of payments questionnaire	Receipts of tuition and fees from non-resident students; number of non-resident students; services payments abroad	Annual	73 days (2½ months)
Domestic insurance companies (life insurance, freight insurance and other direct insurance)	Annual balance of payments questionnaire	Premiums received from non-residents; claims paid to non-residents and payments to non-residents for auxiliary services	Annual	73 days (2½ months)

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection for Cyprus

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Construction companies	Annual balance of payments questionnaire	Receipts from construction contracts abroad; expenses for construction abroad	Annual	73 days (2½ months)
Public utilities	Annual balance of payments questionnaire	Major categories of receipts and payments	Annual	73 days (2½ months)
Internet providers	Annual balance of payments questionnaire	Receipts and payments	Annual	73 days (2½ months)
Television stations	Annual balance of payments questionnaire	Receipts and payments for audio-visual and information services	Annual	73 days (2½ months)
Market research companies	Annual balance of payments questionnaire	Receipts and payments for projects abroad	Annual	73 days (2½ months)
Oil companies that are branches or subsidiaries of foreign companies	Annual balance of payments questionnaire	Profits earned and taxes paid	Annual	73 days (2½ months)
Some major direct investors	Annual balance of payments questionnaire	Profits, receipts from sales abroad; cost of sales	Annual	73 days (2½ months)
Foreign embassies in Cyprus	Annual balance of payments questionnaire	Quarterly payments to residents: salaries, rent and other operating expenses, acquisition of real estate, grants to Cyprus	Annual	73 days (2½ months)

3.3 Thresholds

Currently there are no exemption or simplification thresholds. However, once sufficient data have been gathered under the new system, thresholds will be introduced to reduce the reporting burden on banks, enterprises and individuals. It should be noted that, as a result of automation, several banks find it convenient to report all transactions without filtering for thresholds.

3.4 Availability of data

Since the first quarter of 2002, b.o.p. data have been compiled on the basis of BPM5 methodology, including the BPM5 residency definition and covering the required breakdowns. For the years from 1995 to 2001, annual data in line with the BPM5 presentation, but based on the old exchange control definition

of residency, are available. For 2001, quarterly data in line with the BPM5 methodology, but based on the exchange control definition of residency, are also available. The CBC intends to estimate past data consistent with the BPM5 residency definition. Monthly b.o.p. compilation has commenced as of reference month July 2002 for current and capital account items and as of reference month October 2002 for financial account items.

Quarterly data are being compiled within four months of the end of the reference period, while annual data are being compiled within five months of the end of the reference period.

As of 2002, all the breakdowns required by Eurostat are available, while the following breakdowns are available for the period from 1995 to 2001:

- goods: full geographical breakdown;

- services: partial breakdown by type of service; With respect to i.i.p. data, the CBC has compiled partial i.i.p. statements for the years from 1999 to 2001. The CBC is working towards the compilation of a full i.i.p. statement.
- FDI (income and flows): full breakdown by economic activity, type of operation and country as of 1997; and Data on external reserves are compiled monthly and are available one to two weeks after the end of the reference period (see Section 13).
- financial account: partial breakdown by type of operation and sector.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Cyprus ¹⁾	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis ²⁾			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities
Current account	4-5 months	4-5 months	4-5 months	4-5 months	-	-
Goods ³⁾	3 months	3 months	4 months	4 months	Split available	Split available
Services	4-5 months	4-5 months	4-5 months	4-5 months	Split available	Split available
Income	4-5 months	4-5 months	4-5 months*	4-5 months*	-	-
On direct investment	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
On portfolio investment	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	-
On other investment	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Current transfers	4-5 months	4-5 months	4-5 months	4-5 months	Split available	Split available
Capital account	4-5 months	4-5 months	4-5 months	4-5 months	Split available	Split available
Direct investment	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Equity capital	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
MFIs (excluding central banks)	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Non-MFIs	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Reinvested earnings	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
MFIs (excluding central banks)	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Non-MFIs	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Other capital	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
MFIs (excluding central banks)	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Non-MFIs	4-5 months	4-5 months	4-5 months*	4-5 months*	Split available	Split available
Portfolio investment	4-5 months	4-5 months	4-5 months**	4-5 months**	Split available	-
Equity securities	4-5 months	4-5 months	n/a	n/a	n/a	-
Monetary authorities	4-5 months	4-5 months	n/a	n/a	n/a	-
MFIs (excluding central banks)	4-5 months	n/a	n/a	n/a	n/a	-
Non-MFIs	4-5 months	n/a	n/a	n/a	n/a	-
Debt securities	4-5 months	4-5 months	n/a	n/a	n/a	-
Bonds and notes	4-5 months	4-5 months	n/a	n/a	n/a	-
Monetary authorities	4-5 months	4-5 months	n/a	n/a	n/a	-

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

MFI (excluding central banks)	4-5 months	4-5 months	n/a	n/a	n/a	-
Non-MFIs	4-5 months	4-5 months	n/a	n/a	n/a	-
Money market instruments	4-5 months	4-5 months	n/a	n/a	n/a	-
Monetary authorities	4-5 months	4-5 months	n/a	n/a	n/a	-
MFI (excluding central banks)	4-5 months	4-5 months	n/a	n/a	n/a	-
Non-MFIs	4-5 months	4-5 months	n/a	n/a	n/a	-
Financial derivatives	4-5 months	4-5 months	4-5 months**	4-5 months**	-	-
Other investment	4-5 months	4-5 months	4-5 months**	4-5 months**	Split available	Split available
Monetary authorities	4-5 months	4-5 months	n/a	n/a	n/a	n/a
General government	4-5 months	4-5 months	n/a	n/a	n/a	n/a
MFI	4-5 months	4-5 months	n/a	n/a	n/a	n/a
Long-term	n/a	n/a	n/a	n/a	n/a	n/a
Short-term	n/a	n/a	n/a	n/a	n/a	n/a
Other sectors	4-5 months	4-5 months	n/a	n/a	n/a	n/a
Reserve assets	4-5 months	-	n/a	-	n/a	-

N/a: Information is currently not available.

-: Not applicable (i.e. the provision of this information is not a monthly ECB requirement).

- 1) *The compilation of monthly b.o.p. data has commenced as of reference month July 2002 for current and capital account items and as of reference month October 2002 for financial account items. Even though a geographical breakdown of the monthly data is available, monthly b.o.p. statistics are currently only disseminated at the world level, since geographical distribution is not required for countries not participating in the euro area.*
- 2) *For items marked with an asterisk (*), a geographical breakdown at Eurostat's level 1 plus each of the EU-15 countries is available. For items marked with double asterisk (**), a geographical breakdown at Eurostat's level 1 is available.*
- 3) *Monthly statistics of exports and imports of goods are produced by the Statistical Service of Cyprus (CYSTAT).*

3.5 Data controls

Data submitted electronically by the banks are first subject to automatic checking on the basis of in-built criteria. Data accepted by this initial electronic screening are then subject to quality controls concerning plausibility and correctness by the staff of the Balance of Payments Section of the CBC. Problematic data are communicated back to the reporting bank for review and correction or clarification. Moreover, the Balance of Payments Section carries out cross-checks with statistics obtained from other sources (e.g. bank balance sheets, exchange control records).

3.6 Revision policy

Annual data are revised annually and quarterly data are revised when annual data for the corresponding year are compiled.

3.7 Dissemination

B.o.p. and external reserves data are published in the CBC's Annual Report and are also available on the internet at the following address: <http://www.centralbank.gov.cy>.

B.o.p. data are disseminated to Eurostat (using the Vademecum tables) and the ECB, in GESMES/CB format, as well as to the IMF (using the standard components included in the BPM5) and other international organisations. Stocks of reserve assets are disseminated monthly.

4 Goods

4.1 Specific features of data collection

B.o.p. data concerning goods are compiled by the CBC on the basis of import and export statistics produced by CYSTAT. These figures record the physical movement of goods across the national frontier as declared by importers and exporters on the completed customs documents. Importers and exporters are usually required to present their documents before they can obtain customs clearance for the goods. Therefore, the import and export figures correspond fairly closely to goods actually imported and exported.

4.2 Definition

The import and export statistics are recorded on both a “general trade” and a “special trade” basis. Imports under the “general trade” recording system comprise goods entering directly for home consumption, together with goods imported and placed in bonded warehouses. Under the “special trade” system, the import statistics are restricted to those goods cleared directly for home consumption together with those withdrawn from bonded warehouses and destined for the local market. Total exports include both domestic exports and re-exports, whether or not from bonded warehouses. Domestic exports are defined as goods which have been produced, manufactured or partly manufactured in Cyprus, excluding goods originally imported and having undergone only repair or minor operations. Re-exports are defined as goods originally imported and re-exported in the same condition in which they were imported or after undergoing repair or minor operations.

Goods exported and imported are valued on an f.o.b. and a c.i.f. basis, respectively. For b.o.p. purposes, the customs data are adjusted for coverage (e.g. to exclude returned goods)

and for reclassification (e.g. of freight and insurance on imports). In the case of imports where an amount in foreign currency is converted to its Cyprus pound equivalent, the rate of exchange used is that applicable at the time of lodgement of the customs entry.

As far as the geographical breakdown is concerned, data are available on a country-by-country basis.

4.3 Deviations from agreed definitions

None.

4.4 Gaps

Goods for processing are not separately identifiable.

4.5 Intended harmonisation

CYSTAT is currently working on a pilot project for collecting data in line with INTRASTAT. The possibility of separately identifying goods for processing and all instances of repairs is being considered.

4.6 Estimation methods

Normally, trade data are available within the time frame for b.o.p. compilation.

5 Services

5.1 Specific features of data collection

Data on services broken down by type of service, country and currency are obtained from the settlements system. In addition, data on certain services are obtained as follows from other sources.

(i) *Transportation*

This category covers freight and passenger services provided by sea and air transport operators. Freight services are adjusted in accordance with the estimates made to convert imports c.i.f. to imports f.o.b. Concerning passenger transport, data reported by banks under the settlements system are cross-checked with data obtained from a limited survey of major resident passenger transport operators.

(ii) *Travel*

Travel credits for tourism are obtained from CYPSTAT, which conducts a monthly survey on tourist expenditure in Cyprus. Per person expenditure derived from the survey is combined with the number of tourist arrivals, as given by the frontier survey of incoming travellers which is also conducted by CYPSTAT. With regard to education-related revenue, an annual survey is conducted among colleges, which provide educational services to non-residents, and survey results are compared with data reported by banks under the settlements system. The value of travel debits is obtained from the settlements system. Reported data include foreign exchange allowances issued to resident travellers, foreign exchange issued for education, private medical spending abroad, payments by resident travel agents and foreign exchange outflows through credit cards.

(iii) *Other services*

Communications: Settlements data are checked for consistency with data obtained from a survey of the companies or organisations in this field. The survey

is conducted on an annual basis, but quarterly data are obtained.

Insurance: merchandise insurance is derived from both the settlements system and an estimate on the basis of the total c.i.f. value of imports.

Government services (not included elsewhere): entries for this category include foreign military expenditure in Cyprus, foreign embassy expenditure in Cyprus, the Cyprus Government's foreign service expenditure abroad, and other government expenditure abroad. Data are obtained from the Government's accounts (budget abstracts), from annual questionnaires sent to the entities involved and from the settlements system.

5.2 Definition

The definitions applied in the compilation of services are generally in line with those of the BPM5.

5.3 Deviations from agreed definitions

None.

5.4 Gaps

Data on transactions settled via banks abroad are only partly covered, through the aforementioned surveys of some service providers (e.g. transport services). Before 2002, credits for a number of services, in particular for financial and other business services, were missing.

5.5 Intended harmonisation

The CBC is planning to initiate or extend surveys and direct reporting by major service providers in order to improve the accuracy

of services data and to fill the gaps arising from transactions settled via bank accounts abroad. In particular, a survey for freight transport is planned with the aim of improving the conversion of imports c.i.f. to imports f.o.b.

6 Income

6.1 Specific features of data collection and definitions

6.1.1 Compensation of employees

Data are obtained from the settlements system.

6.1.2 Income on direct investment

As a result of the CBC's participation in Eurostat's FDI Pilot Project with Candidate Countries, Cyprus is producing all Y5 and Y6 questionnaires of the BOP Vademecum, including Y5-3 and Y6-3. Breakdowns are available by instrument, country and economic activity. The definitions set out in the BPM5 are followed. The 10% rule is applied to separate FDI from portfolio investment income. Income on inter-company loans is recorded as income on direct investment and is identified separately from other investment income.

Since 2002, data on dividends, interest on inter-company loans and rent are obtained from the settlements system. The settlements data are cross-checked and complemented with information contained in audited accounts of FDI companies and remaining exchange control records.

Reinvested earnings are recorded annually on the basis of information contained in audited accounts of FDI companies. An offsetting entry in the financial account item direct investment is recorded. Because the audited accounts of FDI companies are not available in time, reinvested earnings for the current year are estimated on the basis of information in the accounts for previous years.

5.6 Estimation methods

Both freight transport and freight insurance are partly derived from estimates on the basis of c.i.f. import data.

6.1.3 Income on portfolio investment

The settlements system provides data on portfolio income of banks and their resident customers on a payments basis. In the case of bonds issued abroad by domestic banks, accrued interest is estimated by the CBC. Interest payable on securities issued by the government (Euro commercial paper and Euro medium-term notes) is obtained from the External Debt Section of the CBC.

6.1.4 Income on other investment

The settlements system provides data on other investment income (credits and debits) of banks and resident customers. For banks' own transactions with non-residents, interest on both loans and deposits is reported on an accruals basis. Interest on reserves is obtained from the Accounting Services Department of the CBC.

6.2 Deviations from agreed definitions

Compensation of employees: the length of stay of Cypriots working abroad or of foreigners working in Cyprus is sometimes difficult to determine; hence attribution of residency on the basis of the one-year rule may sometimes lead to misclassification between compensation of employees and current transfers.

Income on portfolio investment: the accruals principle is not fully applied.

6.3 Gaps

Compensation of employees: contributions paid by employers on behalf of employees

Chapter 3.2 Cyprus

for social security, medical treatment and other benefits are not taken into account.

6.4 Intended harmonisation

The CBC intends to extend the application of the accruals principle as far as possible.

7 Current transfers

Covered by Section 8 on the capital account.

8 Capital account

8.1 Specific features of data collection

Data on general government transfers are collected from the Ministry of Finance and include transfers from the United Nations, the European Union, the United States, etc. Data on outward and inward transfers of other sectors, including migrants' transfers and current transfers (workers' remittances, cash gifts, inheritances, lottery winnings, etc.) are collected from banks under the settlements system.

8.2 Definition

In principle, the new b.o.p. compilation system follows the definition of the capital account set out in the BPM5. Migrants' transfers and acquisitions or disposals of land by Cyprus' embassies abroad are recorded in the capital account. However, there is not as yet any distinction between current and capital transfers with respect to grants received or extended by the government.

8.3 Deviations from agreed definitions

All grants are included under current transfers at present, even though some of

6.5 Estimation methods

Reinvested earnings for the current year are estimated on the basis of information available in the accounts of FDI companies for previous years.

these grants may be of a capital nature. In the b.o.p. statistics up to 2001, outward migrants' transfers, which were insignificant in Cyprus, were recorded under current transfers (or services: other personal travel).

8.4 Gaps

Data on debt forgiveness by companies, and acquisitions or disposals of non-produced non-financial assets, other than land, are not available. Government debt forgiveness is considered negligible. In the b.o.p. statistics up to 2001, inward migrants' transfers were missing.

8.5 Intended harmonisation

The CBC intends to separate government transfers into the current and capital accounts, based on information to be collected from the competent government departments.

9 Direct investment

9.1 Specific features of data collection

Data on FDI flows are obtained from the settlements system, from the accounts and other statements submitted by the international business companies to the International Business Department and from the returns submitted to the Banking Supervision and Regulation Division (concerning banks' own investments). Data obtained from different sources are checked for consistency. Information on the initiation of an FDI relationship is obtained from the statistical declarations submitted by resident direct investors to the domestic banks and forwarded to the CBC, the statistical declarations submitted by representatives of non-resident direct investors to the CBC and from exchange control records.

The CBC is participating in Eurostat's FDI Pilot Project with Candidate Countries for the establishment of a regular reporting system on FDI statistics, in accordance with Eurostat's requirements. The CBC's participation in the first part of this project (concerning FDI flows) has been completed, as Cyprus is producing all Y5 and Y6 questionnaires at the required geographical and economic activity levels of analysis. To this end, the NACE classification of economic activity has been adopted for resident and non-resident companies. These FDI questionnaires are transmitted to Eurostat in GESMES/CB format.

9.2 Definition

The CBC applies the 10% OECD benchmark definition of FDI (in line with the BPM5).

Concerning the definition of residency, for the purposes of Eurostat's FDI Pilot Project with Candidate Countries and upon the recommendation of Eurostat, companies in the international business sector (offshore companies) with a physical presence in

Cyprus as well as international banking units (offshore banks) have been considered residents as from 1997 and their FDI flows have been included in the FDI questionnaires transmitted to Eurostat for the years from 1997 to 2001. However, in the b.o.p. for the period from 1997 to 2001, FDI data were adjusted to bring them into line with the older definition of residency. As from 2002, the new definition is applied for both FDI and other b.o.p. transactions (see Sub-section 3.1).

9.3 Deviations from agreed definitions

Trade credits between companies with an FDI relationship are not recorded under direct investment, but are included under other investment.

9.4 Gaps

None.

9.5 Intended harmonisation

The CBC has requested the Department of Land and Surveys, which effects transfers of ownership in real estate in Cyprus, to report data on investments (purchases and sales) in real estate by non-residents on a monthly basis. Furthermore, the CBC is planning to strengthen the rudimentary form of direct reporting for major FDI companies and to carry out surveys of FDI stocks.

9.6 Estimation methods

Reinvested earnings for the current year are estimated on the basis of information available in the accounts of FDI companies for previous years.

10 Portfolio investment

10.1 Specific features of data collection

Under the settlements system, banks report inward and outward portfolio investment flows. For the banks' own portfolio transactions, domestic banks report security-by-security data, including an ISIN code, while a breakdown by securities is not required for customers' portfolio transactions. Furthermore, data on banks' own portfolio flows are derived from their monthly balance sheets and other returns submitted to the Banking Supervision and Regulation Division of the CBC. Data on debt securities issued abroad by the government, specifically Euro commercial paper and Euro Medium-Term Notes (EMTN), are collected from the External Debt Section of the CBC. Concerning inward investment in securities listed on the CSE, security-by-security data on non-resident purchases and sales of securities listed on the CSE are transmitted to the CBC by the CSE. Data are broken down by sector, instrument and country.

10.2 Definition

The definition of portfolio investment is in line with that of the BPM5. The 10% rule is

applied to distinguish direct from portfolio investment.

10.3 Deviations from agreed definitions

As mentioned in Sub-section 6.2, the accruals principle is not yet fully applied.

10.4 Gaps

Portfolio transactions settled through bank accounts abroad are only partly captured in the b.o.p.

10.5 Intended harmonisation

The CBC is planning on a regular basis to collect data from institutional investors other than banks and from resident stockbrokers, who may provide more complete data on households' portfolio investment abroad.

10.6 Estimation methods

None.

11 Financial derivatives

11.1 Specific features of data collection

Since 2002 transactions in financial derivatives have been recorded as a separate category of the financial account; previously they were included under portfolio investment (debt securities). Under the settlements system, banks report transactions in financial derivatives broken down by country, currency and institutional sector. In addition, raw data collected by the CBC's Banking Supervision Department include breakdowns by instrument, maturity, country and currency for the investments made by the banking sector.

11.2 Definitions

See Sub-section 11.1.

11.3 Deviations from agreed definitions

See Sub-section 11.1.

11.4 Gaps

See Sub-section 11.1.

11.5 Intended harmonisation

The CBC intends to distinguish financial derivatives by instrument and to improve the geographical and currency breakdowns.

12 Other investment

12.1 Specific features of data collection

(i) Trade credits

The entries for long-term trade credits on the assets side include prepayments made in respect of imports of military equipment and in respect of imports of aircraft by Cyprus Airways. Data are obtained from the government and from Cyprus Airways. On the liabilities side, trade credits comprise estimates of suppliers' credits calculated using a formula based on the pattern of imports. Specifically, trade credits are estimated on the basis of the assumption that one-third of the imports of the last four months are unpaid.

(ii) Loans; currency and deposits

Drawings and principal repayments of government loans are compiled from data collected from the External Debt Section of the CBC and from government accounts. Data on the banking sector's loans and deposits are obtained from the settlements system and from monthly balance sheets. Data on the other private sector's loans are obtained from the settlements system and directly from public corporations which have substantial external borrowings. Concerning deposits maintained abroad by the non-banking private sector, limited data are obtained through the settlements system.

12.2 Definition

The CBC generally follows the definitions set out in BPM5, including the accruals principle. See also Sub-section 9.3.

12.3 Deviations from agreed definitions

See section 12.2.

12.4 Gaps

Other investment flows that are not channelled through the Cypriot banking system are only partly covered by available data sources.

12.5 Intended harmonisation

Concerning trade credits, the CBC is planning to collect data from the banks' documentary credit departments and to conduct a survey of importers and exporters. The coverage of transactions in loans and deposits not channelled through the Cypriot banking system will be addressed through formalised direct reporting by major companies.

12.6 Estimation methods

Trade credits extended by foreign suppliers are estimated on the basis of the assumption that one-third of the imports of the last four months are unpaid.

13 Reserve assets

13.1 Specific features of data collection

The source of data on reserve assets is the Accounting Services Department of the CBC. Stocks of reserve assets are compiled monthly and are available one to two weeks after the end of the reference month. Breakdowns by instrument and by currency are available. A geographical breakdown is prepared quarterly and communicated to the IMF on a strictly confidential basis. The transactions in reserve assets presented in the quarterly b.o.p. are derived from stocks, including adjustments for changes due to exchange rate fluctuations.

13.2 Definition

The definition used for reserve assets is in line with the recommendations of the BPM5 and with International Accounting Standards. Reserve assets are under the effective control of the monetary authority. Positions of the central government are separately identified. Positions vis-à-vis residents are excluded. Gold, SDRs and the reserve position in the IMF are included in the total figure.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.1 General

The CBC has compiled partial i.i.p. statements, excluding the international business sector, for the years from 1999 to 2001. In particular, FDI assets and liabilities, as well as portfolio investment liabilities in equity securities, are missing, while loan liabilities of the private non-banking sector are partly covered. The CBC is working towards the compilation of a full i.i.p. statement.

Reserve assets are compiled in accordance with the gross concept. Official reserves include accrued (receivable) interest, but no offsetting between assets and liabilities is undertaken. The CBC's gold is not used as collateral for loans. Gold exchange agreements are used in reserve asset management and, in such cases, the gold remains part of the official reserves. A separate category for financial derivatives (gold swaps) is included.

13.3 Deviations from agreed definitions

There are no deviations in reserve asset definitions from the BPM5.

13.4 Gaps

Breakdowns by maturity are not yet produced.

13.5 Intended harmonisation

The CBC is in a position to provide data on reserve assets in line with the IMF's SDDS requirements on a monthly basis.

14.1.2 Direct investment

FDI positions are not yet available. The CBC is in the process of compiling FDI positions from the stocks recorded in the audited accounts of FDI companies, starting with international business companies and banks. In the case of FDI companies for which accounts are not yet available, stocks may initially be estimated from accumulated flows. Furthermore, the CBC is planning to conduct a survey of FDI positions, which comprises the second leg of its participation in Eurostat's FDI Pilot Project with Candidate Countries.

14.1.3 Portfolio investment

Cyprus has participated in the 2001 CPIS and has thus compiled portfolio investment assets as of 31 December 2001. The end-investor, security-by-security approach was followed and all resident entities undertaking portfolio investment abroad were covered, namely domestic banks, international banking units, domestic and international insurance companies, investment companies and non-financial international business companies with a physical presence in Cyprus. It should be noted that, due to exchange control restrictions applicable until the end of 2001, domestic non-financial companies and Cypriot households were generally not allowed to perform portfolio investment abroad and were thus not covered by the 2001 CPIS. Following the completion of the 2001 CPIS, the CBC is planning to conduct the survey annually and to use the results to compile portfolio investment assets. As a result of a liberalisation measure adopted in March 2002, the household sector may now undertake portfolio investment abroad and will therefore be included in future surveys. Specifically, data on households' portfolio assets will be obtained through the household portfolio survey conducted by the University of Cyprus in co-operation with the CBC and through resident stockbrokers.

Portfolio investment liabilities in equity securities have not yet been compiled. In this respect, the CSE has started to report to the CBC liabilities of listed companies vis-à-vis non-residents (i.e. equity capital held by non-resident shareholders).

14.1.4 Financial derivatives

Stocks of financial derivatives have not yet been compiled.

14.1.5 Other investment

Complete data on other investment assets and liabilities of the banking sector are

compiled from bank balance sheets. As regards other investment positions of the non-banking private sector, the available data comprise estimates of trade credit liabilities (see Sub-section 12.1) and loan liabilities of public corporations, while no data have yet been compiled for the deposit assets of this sector (which include deposits of the household sector since 2002 and deposits of the international business sector).

14.1.6 Reserve assets

The CBC compiles and communicates stocks of reserve assets to the ECB on a monthly basis (see Section 13). The CBC also participates in the IMF's annual Survey of the Geographical Distribution of Securities Held as Foreign Exchange Reserves (SEFER).

14.2 Deviations from agreed definitions

None.

14.3 Gaps

See Sub-sections 14.1.1 to 14.1.5.

14.4 Intended harmonisation

See Sub-sections 14.1.1 to 14.1.5.

14.5 Estimation methods

Trade credits by foreign suppliers are estimated on the basis of the assumption that one-third of the imports of the last four months are unpaid.

15 Contacts

This country information was drafted by Cyprus in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Cyprus should be addressed to:

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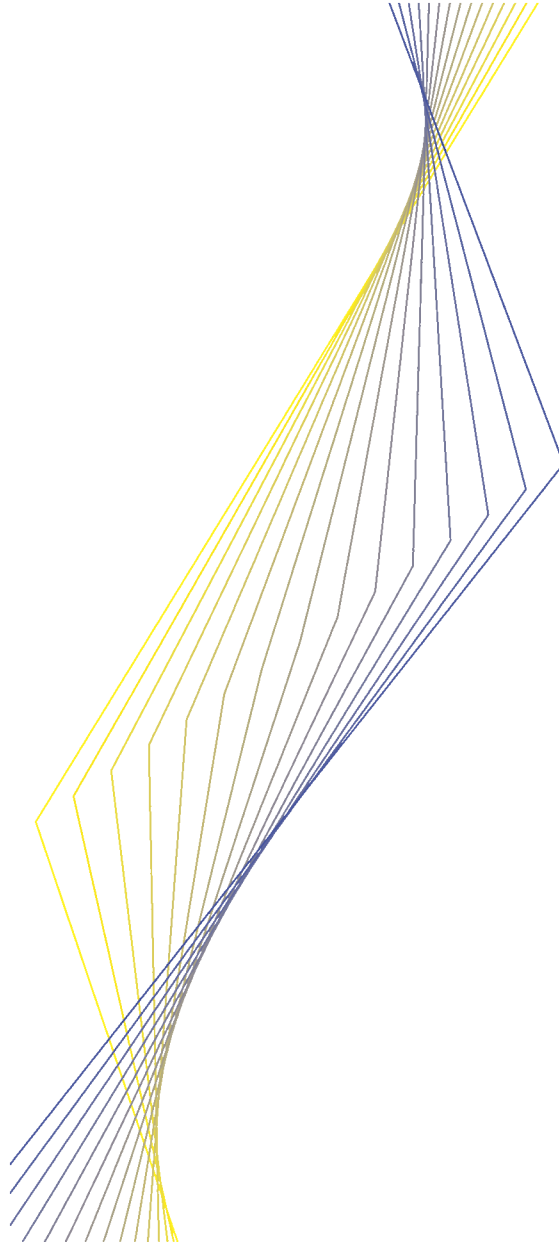
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EUROPEAN CENTRAL BANK

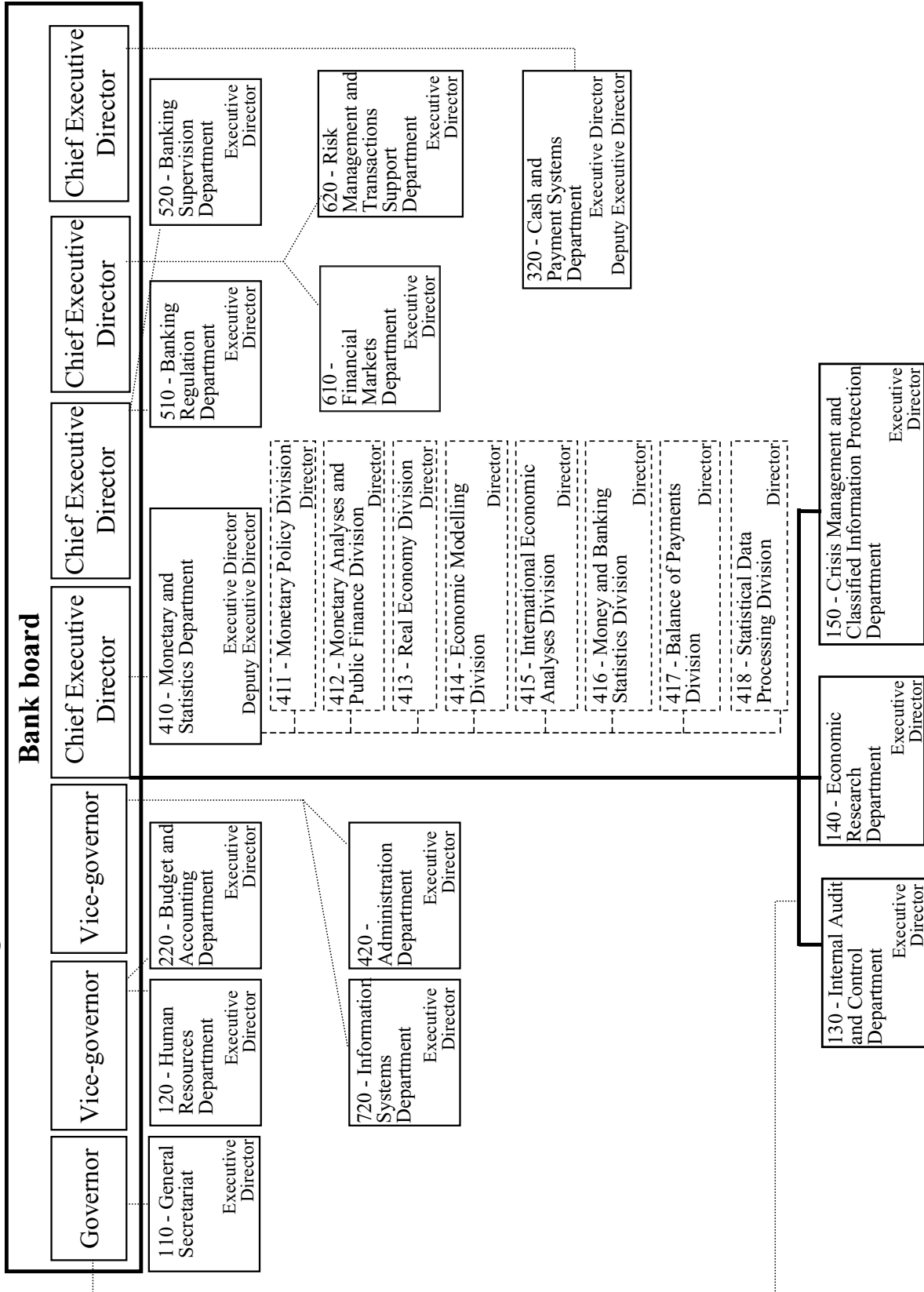


Czech Republic

May 2003

I Organisation chart

Organisational chart of the Czech National Bank



↑ Bank board direct management axis
 Authorisation of Bank Board members to oversee the CNB's major activities

2 Institutional aspects

2.1 Introduction

Following the division of the former Czechoslovakia into the Czech and Slovak Republics on 1 January 1993, Česká národní banka, the Czech National Bank (CNB), continued in its responsibility - as the central bank of the Czech Republic - for compiling balance of payments (b.o.p.) and international investment position (i.i.p.) statistics. The Balance of Payments Division of the CNB's Statistics Department collects data from a variety of sources, including foreign trade statistics, the banking sector, the Czech Statistical Office, government ministries (Ministry of Finance, Ministry for Regional Development, Ministry of Labour and Social Affairs, etc.), government agencies (e.g. the National Property Fund), securities traders/brokers and a large number of corporate sector units, including specialised units (services, etc.).

The b.o.p. and the i.i.p. are compiled quarterly and are published on the CNB website, in printed publications and also annually in the yearbooks of the Czech Statistical Office (CZSO). The data are compiled in Czech koruna (CZK) but are also published in euro (EUR) and US dollars (USD). The collection and compilation methods are being adjusted to comply with the recommendations of the 5th edition of the IMF Balance of Payments Manual (BPM5).

Since January 2003, the CNB has also published monthly estimates (i. e. key items in accordance with ECB requirements). These figures are based on monthly figures from the banking sector and the CZSO, as well as on current information from non-monetary financial institutions and estimates.

When compiling and publishing the b.o.p., i.i.p. and reserve assets, the CNB acts independently from the general government.

2.2 Legislative provisions

Under Act No. 6/1993 Coll.¹ on the Czech National Bank, as last revised by Act No. 442/2000 Coll., all banks - including branches of foreign banks and other entities holding information necessary for the compilation of the b.o.p. - are obliged to report this information to the CNB (Article 41). The CNB defines the population of entities covered by this obligation as well as the content, form, dates and manner of submitting the information and documents required from them. Pursuant to Article 46, non-compliance with the rules laid down in the Act can result in a fine of up to CZK 1 million.

Article 5 of Act No. 219/1995 Coll., the Foreign Exchange Act, lays down the reporting obligations for non-residents who are foreign exchange entities² and for residents regarding financial claims and liabilities vis-à-vis non-residents and residents abroad, foreign direct investment (FDI) and other investment, financial credits, securities and associated collections, payments and transfers vis-à-vis non-residents and residents abroad, financial market operations, including operations performed through non-residents, and the establishment of and balances on their accounts abroad. The terms and manner of the reporting obligation are stipulated by order of the CNB and MoF, or when required by a foreign exchange authority.³

2.3 Internal organisation

A new organisational structure of the CNB came into effect on 1 January 2002. The head office, which is managed by the CNB

¹ Collection of Laws.

² According to the Foreign Exchange Act, a foreign exchange entity refers to a bank with a seat in the Czech Republic or a branch office of a foreign bank which is authorised, within the scope of its banking licence, to trade in foreign exchange or effect payments and transfers abroad as well as a person granted a foreign exchange licence to trade in foreign exchange values or provide money services; or a person granted a licence to carry out bureaux de change activities.

³ These authorities are the Ministry of Finance and the CNB.

Chapter 3.3 Czech Republic

Governor, consists of seven groups, which are divided into departments and divisions.

- The Monetary and Statistics Department was restructured into five monetary and three statistics divisions. In the area of statistics, it is responsible for methodological management, the collection of and accurate and comprehensive processing of monetary and banking statistics, statistical data on economic development, b.o.p. compilation and administration, and for the development of statistical data systems.
- The Money and Banking Statistics Division is responsible for the concept, methodology and processing of money and banking statistics (MBS) statements submitted by commercial banks and other monetary institutions. This Division provides banking statistical information to the Monetary Department, the Banking Supervision Department and other users in the CNB and to the general public.
- The Balance of Payments (BoP) Division is responsible for the concept, methodology and compilation of b.o.p. statistics, foreign direct investment (FDI) and portfolio investment statistics and the i.i.p. It is also responsible for providing data to international institutions and for co-ordinating the IMF's Special Data Dissemination Standard (SDDS) system. In order to compile the b.o.p. and i.i.p., statistical information from the banking sector, corporate sector and government institutions is used.
- The Statistical Data Processing Division is responsible for collecting and processing statistical data for CNB purposes. It also manages the development of the banking information system, including the meta-information system.

The BoP Division is responsible for the b.o.p., FDI, the i.i.p. and related statistical data compilation. Data collection, control and

processing are carried out in close co-operation with the other divisions in the department. BoP Division staff (around 20 in number) are responsible for data analyses and publications and for providing data to international institutions and domestic users.

Economic analyses of b.o.p. data are also compiled by monetary divisions of the Monetary and Statistics Department.

2.4 External co-operation

The Czech Statistical Office (CZSO) is the most important external partner of the BoP Division, both as a provider and as a user of the data. The monthly foreign trade statistics, based on customs data provided by the CZSO, are a keystone for compilation of the b.o.p. goods item. The CZSO also provides some other complementary data for the b.o.p. and, reciprocally, CNB data are used by the CZSO for the compilation of the national accounts.

The CNB uses its own information on government assets and liabilities and also obtains information from other governmental institutions, e.g. the Directorate General of Customs (foreign trade statistics), the Ministry of Labour and Social Affairs (foreigners employed in the Czech Republic), the National Property Fund (non-resident investment in the Czech Republic) and the Securities Centre of the Czech Republic (ownership of securities by non-residents).

Outside the Czech Republic, the BoP Division maintains contacts with several central banks (e.g. Austria and Germany), mostly to consult on methodological, collection and compilation issues.

The BoP Division takes part in several b.o.p. working groups and has close contacts with EUROSTAT, the ECB and the Organisation for Economic Co-operation and Development (OECD). The International Monetary Fund (IMF) is also consulted regarding BPM5 and the SDDS.

2.5 Users

B.o.p. data are published for the general public on a quarterly basis by issuing a press release. The data are also disseminated on the CNB's website. For all interested parties, the data are published in the following specialist publications: the quarterly "Inflation report", the annual "Balance of Payments Report", the "CNB Annual Report" and the "Statistical Yearbook of the Czech Republic". The data are used and analysed in the monetary divisions, in particular.

Externally, all interested institutions in the Czech Republic are able to receive CNB publications.

As for international institutions, b.o.p., i.i.p. and FDI data are dispatched to:

- the IMF, to be published in the "International Financial Statistics", in the SDDS system, the reserves database, the "BoP Yearbook", etc.
- EUROSTAT, to be published according to vade-mecum requirements;
- the OECD;
- other institutions and research institutes on request or via the internet.

3 Statistical systems

3.1 Type of collection system

B.o.p. compilation is based on a mixed system, i.e. a combination of settlements and surveys. The greatest proportion comprises settlements by the banking sector that can be considered semi-open, based on transactions between residents and non-residents, and does not include a full explanation of the changes in the level of external positions of either the banking sector or the non-banking sector. The settlements are complemented with surveys from government, banks and the corporate sector. Only some reports include the recording of all credit and debit transactions and a country and currency breakdown. In some cases, flows are derived from stock statistics and vice versa.

This reporting system is furthermore complemented by other statistics provided by the CZSO (the trade balance and other information necessary for the compilation of the current account), the MoF (government current transfers), other ministries and by direct reporting institutions. Other sources are also used, e.g. newspapers and official information (FDI and portfolio investment). On the basis of this information, business registers are also kept).

3.2 Reporting agents

- (i) The monetary authority sector: the CNB provides data on reserve assets, liabilities and other transactions of monetary authorities (stock and flow data).
- (ii) The banking sector: this does not fully coincide with the ESCB definition of Monetary Financial Institutions - the sectoral breakdown of the ESA 79 is applied. A new sector classification in accordance with the ESA 95 is being prepared. Banks are required to report external transactions on behalf of residents and non-residents and on their own account (stock and flow data). The CNB is the sole agent in the Czech Republic that collects data from the banking sector. It is also authorised to request more detailed information or an explanation if the information submitted by a bank does not comply with the required methodology. For the purposes of b.o.p. compilation, the banks submit statements on their foreign currency and CZK positions, surveys of foreign currency payments and collections, securities statistics, etc.

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- (iii) The general government sector: data are provided on assets (including subscriptions to international non-monetary organisations) and liabilities and on the value of technical assistance provided to the Czech Republic. from the export and import of goods, data on FDI abroad and in the Czech Republic, data on stocks and transactions in securities realised between residents and non-residents.
- (iv) The corporate sector - direct reporting institutions: data on assets and liabilities of enterprises and transactions resulting The response rates to surveys are 100% in the banking and government sector and approximately 85% in the corporate sector.

Table I
Reporting scheme for b.o.p. and i.i.p. data collection in the Czech Republic

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Exporting and importing enterprises reports to General Directorate of Customs (GDC)	Uniform Custom Declaration	Export/import transactions	Ongoing basis	25 days
	Czech Statistical Office(CZSO) survey	Data survey – territorial and commodity structure	Monthly	
	CZSO survey on foreign trade – classification of product by activities (CPA)	Data on exports/ importson outward and inward processing	Quarterly	
	DGC website	Combined nomenclature of goods	Monthly	
	CD database of foreign trade	Foreign trade by products and countries	Monthly	30 days
Selected enterprises	Telephone queries	Receipts for gas transit Payments for oil transport	Quarterly	30 days
MFIs – banks Czech National Bank	Monthly report on collections and payments	Collections and payments - purpose/ sectors breakdown	Monthly	17 days 31 days for December data
	Monthly report on collection and payments	Collections and payments -purpose/ currency breakdown	Monthly	17 days 31 days for December data
	Quarterly report on collections and payments	Collection and payments - territorial breakdown	Quarterly	20 days 36 days for 4 th Q data
Insurance institutions	Annual report on insurance and reinsurance	Claims/collections and Payments/liabilities on life, pensions, goods and other insurance and reinsurance	Annually	60 days
Air transport companies	Quarterly report on collections and payments for air transport services	Collections and payments on passenger, freight and other transport services	Quarterly	30 days 60 days for 4 th Q data
Enterprises, Insurance institutions	Report on outward/ inward direct investment stocks	Data on direct investment stocks for equity, reinvested earnings and other capital	Annually	240 days
Financial institutions	Survey of CNB banking Supervision – FDI stocks			

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection in the Czech Republic

Enterprises through branches of com. banks	FDI flows reporting form	FDI flows	Continuously after each transaction	15 days after the transaction
MFI - banks	Statements on FDI outward/inward flows	FDI flows realised by banks	Quarterly	20 days
National Property Fund	NPF report	FDI payments from abroad	Monthly	20 days
Czech Securities Centre	Portions of 10% and more in listed shares	Changes in 10% and more ownership	Quarterly	20 days
Press information		FDI flows	Ongoing basis	
Enterprises	Survey on foreign assets and liabilities	Claims and obligations resulting from foreign trade	Quarterly	20 days
Enterprises	Report on financial loans	Loans received from non residents	Continuously after each transaction	15 days after the transaction
MFI - banks	Survey on portfolio investment – domestic securities	Stocks, flows and income on domestic securities held by non residents	Quarterly	20 days
	Survey on portfolio investment – foreign securities	Stocks, flows and income on foreign securities held by residents	Quarterly	20 days
Non bank securities traders	Survey on portfolio investment – domestic securities	Stocks, flows and income on domestic securities held by non residents	Quarterly	15 days
Non bank securities traders and other financial institutions	Survey on portfolio investment – foreign securities	Stocks, flows and income on foreign securities held by residents	Quarterly	25 days
	Annual PI Survey on securities issued by non residents	Foreign securities held by residents broken down by the country of the issuer	Annually	45 days
The Securities Centre	PI survey broken down by ISIN	Stocks of domestic securities held by non residents – ISIN breakdown	Quarterly	20 days
CNB – Short term Bond Market Registration Centre Czech National Bank	Short term Bond Report	Short term bonds	Quarterly	20 days
	The CNB foreign exchange and CZK position	Assets and liabilities in currency breakdown – international reserves	Monthly	17 days
	CNB Balance Sheet	Balance sheet data of the central bank	Monthly	15 days
MFI – banks	The banking foreign exchange and CZK position	Assets and liabilities in currency breakdown Off-balance-sheet assets and liabilities	Monthly	17 days
Ceskoslovenska obchodniBanka (CSOB)	Special report on claims and obligations included in State financial assets and liabilities	Assets and liabilities adopted by the government in territorial breakdown	Monthly	10 days
	Special report on government credits and credits of former foreign trade corporations	Outstanding balances of granted and accepted credits as a result of former clearing and barter agreements	Monthly	20 days

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3.3 Thresholds

For transactions made by banks and other institutions, a threshold has generally not been set.

in accordance with the ECB requirements) within 45 days of the reference month.

3.4 Availability of data

B.o.p. - the data are compiled quarterly within 65 days of the end of the quarter for the first three quarters, and within 85 days of the end of the quarter for the fourth quarter. Since January 2003, CNB has also published monthly estimates (i. e. key items

i.i.p. - data are compiled quarterly and are published within one quarter of the end of the reference quarter for the first three quarters, and within one quarter and ten days for the fourth quarter.

External reserves are compiled monthly and are published approximately one week after the reference month.

Only some categories of the b.o.p. and i.i.p. (e.g. FDI) have breakdowns by sector and by country.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Czech Republic	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities		
Current account	35 days	35 days	n/a	n/a	-	-
Goods	35 days	35 days	35 days	35 days	Split available	Split available
Services	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Income	35 days	35 days	n/a	n/a	-	-
Compensation of employees	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Investment income	35 days	35 days	n/a	n/a	-	-
on direct investment	35 days	35 days	n/a	n/a	With EU accession	With EU accession
on portfolio investment	35 days	35 days	n/a	n/a	With EU accession	-
on other investment	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Current transfers	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Capital account	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Direct investment	35 days	35 days	35 days	35 days	Split available	Split available
Equity capital	35 days	35 days	35 days	35 days	Split available	Split available
MFIs (excluding central banks)	35 days	35 days	35 days	35 days	Split available	Split available
Non-MFIs	35 days	35 days	35 days	35 days	Split available	Split available
Reinvested earnings	35 days	35 days	35 days	35 days	Split available	Split available
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	With EU accession	With EU accession
Non-MFIs	n/a	n/a	n/a	n/a	With EU accession	With EU accession
Other capital	35 days	35 days	35 days	35 days	Split available	Split available
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	With EU accession	With EU accession

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Non-MFIs	n/a	n/a	n/a	n/a	With EU accession	With EU accession
Portfolio investment	35 days	35 days	n/a	n/a	With EU accession	-
Equity securities	35 days	35 days	n/a	n/a	With EU accession	-
Monetary authorities	35 days	35 days	n/a	n/a	With EU accession	-
MFIs (excluding central banks)	35 days	35 days	n/a	n/a	With EU accession	-
Non-MFIs	35 days	35 days	n/a	n/a	With EU accession	-
Debt securities	35 days	35 days	n/a	n/a	With EU accession	-
Bonds and notes	35 days	35 days	n/a	n/a	With EU accession	-
Monetary authorities	35 days	35 days	n/a	n/a	With EU accession	-
MFIs (excluding central banks)	35 days	35 days	n/a	n/a	With EU accession	-
Non-MFIs	35 days	35 days	n/a	n/a	With EU accession	-
Money market instruments	35 days	35 days	n/a	n/a	With EU accession	-
Monetary authorities	35 days	35 days	n/a	n/a	With EU accession	-
MFIs (excluding central banks)	35 days	35 days	n/a	n/a	With EU accession	-
Non-MFIs	35 days	35 days	n/a	n/a	With EU accession	-
Financial derivatives	35 days	35 days	n/a	n/a	-	-
Other investment	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Monetary authorities	35 days	35 days	n/a	n/a	With EU accession	With EU accession
General government	35 days	35 days	n/a	n/a	With EU accession	With EU accession
MFIs	35 days	35 days	n/a	n/a	With EU accession	With EU accession
long-term	35 days	35 days	n/a	n/a	With EU accession	With EU accession
short-term	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Other sectors	35 days	35 days	n/a	n/a	With EU accession	With EU accession
Reserve assets	35 days	-	n/a	-	With EU accession	-

N/a: Information is currently not available.

-: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

3.5 Data controls

A validation procedure is incorporated into the electronic data collection system - the report is not accepted unless it is both valid and consistent.

For other types of collection, checks for completeness and plausibility are carried out by the BoP Division. Unusual fluctuations in the data reported are monitored and the reporting agents are asked for an explanation.

Checks at the aggregate level are aimed at ensuring data quality and consistency with other statistics and time series. Any discrepancies are analysed and the source of the data is thoroughly checked again to uncover possible errors at a lower level of aggregation.

3.6 Revision policy

B.o.p. and i.i.p. data are revised and corrected every time new information becomes available. The revisions are usually made on an ongoing basis and are published in the subsequent quarterly issues. Most of the revisions and corrections to the b.o.p. result from trade balance data - when these data are final, all b.o.p. data can also be considered final. Monthly estimates are revised on a quarterly basis according to the results of quarterly surveys.

3.7 Dissemination

The CNB publishes monthly data on external reserve assets and quarterly data on the b.o.p. and i.i.p.

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B.o.p. and i.i.p. data appear in the following regular publications:

- the “Inflation Report” - available in Czech and English, free of charge;
- the “Balance of Payments Report” - in Czech, by subscription, free of charge;
- the “CNB Annual Report” - in Czech and English, free of charge; and
- the “Statistical Yearbook of the Czech Republic” - in Czech and English, for a

fee (published by the CZSO - Information Service Division).

All the data on the b.o.p., i.i.p. and external reserves, including time series, are posted under “Statistics” on the CNB’s website: <http://www.cnb.cz>.

As a SDDS subscriber, the Czech Republic disseminates metadata on the IMF’s Data Dissemination Bulletin Board with a direct hyperlink to the real data in the national statistics (internet address: <http://dsbb.imf.org/country/czecats.htm>).

4 Goods

4.1 Specific features of data collection

The source of data relating to exports and imports of goods is the customs statistics data. The relevant document is the Uniform Customs Declaration completed by exporters (importers). The data from customs declarations are processed by the General Directorate of Customs. The CZSO publishes monthly data on exports and imports approximately 16 working days after the end of the month under review, which is also when the CNB receives the data. The definitive data for the year under review are usually published by the CZSO around August of the following year. In some years, the trade data on imports in the b.o.p. deviate from those officially reported by the CZSO, owing to the application of market prices to imports of natural gas.

4.2 Definition

Goods in the customs statistics are monitored in a way that allows them to be broken down into:

- general merchandise (including goods procured in ports by carriers);
- goods for processing and repairs of goods; and

- non-monetary gold.

Data on the export and import of goods (in accordance with the BPM5) cover the following:

- any change of ownership;
- the market value of goods;
- mostly f.o.b. prices; and
- a geographical breakdown.

4.3 Deviations from agreed definitions

The b.o.p. of the Czech Republic deviates from the BPM5 in that it is not able to report separately on goods procured in ports by carriers.

4.4 Gaps

Goods procured in ports by carriers are included under general goods and are not monitored separately in the customs statistics; from the point of view of the Czech Republic’s trade, however, the volumes in this item are insignificant.

4.5 Intended harmonisation

None.

4.6 Estimation methods

For the non-market prices of a proportion of natural gas imports, estimates are based

on market prices of natural gas. For b.o.p. purposes, the difference between the non-market and the market price of natural gas is added to the value of imports reported by the CZSO.

5 Services

5.1 Specific features of data collection

(i) *Transportation*

The data are taken from the banking foreign exchange statistics (the Monthly Statement of Foreign Exchange and CZK Collections and Payments, which records collections and payments effected to and from abroad through domestic banks in foreign currencies and in CZK as well as payments effected between residents and non-residents in foreign currencies in the Czech Republic) and directly from major carriers and pipeline operators. They are supplemented by an estimate in the area of the transportation of goods on export.

(ii) *Travel*

Credits and debits are measured by means of the instruments used to make travel-related payments. The data are taken from the banking foreign exchange statistics (bureau de change operations, settlements of entities operating in the travel area, settlements of payment cards) and are supplemented with information from non-bank bureaux de change and issuers of payment cards. When determining the travel item, we assume that all transactions by bureaux de change and executed using payment cards are related exclusively to travel.

(iii) *Other services*

The data are taken from the banking foreign exchange statistics. Services are recorded in the b.o.p. at the time when payment for the services provided is credited or payment for the services received is made (no potential receivables and payables from services are assumed).

5.2 Definition

Payment items (transaction codes) are assigned to the collections and payments effected to and from abroad through domestic banks; these items are set in such a way as to cover all types of services according to the BPM5 (including financial services) and to correspond with it as regards content.

5.3 Deviations from agreed definitions

Where transport costs form part of the price of imported goods (the c.i.f. value of imports), these costs are reported in the b.o.p. under the import item within the balance of trade.

5.4 Gaps

The difference between the transaction codes used in domestic and foreign payment systems complicates the recording of payments in CZK effected between residents

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and non-residents in the Czech Republic. Transactions effected through residents' accounts at foreign banks are not recorded. In the case of travel, only the credits and debits which can be registered statistically are recorded.

5.5 Intended harmonisation

It is envisaged that for the collection of data on the compilation of transport services connected with the export and import of goods, the conclusions and recommendations of the Eurostat Balance of Payments Working Party will be used.

6 Income

6.1 Specific features of data collection and definitions

6.1.1 Compensation of employees

The compensation of employees item is estimated in co-operation with the CZSO; it comprises wages and salaries earned by individuals for work performed in the host country. Contributions paid by employers to social security scheme, etc. are included.

Credits from the work of Czech citizens abroad are estimated using information on the number of Czech citizens who work abroad in the short term and their average income.

To determine labour costs of foreigners in the Czech Republic, administrative data on the number of foreigners employed are used (work permits issued, registered foreigners for whom no work permit is required); these are supplemented with an estimate of the number of foreigners employed illegally and with information on the average wage.

In the case of both credits and debits, the average wage is adjusted for the costs of the person's stay in the host country.

5.6 Estimation methods

The costs connected with the transportation of goods on export (including insurance, storage, etc.), which form part of the export price, are estimated using surveys carried out among selected exporters. The share of these costs in overall exports is estimated on the basis of the final data of previous years.

No estimates are carried out for foreign travel and other services (excluding insurance).

6.1.2 Income on direct investment

Income on direct investment is recorded in the b.o.p., broken down into income on equity and income on debt (interest on credits between direct investors and direct investment enterprises).

As regards income on equity, the banking foreign exchange statistics recording the transfer of shares of earnings of direct investment enterprises (dividends, etc.) are used for the preliminary version of the b.o.p. Reinvested earnings are estimated according to their level in the preceding period and are also recorded as an offsetting entry in the financial account.

For the revised version of the b.o.p., in the case of dividends and reinvested earnings, data taken from a statistical survey carried out once a year in companies with ownership holdings abroad and companies owned completely or partly by a non-resident are used. Reinvested earnings are available with a territorial breakdown.

Interest (on inter-company loans, trade credits and debt securities) is estimated both in the preliminary and in the final version of the b.o.p.

6.1.3 Income on portfolio investment

Income on portfolio investment is recorded in the b.o.p., broken down into income on equity and income on debt securities (bonds, banknotes and money market instruments).

In the case of income on equity, the banking foreign exchange statistics recording real transfers of dividends are used. The data obtained in this way are compared with the statements compiled by securities traders. A breakdown by basic sector (central bank, government, commercial banks and other sectors) is available.

On the credit side, income on debt securities is partly obtained from the reports of securities traders (government and other sectors) and partly estimated (banks). On the debit side, in the case of domestic securities denominated in CZK, this is obtained from statements compiled by securities traders, and in the case of domestic securities denominated in foreign currencies it is calculated according to the interest rate and maturity of the interest (broken down by currency and sector).

The income on debt securities taken from the brokers' statements consists partly of real transfers of interest and partly of calculated interest (on an accruals basis).

In the case of the data obtained via the statements of securities traders, a breakdown by the sector of the domestic issuer and by the country of the registered office of the non-resident is available. Income on investment funds is included.

6.1.4 Income on other investment

Interest on central bank assets (reserves) and liabilities is taken from the accounting records, where it is recorded on an accruals basis.

Information on interest on government loans granted and received is taken from the

foreign exchange statistics and reflects real transfers of funds.

Interest on deposits and loans of commercial banks is estimated. In the b.o.p., it is recorded on an accruals basis, with the assumption that interest will be paid at maturity.

In the case of other sectors, interest on trade credits and loans is estimated.

6.2 Deviations from agreed definitions

In the case of wages and salaries it is not possible to differentiate consistently between income resulting from a short-term stay in a host country and income connected with a long-term stay (potential transfers of which are to be recorded under current transfers according to the BPM5). Interest on swaps is recorded under income on investment. The accruals principle is not fully applied for interest.

6.3 Gaps

Insufficient coverage of the household sector.

6.4 Intended harmonisation

Interest on swaps has until now been recorded under income on investment; the manner of reporting will be adjusted to ECB requirements.

The accruals principle will be used for all items of the income balance where it is possible to create the prerequisites for it.

6.5 Estimation methods

Interest on loans received by other sectors from abroad as well as interest on credits between investors and their holdings (including interest on debt securities) is estimated according to the average level of the loans and credits received and granted in

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the reporting period and the average interest rates.

The estimate of interest on deposits and credits of commercial banks is based on the average level of the deposits and credits granted (or received) in the reporting period

and the average interest rates (broken down by maturity of the deposits and credits).

When estimating interest on trade credits, information gathered from selected exporters (importers) of machinery is used.

7 Current transfers

See Sub-section 8 on the capital account.

8 Capital account

8.1 Specific features of data collection

The data for current transfers and the capital account are taken from the banking foreign exchange statistics. When compiling the foreign assistance item within current transfers, administrative sources are used.

Transfers are broken down into government (public) and private domains according to the institutional sector of the resident. All technical assistance from the European Union (provided under the Phare Programme) is included in government transfers.

8.2 Definition

The capital transfers item includes transfers of funds connected with the migration of the population and transfers (purchases and sales) of non-produced, non-financial assets (licences, etc.). In accordance with the BPM5, any acquisitions and disposals of land by representative offices of foreign governments are recorded under capital transfers.

8.3 Deviations from agreed definitions

The banking foreign exchange statistics do not allow consistent differentiation between current and capital transfers - for example, gifts and grants of a capital nature are included in current transfers together with other gifts.

8.4 Gaps

Non-financial transfers such as transfers of migrants' movable assets and gifts and grants in kind (an offsetting entry to goods) are not recorded.

8.5 Intended harmonisation

Any debt forgiveness (by contractual agreement) will be recorded under the capital transfers item.

9 Direct investment

9.1 Specific features of data collection

Information on direct investment is obtained primarily from the reports submitted by non-

banks pursuant to the reporting obligation ensuing from the Foreign Exchange Act. The reports on FDI are effected through branches of commercial banks upon each

transaction. These data are further revised on the basis of annual direct investment reports from non-banks.

Supplementary sources of information are:

- statements from banks;
- National Property Fund reports on foreign payments;
- information from the stock exchange;
- the commercial bulletin; and
- information from the press.

Information on inter-company loans and trade credits is obtained from the reports submitted by non-banks under the reporting obligation.

Preliminary data on direct investment stocks and flows are published quarterly. The flows of direct investment are available approximately 10-11 weeks after the end of the quarter, and the stocks and positions in the b.o.p. are available after 12-14 weeks. The data are revised with a 16-month delay on the basis of annual reports on the stocks of assets and liabilities of companies. The data are published on the CNB's website.

Direct investments are reported broken down as follows:

- (i) by instrument into equity capital, other capital and reinvested earnings;
- (ii) by territory and by sector; and
- (iii) by foreign direct investment in the Czech Republic and Czech direct investment abroad.

9.2 Definition

The definition of foreign direct investment is in line with the recommendations of the IMF

(BPM5) and with the directives of both Eurostat and the OECD. This means that the following points are observed:

- 10% ownership criterion;
- directional principle for FDI;
- the data include inter-company financial transactions (borrowings and loans and trade credits);
- special-purpose entities are not monitored separately; and
- reinvested earnings form part of FDI.

When recording direct investment transactions, the actual operation concept is applied.

9.3 Deviations from agreed definitions

Transactions in securities and financial derivatives between direct investors and their subsidiaries and branches are not included in direct investment.

9.4 Gaps

None.

9.5 Intended harmonisation

None.

9.6 Estimation methods

Estimates are carried out only in the case of reinvested earnings - quarterly, with a view to one year. These are based on the data on reinvested earnings in individual sectors and in a territorial breakdown for the last period. The data are revised on the basis of surveys of annual statements after the closing of the annual accounts.

10 Portfolio investment

10.1 Specific features of data collection

The data on the inflows and outflows of portfolio investment are published quarterly, broken down by instrument (equity securities and debt securities). In the case of liabilities (domestic CZK securities owned by non-residents), breakdowns by the issuer's sector and by the country of the investor's registered office are also available. In the case of transactions in domestic securities issued abroad, breakdowns by sector and by currency are monitored. Assets (foreign securities owned by residents) are broken down by the creditor's sector and by the country of the registered office of the issuer of the foreign security.

Securities operations between residents and non-residents are reported on an aggregated basis.

The CNB obtains data on the transactions of non-residents in domestic CZK securities and on their stocks in the form of quarterly statistical statements from domestic securities traders (banks and non-banks) that provide custody services to non-residents and from the Short-Term Bond Market Registration Centre maintained at the CNB. When elaborating the statistical statements, these respondents work with ISIN securities codes, which allow them to identify the issuer by sector and by type of security. Residents who issue securities abroad are obliged to report the necessary data on these issues to the CNB.

The Securities Centre provides the CNB with data on the stocks of domestic securities held by non-residents, broken down by ISIN.

The CNB obtains data on foreign securities transactions from the banks' monthly statements on payments and collections, in which the operations executed on the bank's own account and the operations executed on the account of clients, broken down by sector, are recorded separately. The data on purchases and sales are reported at the

purchasing and selling prices realised. Operations effected in foreign currencies are converted, using the average exchange rate (mid rate) for the reporting period.

10.2 Definition

The CNB defines portfolio investment in line with the BPM5. Portfolio investment includes equity securities (shares, participation certificates, interim certificates) and debt securities (bonds, bills of exchange, money market instruments), except for those included under direct investment or reserve assets. Neither financial derivatives nor repo operations (transactions in repurchase agreements) are included in portfolio investment. Service charges and brokerage fees are recorded as services. The breakdown of portfolio investment by country is based, in the case of assets, on the principle of the country of the registered office of the issuer (debtor) and, in the case of liabilities, on the country of the registered office of the owner (creditor) of the domestic security.

10.3 Deviations from agreed definitions

None.

10.4 Gaps

Certain problems in data collection may occur if residents' assets are administered directly by a foreign securities trader (non-resident custodian).

10.5 Intended harmonisation

It is envisaged that in 2003 domestic investors who use the services of foreign securities traders (non-resident custodians) will have to report data on operations in and stocks of foreign securities directly to the CNB.

10.6 Estimation methods

None.

11 Financial derivatives

11.1 Specific features of data collection

The CNB began to report data on financial derivatives' transactions on a net basis as a separate financial account item at quarterly intervals from 2000. These data are derived from the differences in the stocks of financial derivatives in banks' positions between the beginning and the end of the period under review. Breakdowns of these transactions by sector and by country are not yet available.

Financial derivatives are recorded off the balance sheet in nominal values and in real values in the balance sheets of domestic banks.

Real values, either positive or negative, are monitored in the case of forward operations broken down by interest, currency, share, commodity and credit instrument. Positive or negative real values are also monitored in the case of options, the breakdown of which is identical to that used for forward operations; options are broken down further into receivables from the margins on stock exchange derivatives.

For the time being, these values are projected into the financial derivatives' transactions for positive real value and negative real value as a whole.

11.2 Definitions

The CNB defines financial derivatives in line with the BPM5, i.e. it records transactions

relating to options, futures, swaps, forward foreign exchange contracts and credit derivatives in the b.o.p. Accounting for these operations within the banking sector is fully harmonised with the IAS 32 and IAS 39. The identification of residents is fully in keeping with the ESA 95 methodology.

11.3 Deviations from agreed definitions

None.

11.4 Gaps

The system of data collection used until now does not cover transactions in financial derivatives that residents execute with entities other than domestic banks. The present system of accounting for transactions in financial derivatives in the corporate sector does not fully comply with the required accounting standards.

11.5 Intended harmonisation

It is planned to break down financial derivatives' transactions by instrument. The MoF is preparing a new methodology for calculating and accounting for transactions in financial derivatives in the corporate sector.

11.6 Estimation methods

None.

12 Other investment

12.1 Specific features of data collection

Other investment is broken down into assets and liabilities, into long-term and short-term investment, and by basic sector into central bank, government, commercial banks and other sectors. A breakdown by instrument (trade credits, foreign currency and other cash, deposits, loans, other assets and liabilities) is available. Data allowing for a breakdown by territory and currency are reported only for the government sector.

Data sources:

- (i) Central bank - statement on foreign exchange and CZK positions; information from relevant units within the CNB on draw-downs and repayments of credits received.
- (ii) Commercial banks - statement on foreign exchange and CZK positions; monthly statement on foreign exchange and CZK collections and payments (draw-downs and repayments of long-term credits received).
- (iii) Government - monthly specification of government credits and quarterly specification of credit agreements; survey of receivables and payables taken over by the Czech MoF; information from the MoF on capital subscriptions to international non-monetary organisations.
- (iv) Other sectors - statement on the foreign assets and liabilities of companies (buyer and supplier credits, financial leasing, movements on accounts abroad); information taken from the reports submitted under the reporting obligation pursuant to the Foreign Exchange Act (collections and payments relating to financial credits).

The b.o.p. includes records of flows for long-term central bank liabilities, for government and corporate sector assets and liabilities,

and for long-term credits received by commercial banks. In the case of short-term central bank liabilities and assets and liabilities of commercial banks (except for long-term credits), the flows are derived from the changes between the opening and closing stocks (from the statement on foreign exchange and CZK positions).

12.2 Definition

The other investment item is basically in line with the BPM5. Both repo operations and trade credits are included.

12.3 Deviations from agreed definitions

During the most recent revision of the b.o.p. (March 2001), credits (loans and supplier credits) between direct investors and direct investment enterprises were transferred from other investment to direct investment (other capital) for the years 1998 to 2000. A similar adjustment will be carried out for the period prior to 1998.

12.4 Gaps

The statement from which the data on credits linked with exports and imports of goods are drawn covers a select circle of respondents only (450-500 enterprises). Data are not collected from the household sector, which means that information on changes in technical life insurance reserves is not available. Transactions implemented through private accounts abroad are not adequately recorded.

12.5 Intended harmonisation

Within the framework of co-operation with the CZSO, available information will be acquired for the household sector.

12.6 Estimation methods

None.

13 Reserve assets

13.1 Specific features of data collection

The sole source for compiling CNB reserve asset transactions is the monthly data of the CNB Accounting Division. The analytical accounts comprise all breakdowns - by instrument, maturity, country and currency.

In addition to foreign exchange, the financial instruments in the reserve assets include gold, special drawing rights (SDRs) and the reserve position in the IMF.

The reserve assets are compiled in accordance with the gross concept, i.e. there is no netting with CNB assets and liabilities.

13.2 Definition

The definition of reserve assets is fully in line with the BPM5 and the Operational Guidelines of the IMF Data Template on International Reserves and Foreign Currency Liquidity within SDDS. All of these assets are under the effective control of the CNB. The accounts of central government are not included in the reserve assets position.

Data on asset yields are included on an accruals basis.

13.3 Deviations from agreed definitions

None.

13.4 Gaps

None.

13.5 Intended harmonisation

None.

The reserve assets refer to the CNB's highly liquid, market-valued claims on non-residents denominated in convertible foreign currencies (deposits, securities, cash). Claims on residents and domestic currency deposits are not included in the CNB's reserve assets.

14 International investment position

14.1 Specific features of data collection and definitions

(three months and ten days in the case of the fourth quarter). The already published quarterly and annual data are updated at the end of the year (within 18 months of the end of the reporting period) on the basis of the processing of definitive data on the i.i.p.

14.1.1 General

The i.i.p. includes the stocks of financial assets and liabilities vis-à-vis non-residents corresponding to all financial account items. Stocks on the assets and liabilities sides of the position are recorded separately. The i.i.p. is compiled and disseminated with quarterly periodicity within three months of the end of the relevant reporting period

14.1.2 Direct investment

The stocks of active and passive direct investments are compiled and disseminated quarterly. Direct investment data are broken

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down by instrument, sector of the economy and country of origin or of the recipient. A breakdown by currency is not available.

The data sources for the quarterly and annual data are different. In the case of the quarterly data, the direct investment stocks are derived using the accumulated flows method. The basis for this is the data reported under the reporting obligation for companies, the banking statistics and the periodical reports of the National Property Fund. The quarterly data on direct investment stocks are published within three months of the end of the reporting period.

The data source used for the compilation of the i.i.p. at the end of the reporting year, and for the verification of the quarterly data, is the reports on the stocks of assets and liabilities of companies submitted at the end of the year, which are included in the direct investment database established and administered by the CNB. The direct investment database is updated on an ongoing basis through the addition of verified information obtained from the data subject to a reporting obligation, banking statistics data, commercial registers, stock exchange data, etc. Together with data on the extent and nature of the direct investment, these reports contain data on economic activity (for example, exports and imports of goods and services, the number of employees). The data on annual direct investment stocks are available within 18 months of the end of the reporting period.

The methodological deviations between the quarterly and annual stocks compiled on the basis of surveys consist in the valuation method employed. For the quarterly stocks, the valuation is based on a summation of the market-valued transactions in the relevant period. In the case of the annual data obtained from company surveys, the basis is the valuation in book or nominal values - only some of the companies are valued at their market value.

The material definition of the stocks of individual direct investment items is in line with the definition of the corresponding individual categories of direct investment transactions within the financial account.

With regard to the method for deriving the stocks from the flow data, the link between the reported flows and stocks in the area of direct investment with determination of the influence of price changes and other adjustments is not specified in great detail. The annual data obtained from surveys in companies are the starting point for retroactive adjustment of the quarterly data on stocks and flows in the area of direct investment.

14.1.3 Portfolio investment

The data on portfolio investment stocks are compiled and disseminated quarterly.

Portfolio investment is broken down by instrument, sector, country and maturity. A breakdown by currency is not yet available.

The basic data source is data acquired quarterly directly from securities traders and major investors in the form of statements. The data are based on real stocks. Another source is data on short-term bond stocks from the database of the Short-term Bonds Register held at the CNB.

The data on portfolio investment stocks are published in the i.i.p. within three months of the end of the reporting period. The methodological definition of portfolio investment stocks is identical to that applied to the relevant financial account transactions.

Portfolio investments are valued using the market prices valid on the date to which the statement relates.

14.1.4 Financial derivatives

As in the financial account, the stocks of receivables and payables from financial derivatives in the i.i.p. are recorded only when a resident commercial bank participates in the transaction. In the other cases, financial derivatives are not monitored.

The daily and monthly positions of commercial banks vis-à-vis non-residents show the real stocks of financial derivatives which are recorded quarterly in the i.i.p. A more detailed breakdown by instrument is available and a breakdown by sector is in preparation. Data on the territorial and currency structure of these levels are not yet available. The levels of financial derivatives are available within 20 days of the last day of the reporting period.

Market price valuation is provided for in the banks' balance sheets.

14.1.5 Other investment

The stocks of financial assets and liabilities in the other capital item are compiled and disseminated monthly for commercial banks and quarterly for other sectors. The financial assets and liabilities of commercial banks and other monetary institutions and the positions of the government and corporate sector, including households, are reported quarterly within the i.i.p.

The stocks of other investments are broken down by instrument, sector and maturity. Breakdowns by country and by currency are not being recorded for the time, but are available for selected sectors (commercial banks and the government sector).

The following data sources are used:

- for the position of banks including the central bank: monthly statements on the position vis-à-vis non-residents;

- for the government sector position: surveys of the stocks of assets and liabilities of the government sector prepared for the needs of the Czech MoF by the CNB and by the commercial bank designated for the administration of government foreign assets and liabilities;

- for the position of other sectors: outputs from the fulfilment of the residents' reporting obligations prepared by the CNB on draw-downs and repayments of financial credits granted to residents from abroad and on turnovers of funds on residents' accounts maintained abroad, and the quarterly foreign assets and liabilities statements submitted by companies to the CNB.

In the case of the banking and government position, and partly also the position of other sectors, real stocks of receivables and payables are collected; in the case of selected items (for example, financial credits drawn down by companies from abroad), the accumulated flows method is used.

14.1.6 Reserve assets

Data on reserve assets stocks are compiled and disseminated monthly in accordance with the SDDS system within seven days of the reference month in preliminary form, based on data sources from the Accounting and Dealing Divisions of the CNB. The data become final approximately one month later in accordance with the CNB accounting data. The CNB reserve assets are broken down by type of instrument.

The coverage and concept of the reserve assets is in line with the BPM5 and the Operational Guidelines of the IMF Data Template on International Reserves and Foreign Currency Liquidity, and all components, including gold, are valued in market prices monthly.

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14.2 Deviations from agreed definitions

None.

14.3 Gaps

At present, there is incomplete statistical coverage of the financial derivatives item. Stocks held by sectors other than commercial banks and other monetary institutions are not reported. In the area of other investment, the household sector is not sufficiently covered statistically.

14.4 Intended harmonisation

In the area of securities trading, a security-by-security database will be established at

the CNB. This database will improve the monitoring of portfolio investment in the required cross-sections. A preliminary phase is currently running which involves the reporting of the i.i.p. broken down by country. An improvement to the statistical coverage of the economic activities of the household sector is being prepared in co-operation with the CZSO.

14.5 Estimation methods

Estimates are currently used for the intra-year stocks of reinvested earnings for the direct investment item.

15 Contacts

This country information was drafted by the Czech Republic and agreed with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to the Czech Republic should be addressed to:

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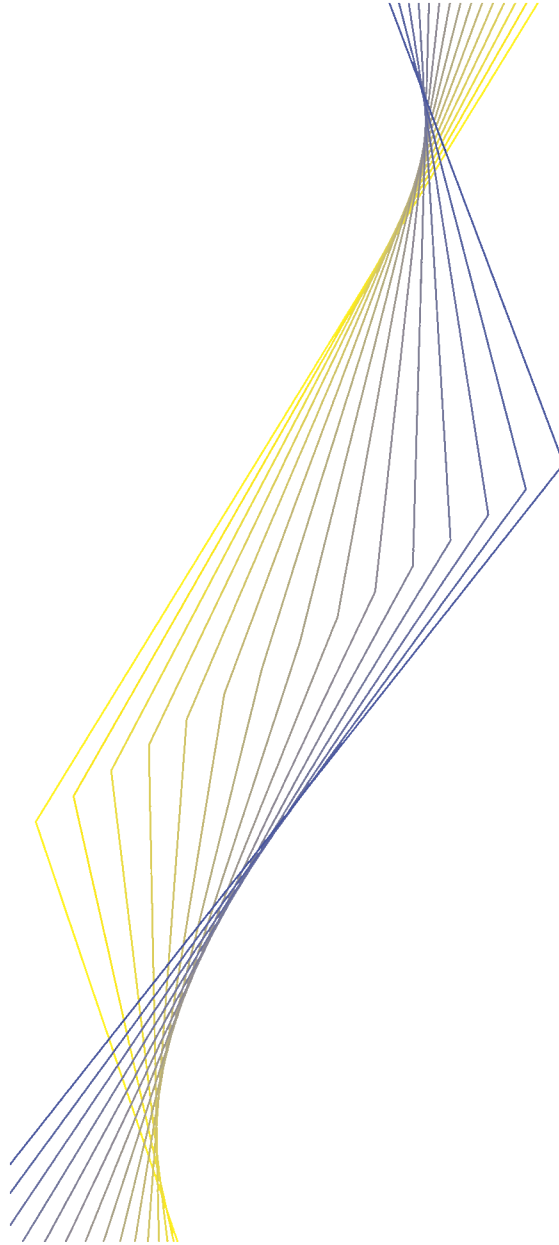
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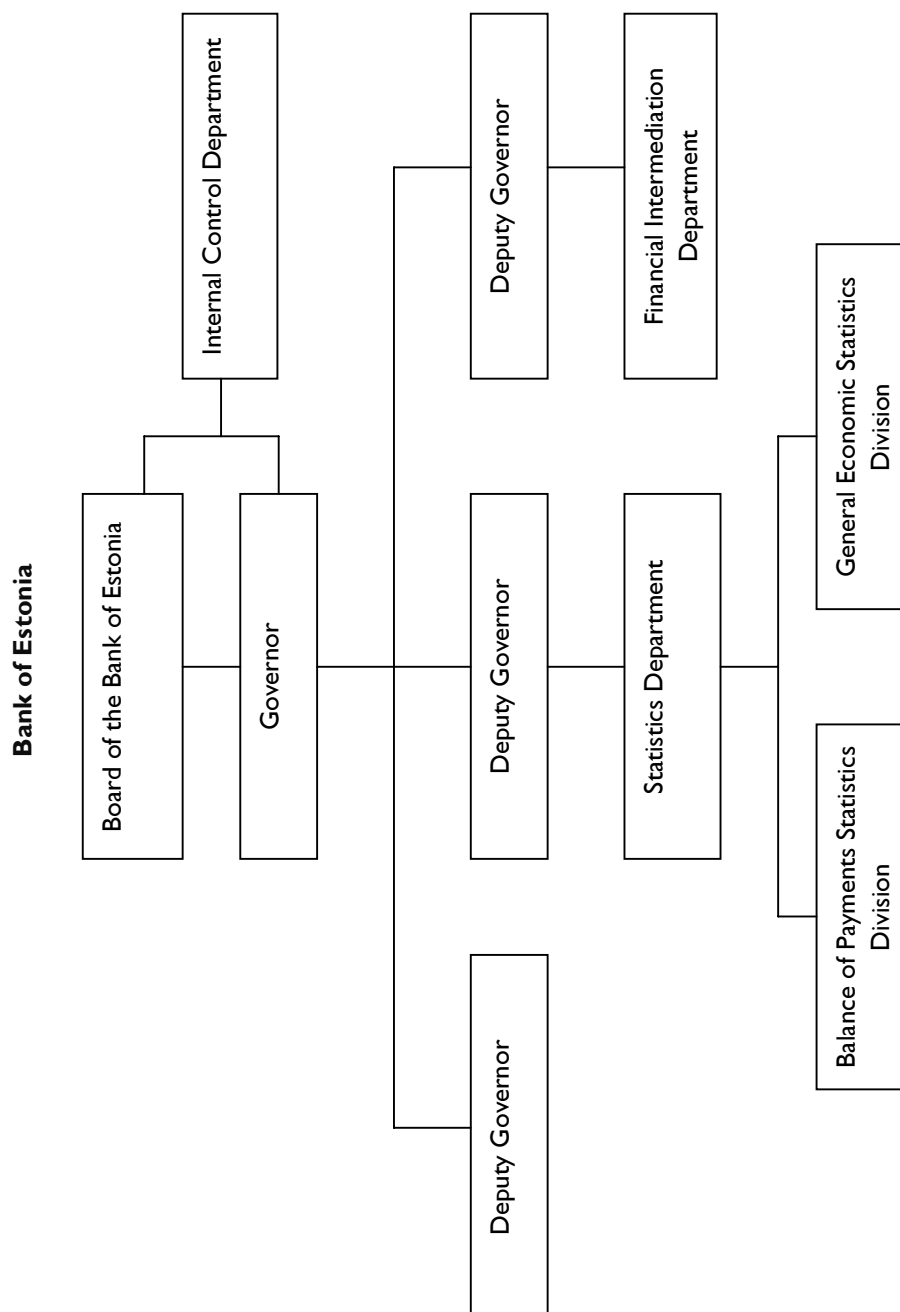
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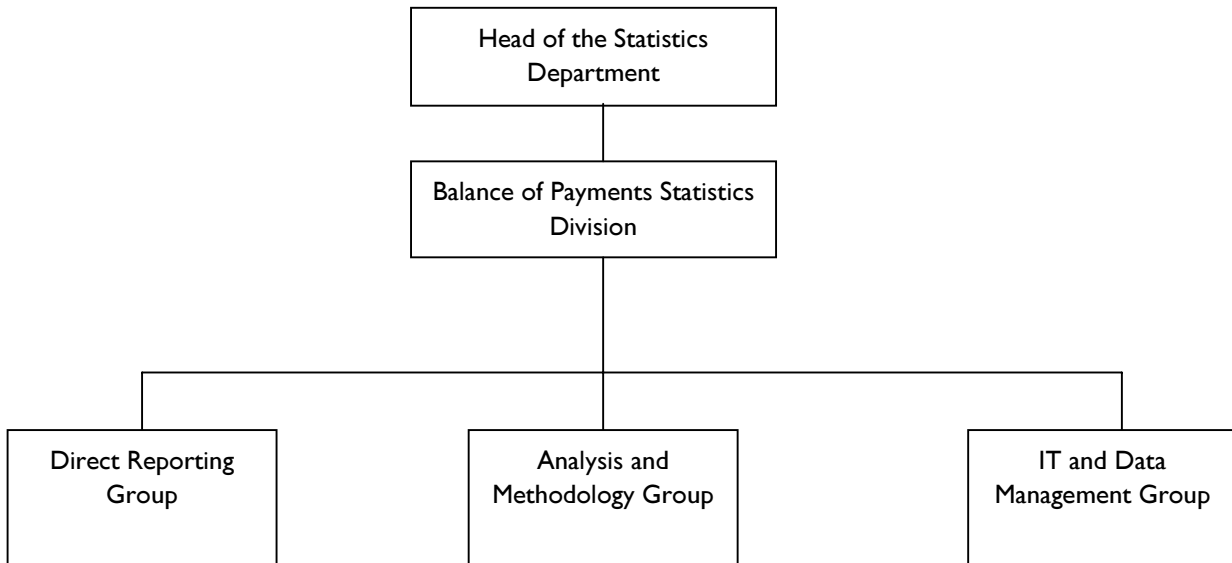
Estonia

May 2003

I Organisation chart



Balance of Payments Statistics Division



2 Institutional aspects

2.1 Introduction

According to the Law on the Central Bank of the Republic of Estonia, Eesti Pank, the Bank of Estonia (EP) is the only agency responsible - as a fully independent institution - for the compilation of the balance of payments (b.o.p.) and the international investment position (i.i.p.). The first comprehensive statement of the Estonian b.o.p. was published by the EP in November 1992 and contained data for nine months. The first i.i.p. was compiled on a quarterly basis in 1996. The compilation system combines banking settlement reports, direct surveys of economic agents and administrative data. Data is collected for statistical purposes only; no foreign exchange control is practised in Estonia. The b.o.p. accounts are compiled according to the principles outlined in the 5th edition of the IMF Balance of Payments Manual (BPM5).

2.2 Legislative provisions

The external sector statistics are based on two main legal acts: the Law on the Central Bank of the Republic of Estonia (LCB) of 18 June 1993 and the Official Statistics Act (OSA) of 17 July 1997.

According to the LCB (Sections 2 and 34), the central bank shall be entitled to obtain, free of charge, all data necessary for compiling the b.o.p. from any state or municipal entity or from any other legal entity engaged in foreign economic operations and located within the Republic of Estonia.

The OSA defines the Bank of Estonia as an agency conducting official statistical surveys in the field of b.o.p. statistics (Section 4). It stipulates the duties (Section 5), the obligation to submit data collected through official statistical surveys (Section 7), the data protection and confidentiality requirements (Section 8), and the liability of respondents

to comply with the requirements laid down (penalty for non-compliance) (Section 10).

Based on the above-mentioned legal mandates, the Governor of the EP has issued regulations on the balance of payments reporting procedure for credit institutions (Decree No. 35 of 28 December 1995) and has also issued decrees by which various survey forms have been established.

In addition, the Law on Credit Institutions of 20 January 1995 sets the overall statistical obligation for resident commercial banks (Section 52). The collection of foreign trade data is based on the Estonian Customs Law of 19 January 1998).

2.3 Internal organisation

At the EP, statistical data are compiled by the Balance of Payments Statistics Division (BOPD) in the Statistics Department. The BOPD is also responsible for compiling the i.i.p. and other statistical statements relating to the external sector (direct investment reports, external debt statements, the template of external reserves and foreign currency liquidity, etc.).

The BOPD itself collects most of the data directly from data providers using surveys, the International Transactions Reporting System (ITRS) and administrative data. Its main inter-agency partners are the Banking Statistics Division in the Financial Intermediation Department and the Central Accounting Department, which provide initial data for external sector statistics on the banking and monetary authority sector, as well as the General Economic Statistics Division of the Statistics Department, which is responsible for the availability of foreign trade statistics.

In the BOPD there are eleven people directly involved in the collection, control and

processing of data as well as in output compilation. According to the nature of the working process, the BOPD is divided into four sections (as shown in the organisational chart of the BOPD):

- the Direct Reporting Group (six people) - responsible for data collection and processing via questionnaires and for creating and updating the enterprise sample as well as for dealing with data collection and processing with banking settlements and quality checks of the data;
- analysts (three people) - two economists are responsible for methodological issues relating to the data collection system design and data management, while an econometrician is responsible for methodological issues relating to statistics and to the modelling of monthly b.o.p. key items; and
- the IT and Data Management Group - two people: manager of IT software and hardware systems and data manager responsible for data warehouses and output files.

There is close co-operation between the above-mentioned sections. Final BOPD products are the result of teamwork.

Regular descriptive data analysis is carried out by the BOPD. The Economic Policy Division of the Central Bank Policy Department examines external sector accounts in the context of overall macroeconomic performance.

2.4 External co-operation

For the purposes of b.o.p. statistics, the EP co-operates with other authorities in Estonia. An important partner is the State Statistical Office (SSO), both as a provider and as a user of data on the external sector. On one hand, foreign trade statistics provided by the SSO are used as the basis for the goods

accounts; on the other hand, the b.o.p. is part of the national accounts compiled by the SSO in line with the System of National Accounts of 1993 (SNA 93).

The EP maintains regular contacts with other institutions: the State Tourism Board, the Customs Board, the Ministry of Finance, the Ministry of Foreign Affairs, the Central Business Register and the Central Depository for Securities as well as to credit institutions and major companies as the main data providers.

In order to provide adequate travel statistics, a regular border sampling survey has been vital. For this purpose, market research and polling institutes have been involved.

Close and regular co-operation is maintained with other providers of statistics: the Bank of Finland, Bank of Latvia, Bank of Lithuania, National Bank of Russia and Statistics New Zealand (data comparison, joint seminars, etc.).

Besides the International Monetary Fund (IMF), essential collaboration has been established with other European and international organisations such as the European Central Bank (ECB) and Eurostat (the Statistical Office of the European Union).

2.5 Users

The EP is responsible both for disseminating all related statistics to the public and for informing international organisations.

The main internal users are the Central Bank Policy Department and the Research Department. The SSO uses b.o.p. data for the rest of the world account in the national account statistics. Other important external users are the Estonian Government, government ministries, research institutes and universities, credit institutions, international rating and auditing agencies, the World Bank, the European Bank for Reconstruction and Development (EBRD), etc.

B.o.p. and i.i.p. data, broken down into standard components, are supplied to

international organisations such as the IMF and the European Commission (Eurostat).

3 Statistical system

3.1 Type of collection system

The BOPD collects most of the data directly from data providers, using mixed (dual) b.o.p. compilation systems, namely surveys and the ITRS. Data are supplemented with information from various sources and with estimates.

The survey system has been the main source of information for the compilation of the quarterly b.o.p. and i.i.p. since the External Sector Statistics Balance of Payments Division was established in 1992. The BOPD is responsible for all procedures related to the conduct of surveys, for keeping direct contact with respondents and for having input data on an individual company level. The main cornerstones of survey design are the following: to keep surveys close to accounting standards and as simple as possible so as to facilitate and ensure a high rate of response. At present, there are ten different survey forms, which have been specifically designed for enterprises engaged in various economic activities and which are sent to 3,300 respondents every quarter (to around 4,000 reporters in first quarter of the year). Statistical sampling techniques are not in use because of the small size of the economy and the lack of statistical regularity. The enterprise sample is currently being updated, with the process based mainly on various other sources of information as mentioned below. The main obstacle to the use of monthly surveys is a high reporting burden and a non-concentrated economy (a large number of “small players”, while the “big players” vary from period to period).

The ITRS was introduced in 1994 as a “partly open reporting system” with transaction-by-transaction reporting covering banks’ settlements according to the debit and credit

turnover of nostro, vostro and non-residents’ accounts. Transactions made by companies via an account abroad are not reported. Given the limits of settlement data (no accrual flows, etc.), the ITRS is used mainly as a supplementary data source for the quarterly b.o.p. Thanks to the speed of the ITRS data collection system, settlements are essential input for estimating and modelling monthly key b.o.p. items.

Other main inter-agency data sources, in addition to the two statistical systems mentioned above, are the internal databases maintained by the Banking Statistics and Analysis Department and the Central Accounting Department which provide initial data relating to external sector statistics on banking and the monetary authority sector.

Important data sources outside the EP are as follows:

- the SSO - provides monthly external trade statistics;
- the Central Business Register - provides monthly updates on the register of legal entities, their owners and main audited annual economic indicators;
- the Central Depository for Securities - provides access to the official securities register, which comprises of relevant information on portfolio investments;
- other institutions: the State Treasury, the Ministry of Finance, the Ministry of Foreign Affairs, the Estonian Authors’ Society (EAU), Estonian Tourist Board; and
- the media: press, internet, registers of licences, etc.

Breakdowns by country and currency are only provided by the ITRS and the banking statistics database; the survey system offers a partial country breakdown.

3.2 Reporting agents

- *Monetary authorities:* the EP's Central Accounting Department provides the BOPD with data on the official reserve assets as well as the other transactions and stocks related to the activity of the central bank. Data are supplied according to the framework jointly developed by the BOPD, the Central Accounting Department and the Foreign Exchange Department;
- *Banking Sector:* the EP's Banking Statistics Division in the Financial Intermediation Department supplies the BOPD with data on the credit institutions' external activities through multi-user data warehouses. Banks report data to this Department for statistical and supervisory purposes, taking into account the interest in compiling external sector statistics. All reports have been worked out multilaterally, taking into account the principles of consistency and cross-checking.

In addition to reporting, credit institutions are responsible for ITRS data collection and transmission to the BOPD on transactions of banks' clients. Banks are obliged to enable resident clients to declare their incoming and outgoing international payments.

A credit institution is defined as a private legal entity that has the right to receive deposits of money or other repayable funds from the general public and to grant credits on its own account. Credit institutions can carry out the following transactions: accept deposits and other repayable funds from the general public, grant loans, conduct credit transactions, carry out financial leasing, execute payment transfers, issue and administer non-cash means of payment,

guarantee transactions, trade in securities both for their own account and for customers' accounts, be involved in organising securities' issues and provide related services as well as advise customers on economic issues, financial mediation activities, depository transactions and other similar transactions.

Preparations for adopting the definition of Monetary Financial Institutions (MFIs) are currently in progress.

- *General government sector:* the various ministries and government departments supply information on their external transactions and positions. The most important are the Ministry of Finance, the Ministry of Foreign Affairs, the State Migration Fund, the EAU, the State Privatisation Agency, etc.
- *Other sectors:* besides the ITRS, the type of survey form issued to a company depends on the type of company being surveyed. Currently, nine different survey forms are used.

The names of the reports are presented in table I.

Accounting principles are taken into account when developing all the surveys used. The main information provided by the reporting forms are data on foreign assets and liabilities as well as income statements related to transactions with non-residents. Surveys are carried out quarterly and submitted to the EP within 20 days after the end of the reference period. The rate of response has been high at around 90%.

3.3 Thresholds

With respect to the b.o.p., a general statistical reporting threshold of EEK 100,000 (approximately EUR 6,400) is currently applied in the ITRS to transactions involving all economic agents (i.e. exemption threshold). Only bank's client transactions

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Table I
Reporting scheme for b.o.p. and i.i.p. data collection for Estonia

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
<i>Other sectors (including other financial intermediaries):</i>				
1600	BOP 2	Manufacturing or non-financial services companies with foreign ownership	quarterly	20
250	BOP 3	Transportation companies without foreign ownership	quarterly	20
120	BOP 4	Transportation companies with foreign ownership	quarterly	20
34	BOP 5	Investment fund managers acting on behalf of investment funds	quarterly	20
1250	BOP 6	Manufacturing or non-financial service companies without foreign ownership	quarterly	20
40	BOP 7	Established new companies with foreign ownership	quarterly	20
10	BOP 8	Investment fund managers acting on behalf of legal entities or private individuals	quarterly	20
17	BOP 9	Insurance companies	quarterly	20
16	BOP 10	Other financial intermediaries (excluding insurance companies and credit institutions)	quarterly	20
<i>Credit Institutions</i>				
7	BOP A	International transactions (ITRS) – outgoing transactions – incoming transactions	15 days 15 days	7 21
	BOP B	Summary report (ITRS)	monthly	7
	Balance Sheet Report	Balance sheet positions with residency breakdown	Monthly	5
	Income Statement Report	Quarterly profit and loss accounts with residency breakdown	Quarterly	14
	B.o.p. Services Report	Balance of payments services report for credit institutions	Quarterly	14
	Securities Report	Securities portfolio report with b.o.p. breakdowns by residency	Monthly	5
	Off-Balance Sheet Activity Report	Report of bank activities on behalf of clients, including other off balance-sheet activities, derivatives, etc., with b.o.p. dimensions	Quarterly	7
	Transactional Changes of balance Sheet Positions	Report on banks' b.o.p. financial transactions related to balance sheet positions	Quarterly	14
	Non-transactional Changes of balance Sheet Positions	Report on non-transactional changes of stocks	Quarterly	14
<i>Monetary authorities</i>				
1	Central Bank b.o.p Report	Report on Eesti Pank's financial and non-financial b.o.p. transactions, non-transactional changes and stocks	Monthly	5
	Report on External Reserves	Report on the external reserves and foreign currency liquidity of Eesti Pank	Monthly	5

over EEK 200,000 (approximately EUR 12,500) must be declared (the payment code and residency of the counterparty) (i.e. simplification threshold).

The information is collected through the turnovers of banks' nostro and vostro accounts and non-residents' accounts in Estonia. In the case of nostro- and vostro accounts the reporting threshold is a declaration threshold which means that all transactions above the threshold must be reported with detail. Reporting is fully automatic by credit institutions.

The declaration obligation does not cover the domestic transactions between residents and non-residents made via non-residents accounts.

3.4 Availability of data

The b.o.p. and i.i.p. are compiled on a quarterly basis. Data are disseminated, in

accordance with the advanced released calendar and the guidelines of the Special Data Dissemination Standard (SDDS) of the IMF, no later than three months after the end of the reference period.

Data are published according to the standard structure (including instruments) of the b.o.p. and i.i.p., as recommended in the BPM5. Not doing so would give rise to the problem of confidentiality. Quarterly data sets for the b.o.p. have been available since 1992; those for the i.i.p. and external debt have been available since 1996.

Geographical breakdowns are available only for trade data and foreign direct investment. Statistics broken down by currency are not published.

Since January 2002, the monthly b.o.p. key items are published regularly within six weeks of the end of the reference period. Monthly data series are available since 1998. No geographical breakdown is compiled.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Estonia	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities		
Current account	6 weeks	6 weeks	n/a	n/a	-	-
Goods	5 weeks ¹⁾	5 weeks ¹⁾	5 weeks ¹⁾	5 weeks ¹⁾	Split available	Split available
Services	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004
Income	6 weeks	6 weeks	n/a	n/a	-	-
Compensation of employees	n/a	n/a	n/a	n/a	From 2004	From 2004
Investment income	n/a	n/a	n/a	n/a	-	-
on direct investment ²⁾	n/a	n/a	n/a	n/a	From 2004	From 2004
on portfolio investment ²⁾	n/a	n/a	n/a	n/a	From 2004	-
on other investment ²⁾	n/a	n/a	n/a	n/a	From 2004	From 2004
Current transfers	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004
Capital account	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Direct investment	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004
Equity capital	2 weeks	2 weeks	2 weeks	2 weeks	Split available	Split available
MFIs (excluding central banks)	6 weeks	6 weeks	2 weeks	2 weeks	Split available	Split available
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a
Reinvested earnings	n/a	n/a	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	n/a	2 weeks	n/a	2 weeks	n/a	Split available
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a
Other capital	n/a	n/a	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a
Portfolio investment	6 weeks	6 weeks	n/a	n/a	From 2004	–
Equity securities	6 weeks	6 weeks	n/a	n/a	From 2004	–
Monetary authorities	2 weeks	2 weeks	2 weeks	2 weeks	Split available	–
MFIs (excluding central banks)	2 weeks	2 weeks	2 weeks	2 weeks	Split available	–
Non-MFIs	n/a	n/a	n/a	n/a	n/a	–
Debt securities	6 weeks	6 weeks	n/a	n/a	From 2004	–
Bonds and notes	n/a	n/a	n/a	n/a	n/a	–
Monetary authorities	2 weeks	2 weeks	2 weeks	2 weeks	Split available	–
MFIs (excluding central banks)	2 weeks	2 weeks	2 weeks	2 weeks	Split available	–
Non-MFIs	n/a	n/a	n/a	n/a	n/a	–
Money market instruments	n/a	n/a	n/a	n/a	n/a	–
Monetary authorities	2 weeks	2 weeks	2 weeks	2 weeks	Split available	–
MFIs (excluding central banks)	2 weeks	2 weeks	2 weeks	2 weeks	Split available	–
Non-MFIs	n/a	n/a	n/a	n/a	n/a	–
Financial derivatives	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004
Other investment	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004
Monetary authorities	2 weeks	2 weeks	2 weeks	2 weeks	Split available	Split available
General government	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004
MFIs	2 weeks	2 weeks	2 weeks	2 weeks	Split available	Split available
long-term	2 weeks	2 weeks	2 weeks	2 weeks	Split available	Split available
short-term	2 weeks	2 weeks	2 weeks	2 weeks	Split available	Split available
Other sectors	6 weeks	6 weeks	n/a	n/a	From 2004	From 2004
Reserve assets	2 weeks	–	2 weeks	–	Split available	–

N/a Information is currently not available.

– Not applicable (e.g. provision of information is not a monthly ECB requirement).

¹⁾ Intrastat system still not in use.

²⁾ Implementation is planned as from 2004, with a timeliness of 6 weeks after the reference month.

3.5 Data controls

Control procedures are aimed at obtaining the highest reliability ratio. With the exception of built-in computerised controls (data processing errors, inconsistencies, etc.), systematic quality controls are carried out. Surveys, ITRS items and other information sources (securities register, business register,

other statistics, media) enable complementary information to be derived for cross-checks, logical controls and in-depth analyses to pick out possible inaccuracies and inconsistencies in reported initial data as well as checks at an aggregated level.

Quality controls at a lower level start with checks of each individual report (surveys, ITRS items) for completeness and plausibility as well as checks whether surveys and ITRS transactions correspond. Supplementary information for comparison is received from the business register, the securities register and the media. If necessary, the staff contacts the reporting agents in order to clarify any doubtful details. All relevant changes or transactions are confirmed.

Quality controls at an aggregated level includes controls of the general consistency of the whole b.o.p. and i.i.p. as well as consistency checks at a macroeconomic level. Particular attention is paid to the monitoring of errors and omissions.

3.6 Revision policy

- *Regular revisions*: revisions of the provisional quarterly figures for the current year are published together with the provisional data for the following quarter. Revised annual data are published together with the provisional data for the first quarter. In this case data can be considered final. Monthly data are revised when the quarterly b.o.p. is compiled or revised.
- *Extraordinary revisions*: in some cases, if the need arises, extraordinary revisions

are made although data have been considered final. Revisions of a more historical nature may also be made if there is an important methodological change to be incorporated.

A revision policy for the monthly key items is not in place.

3.7 Dissemination

Data are published according to the framework of the IMF's SDDS.

The data are released simultaneously to all interested parties by issuing an appropriate press release, namely "Eesti Pank Newsletter: Estonia's Balance of Payments" and "Eesti Pank Newsletter: International Investment Position and External Debt", which is also posted on the bank's website. Both press releases, which contain expanded analyses and tables, are regularly published in the EP's Monthly Bulletin. The data template of Foreign Currency Reserves/Foreign Currency Liquidity is available on the EP's website.

All data, as well as a one-year calendar containing the dates on which press releases are to be issued, are published on the EP's website (<http://www.ee/epbe/>). The content and location of disseminated external sector statistics is as follows:

Table 3

Balance of Payments	http://www.ee/epbe/en/balance.html
– B.o.p. (long and short versions in EEK and USD)	
– Newsletters (press releases)	
– Analyses (bulletin articles)	
– Current account by year	
– Current account by quarter	
– Foreign direct investment by year	
– Foreign direct investment by quarter	
– Direct investment flows by country	
– Direct investment flows by field of activity	

Table 3 (cont'd)

International Investment Position and External Debt	http://www.ee/epbe/en/rip.html
– I.i.p. (long and short versions in EEK and USD)	
– Newsletters (press releases)	
– Gross external debt	
– Direct investment stock by country	
– Direct investment stocks by field of activity	
Data Template on International Reserves/Foreign Currency Liquidity	http://www.ee/epbe/fca/index.html.en
Advance Release Calendar	http://www.ee/epbe/sdds/cal.html.en

4 Goods

4.1 Specific features of data collection

The main source for data on trade in goods is customs statistics collected by the customs authorities, processed by the SSO and passed on to the EP on a monthly basis. The special trade method is used.

4.2 Definition

Data on trade in goods are compliant with BPM5 standards. Data are not available on a transactions basis. They are broken down by commodity (up to ten-digit commodity codes) and by country. The imports are broken down by country of consignment (data by country of origin are also available but not published).

Exports and imports are valued on an f.o.b. basis. Imports are adjusted to an f.o.b. basis, using an average adjustment factor of currently 5% of the c.i.f. value. The information for this adjustment is derived from questionnaires drawn up by the BOPD.

4.3 Deviations from agreed definitions

There are no deviations from BPM5 standards. Detailed information (by commodity and country) is available from customs' statistics on goods for processing, repairs and leasing.

4.4 Gaps

None.

4.5 Intended harmonisation

None.

4.6 Estimation methods

The EP makes adjustments to the foreign trade data issued by the SSO to reflect b.o.p. concepts. Information on these transactions is obtained from the questionnaires sent out to transportation companies. Adjustments are made for goods purchased abroad (e.g. fuel, lubricants, etc. for transportation vehicles) and for repairs of capital goods. Information on these items is also obtained from the transportation company surveys, and the relevant amounts are added to the SSO import total. In addition, an estimate is made for unidentified imports, which are becoming increasingly less significant. This adjustment is based on information provided by the customs authorities, in the "Exhaustiveness Report"¹ published by the SSO, and by other sources. At the end of 1997, the EP concluded an in-depth study of foreign trade data in order to establish any

¹ Regular report co-ordinated by the European Commission (Eurostat).

possible under and/or over-declaration of exports and imports. Imports and exports of

goods also include foreign assistance and gifts given to and by Estonia in the form of goods.

5 Services

5.1 Specific features of data collection

Coverage of services corresponds to the requirements set out in the BPM5. Data collection for services is part of the general reporting system. There are also some additional sources in the case of travel and government services. For travel services, the regular sample survey of different groups of visitors is carried out on a regular basis as a joint project of the EP, the SSO, the Estonian Tourism Board and market researchers.

5.2 Definition

Definitions and concepts used for services are in line with the BPM5.

5.3 Deviations from agreed definitions

No major deviations.

6 Income

6.1 Specific features of data collection and definitions

6.1.1 Compensation of employees

Compensation of employees comprises wages, salaries and other benefits earned in less than one year by individuals in economies other than those in which they are resident. Included are border workers who have centres of economic interest in their own economies, irrespective of their length of stay, and earnings of local staff employed by foreign diplomatic missions. Income is recorded on a gross basis, before the deduction of income tax.

The main data sources are enterprise surveys, the ITRS and other administrative statistics.

5.4 Gaps

None.

5.5 Intended harmonisation

None.

5.6 Estimation methods

Expenses of visitors in the country of destination are calculated by a statistical model using the border crossing statistics and the results of the sample survey. In the monthly b.o.p. services item, expenses other than those on travel are estimated using six different statistical models where the inputs are based on all available data, the ITRS and other indirect indicators.

6.1.2 Income on direct investment

Income on direct investment is income on equity and income on debt related to direct investors or affiliated or associated subsidiaries. The direct investment credit entry represents income earned from direct investment enterprises abroad. The direct investment debit entry represents income earned by non-resident direct investors from their Estonian direct investment enterprises.

Separate data are provided for income on equity and income on debt. Income on equity is further divided into "dividends and distributed branch profit" and "reinvested earnings and undistributed branch profit".

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A country breakdown is only available in the area of reinvested earnings on a quarterly basis. The main source of data on reinvested earnings is the quarterly enterprise survey on the direct investment activities performed abroad by residents and in Estonia by non-residents. The offsetting entry for reinvested earnings is recorded under direct investment in the financial account.

Income on inter-company loans is recorded as income on direct investment and is derived from the quarterly enterprise survey on inter-company loans. Until now Estonia has not had income on debt securities between affiliates. If such a need arises, transactions will be recorded as income on direct investment debt and will be reported in the questionnaire. If income is calculated on an accruals basis, the offsetting entry will appear under direct investment and reinvested earnings in the financial account.

6.1.3 Income on portfolio investment

Separate data are provided for income on equity (dividends) and income on debt. In portfolio investment income, dividends are attributed to the period in which they are declared payable. Interest income is accrued in the period in which it is earned.

A sectoral breakdown by main economic sector is available by instrument, but not by country or by currency.

Coverage of dividends is satisfactory. The main data source is the enterprise survey and the supplementary source is the ITRS. Statistics on income for collective investment institution funds are covered by special questionnaires.

In the case of bonds and notes, as well as money market instruments, income is recorded on an accruals basis and the data are available quarterly. Income on discounted securities is also recorded on an accruals basis. The accrued interest is equal to the

difference between the acquisition price and the nominal value of the instrument, which is distributed to the reporting period on a pro rata basis.

6.1.4 Income on other investment

Income on other investment covers interest receipts and payments on all other resident assets and liabilities vis-à-vis non-residents. It includes households' imputed income from net equity in life insurance reserves and pension funds.

Income on loans, deposits and reserve assets is recorded on an accruals basis. Income on trade credits is covered by enterprise surveys and the ITRS. The data source for income on reserve assets is an income statement from the EP, which is available on a monthly basis.

6.2 Deviations from agreed definitions

None.

6.3 Gaps

Data availability on income on households' foreign assets is poor.

6.4 Intended harmonisation

The intention is to create assessment methods for households' income credits.

6.5 Estimation methods

Up to now there have been no estimation methods in this field in case of the quarterly b.o.p. Monthly estimated data are based on the income calculated on the stock position of the last year by using estimated annual income rates.

7 Current transfers

See Sub-section 8 on the capital account. As data on foreign assistance is available only on

an annual basis, quarterly estimates are used, adjusted at the end of the year.

8 Capital account

8.1 Specific features of data collection

Data collection is part of the general reporting system (see Sub-section 3.2). Data are mainly covered by the ITRS. Data on funds paid out to emigrants leaving Estonia are also reported by the State Migration Fund. The Ministry of Finance supplies data on public sector transfers.

consumption; the capital account covers transfers of fixed assets or debt forgiveness.

8.2 Definition

In principle, definition of the capital account is in line with the definitions set out in the BPM5. The distinction between capital and current transfers is made taking into account the transaction code and all other details of payments. Current transfers directly affect the level of disposable income and

8.3 Deviations from agreed definitions

No deviations.

8.4 Gaps

Capital transfers are considered insignificant. Data on capital transfers are covered to the extent reflected in the current reporting system.

8.5 Intended harmonisation

None.

9 Direct investment

9.1 Specific features of data collection

Direct investment is understood as any investment undertaken by a resident of one economy in a resident enterprise of another economy, with the objective of obtaining or sustaining a lasting interest in the enterprise and exercising a significant degree of influence in its management. A direct investment relationship is deemed to exist between two enterprises or individuals and enterprises as well as international organisations and enterprises when one has an equity interest of at least 10% in the other. All transactions between direct investors and enterprises and among affiliated enterprises are recorded as direct investment flows. In the case of banks and other financial intermediaries in a direct investment relationship, only equity transactions

and permanent debt are included under direct investment. Reverse equity investment is not allowed in Estonia.

A distinction is made between equity capital, reinvested earnings, other capital and financial derivatives. The directional principle has been implemented for all transactions involving direct investment.

The collection of direct investment data is part of the general reporting system. Information on direct investment is obtained from the following sources:

- the Estonian Business Register provides data on the registered owner's equity holdings in established companies as well as changes in registered ownership;

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- the Estonian Privatisation Agency supplies information on non-resident participation in the privatisation of state-owned enterprises;
- the EP enterprise survey provides data on direct investment stocks and flows to operating enterprises;
- the EP Banking Statistics and Analysis Department supplies statistics on foreign direct investment by commercial banks; and
- the Central Depository for Securities provides data on transactions and stocks of listed or registered companies.

The sectoral breakdown is geared to the resident economic sector, i.e. the investing sector for outward flows and the receiving sector for inward flows. All direct investment flows are broken down by the following instruments:

- equity capital;
- acquisition or disposal of real estate;
- reinvested earnings;
- trade credit;
- short-term and long-term loan capital; and
- other capital.

9.2 Definition

Estonia complies with the recommendations for direct investment items set out in the BPM5. The 10% rule is applied as well as the directional principle. Inter-company loans are included under direct investment. Special-purpose entities are not significant in Estonia, and such transactions are not treated differently. Reinvested earnings are recorded in both the income account and the financial account.

Investment transactions are recorded when the transactions are entered in a transactor's books and a change of ownership has taken place. The debtor/creditor principle is used to govern the geographical allocation of investment.

9.3 Deviations from agreed definitions

Contrary to international standards, the "Current Operating Performance Concept" (COPC) is not used to calculate the earnings of direct investment enterprises. Specifically, the deviations are to be found in the fact that (i) deductions are not made for depreciation of capital, or for provisions for host-country income and corporation taxes, and that (ii) realised and unrealised capital gains and losses, write-offs and exchange rate gains or losses are included.

9.4 Gaps

None.

9.5 Intended harmonisation

None.

9.6 Estimation methods

No estimation methods are used in the field of direct investment. For monthly b.o.p. estimates, two simple models are in use, which take into account data from the ITRS and indirect indicators.

10 Portfolio investment

10.1 Specific features of data collection

The collection of portfolio investment data is part of the general reporting system. Additional information on listed companies is obtained from the Central Depository. Information on banking sector transactions is obtained from banking statistics data. Data on portfolio investment transactions are collected on an aggregated basis. There is no universal securities database available at the national level.

Portfolio investment can be broken down by type of instrument, into equity securities, bonds and money market instruments. No additional breakdowns are available, except for the banking sector.

10.2 Definition

Definitions for portfolio investment transactions are in line with the BPM5. Financial derivatives are excluded from portfolio investment and are treated as an independent category in the financial account. Transactions under repurchase agreements and related operations are not included under portfolio investment. Service charges, fees and commissions are excluded from the underlying financial instrument and are recorded as services. The debtor/creditor principle is used for portfolio investment

transactions as the data are mainly obtained from surveys.

10.3 Deviations from agreed definitions

In some cases, when the market price is not available, the balance sheet value is used for portfolio investment assets.

10.4 Gaps

No country breakdown for portfolio investment is currently available.

10.5 Intended harmonisation

It is intended to make country breakdowns for portfolio investment available in the near future. Banking sector data are also being improved.

10.6 Estimation methods

No estimations are used in the area of portfolio investment on a quarterly basis. In the monthly b.o.p., the item is estimated by using two different statistical models where the inputs are based on all available data (including data from the Central Depository for Securities), the ITRS and other indirect indicators.

11 Financial derivatives

11.1 Specific features of data collection

The collection of data on financial derivatives is part of the general reporting system. Information on banking sector transactions is obtained from banking statistics data. In general, data are available on a gross basis. In the banking statistics data forwards, futures, swaps and options are identified separately.

In the enterprise surveys the data are highly aggregated and the types of instruments are not identified. All transactions involving financial derivatives are recorded in the financial account. There is no breakdown by instrument or by country.

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11.2 Definitions

Definitions for financial derivative transactions are in line with the BPM5. Financial derivatives are recorded as a separate category in the financial account.

11.3 Deviations from agreed definitions

Interest payments related to financial derivatives are recorded under income in the current account.

11.4 Gaps

As the data on financial derivatives received from surveys are in a highly aggregated form, the quality is difficult to assess.

12 Other investment

12.1 Specific features of data collection

The collection of other investment data is part of the general reporting system. For the banking sector, the balance sheet data from money and banking statistics are used. B.o.p. data are derived from changes between banks' opening and closing balances. Valuation changes are excluded whenever possible. Trade credits are collected through enterprise surveys and are recorded at the time the goods are bought or sold or the service is provided. Advance payments are recorded as they are made. Transactions involving the household sector are covered by the ITRS.

Breakdowns of other investment are in line with the BPM5. No additional breakdown is available.

12.2 Definition

Definitions of other investment transactions implemented by the EP are in line with the BPM5.

11.5 Intended harmonisation

Improving the data on financial derivatives is an important issue. It is planned to make greater use of the ITRS to identify transactions involving financial derivatives, especially where the banking sector is concerned. Furthermore, some improvements in banking statistics are already being made, such as indicating the market value of the instruments and implementing the country breakdown. Changes in survey forms are also being considered in order to obtain a better quality of data.

11.6 Estimation methods

None.

12.3 Deviations from agreed definitions

No country breakdown is available at the moment.

12.4 Gaps

Information regarding trade credits of the government sector is currently not available.

12.5 Intended harmonisation

It is also intended to make a country breakdown available for other investment.

12.6 Estimation methods

Some estimations, based on exports and imports, are made for the trade credits of enterprises not covered by the survey system. For monthly data, there are two models set up for estimating assets and liabilities of other sectors, based on the ITRS and on monetary and public information.

13 Reserve assets

13.1 Specific features of data collection

Data collection on reserve assets is part of the general reporting system. The source of the data is the EP's Central Accounting Department. Reserve assets are calculated monthly on a gross basis, taking into account realised and unrealised changes in stocks.

13.2 Definition

Definitions of reserve assets are in line with the BPM5. Under the conditions of the Currency Board Arrangement, the EP is the only institution to hold official international reserves in Estonia. Reserve assets refer only to highly liquid, marketable and creditworthy

foreign currency-denominated claims (consisting of foreign exchange, deposits and securities) on non-residents.

13.3 Deviations from agreed definitions

None.

13.4 Gaps

None.

13.5 Intended harmonisation

None.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.1 General

Estonian i.i.p. is a statistical statement summarising the stocks of Estonia's external assets and liabilities at the end of each quarter. Data are compiled according to the IMF guidelines set out in the BPM5. The data include the following categories:

- direct investment: equity capital, reinvested earnings, other capital;
- portfolio investment: equity securities, bonds and notes, money market instruments;
- financial derivatives;
- other investments: trade credits, loans, foreign exchange and deposits, other items; and
- reserve assets.

Data collection for the i.i.p. is part of the general reporting system, based mostly on surveys. Real stocks are used for its compilation. I.i.p. data are published on a quarterly basis. The data are available no later than the last working day of the quarter following the end of the reference quarter. Reconciliation exercises between i.i.p. stocks and b.o.p. flows are carried out regularly; adjustments relating to changes in exchange rates, prices and other factors are generally taken into account. There has been no intention to harmonise historical data on the basis of a reconciliation of b.o.p. flows and i.i.p. stocks because it is impossible to update stock data retroactively if flow data are revised.

14.1.2 Direct investment

The definition of direct investment in Estonia's b.o.p. corresponds with that of the BPM5. From the beginning of 2000, the benchmark for direct investment has been 10% of total equity capital, instead of 20% as previously used. Stock data and transactions

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are recorded at market prices and on an accruals basis. For listed or registered companies, the information obtained from surveys is supplemented with data from the Central Depository for Securities.

Direct investment is broken down into equity capital, reinvested earnings and other capital. A country breakdown is also available for direct investment positions.

Stocks are given at market value if listed on the stock exchange.

14.1.3 Portfolio investment

The major items of data on stocks of portfolio investments are obtained both from questionnaires designed especially for enterprises, investment funds and other financial intermediaries and from the Central Depository for Securities. The EP's Banking Statistics and Analysis Department provides information on portfolio investment related to Estonian commercial banks. For listed or registered companies and securities, the information obtained from surveys is supplemented with data from the Central Depository for Securities.

The definition of portfolio investment in Estonia's b.o.p. corresponds with that of the BPM5. Stock data and transactions are recorded in market prices and on an accruals basis. Portfolio investments are broken down into equity securities, bonds and banknotes and money market instruments. No additional breakdown is available at the moment. The market value is used if the instrument is listed.

14.1.4 Financial derivatives

The collection of data on financial derivatives is part of the general reporting system. Information on the banking sector is obtained from banking statistics data. Definitions and concepts for financial derivatives are in line with the BPM5. Financial derivatives are

recorded as a separate category in the i.i.p.

14.1.5 Other investment

The main sources of data are the Ministry of Finance, the EP's Central Accounting Department and Banking Statistics and Analysis Department, and the enterprise survey. Data are controlled by the information published by enterprises in their press releases and annual reports.

The definition of other investment in Estonia's b.o.p. is in line with that of the BPM5. Other investment is classified as trade credits, loans, currency and deposits and other items.

14.1.6 Reserve assets

Data collection on reserve assets is part of the general reporting system. The source of the data is the EP's Central Accounting Department. Reserve assets are calculated monthly on a gross basis. Foreign currency assets and gold, included in reserves, are revalued monthly at the market price valid on the last business day of each month.

Definitions for reserve assets are in line with the BPM5. Under the conditions of the Currency Board Arrangement, the EP is the only institution to hold official international reserves in Estonia. Reserve assets only refer to highly liquid, marketable and creditworthy foreign currency-denominated claims (consisting of foreign exchange, deposits and securities) on non-residents.

14.2 Deviations from agreed definitions

None.

14.3 Gaps

None.

14.4 Intended harmonisation

None.

14.5 Estimation methods

Estimations are made for the trade credit of enterprises not covered by the survey system, for the valuation of the market value of stocks and also for accounts held abroad.

15 Contacts

This country information was drafted by Estonia in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Estonia should be addressed to:

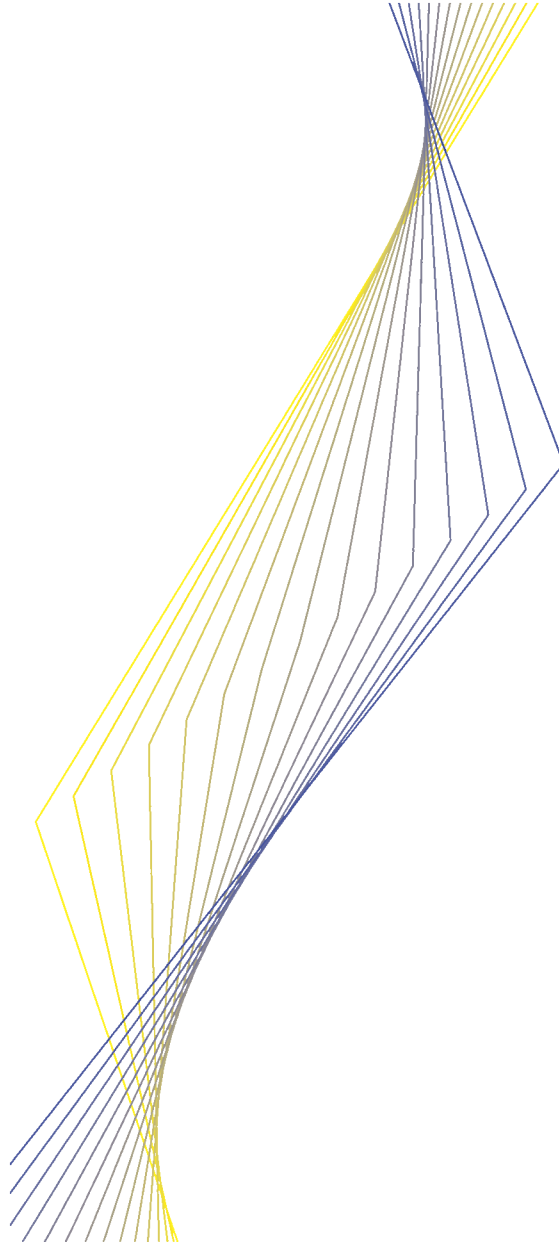
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EUROPEAN CENTRAL BANK

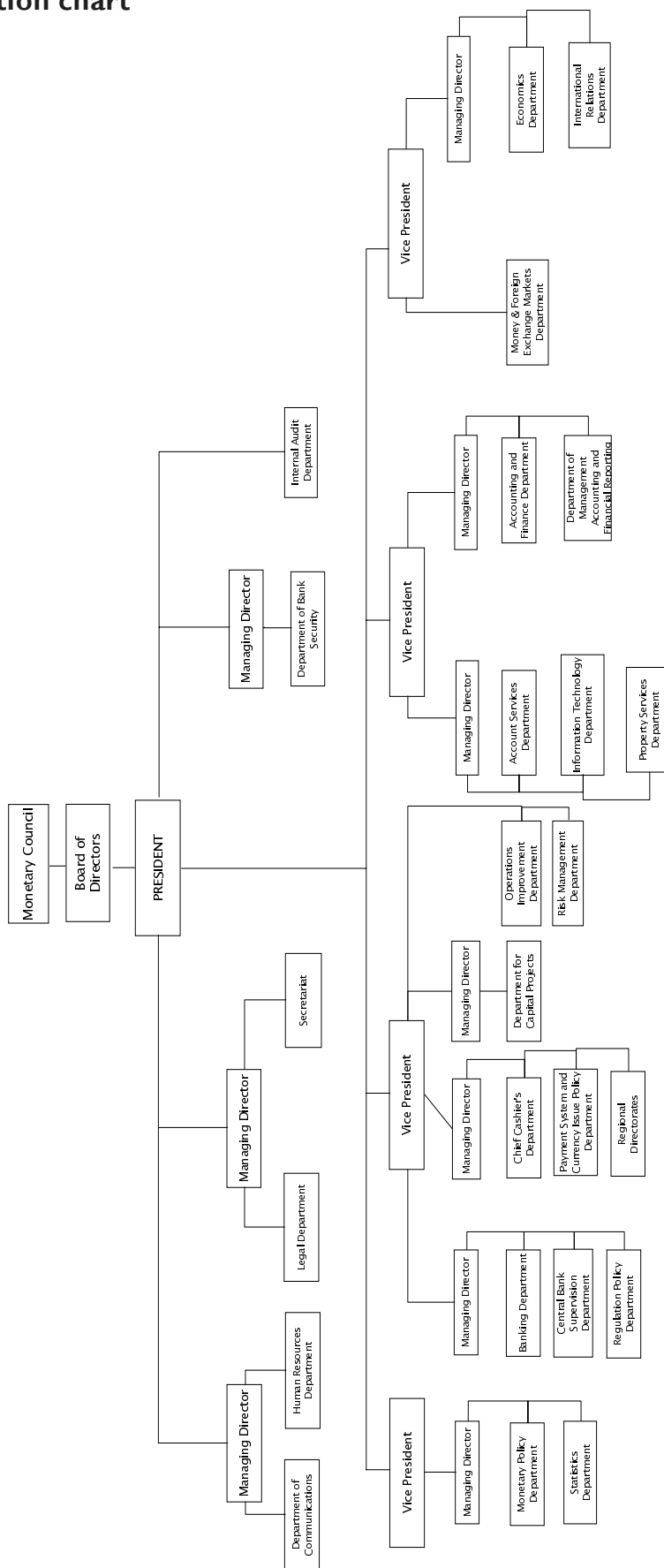


Hungary

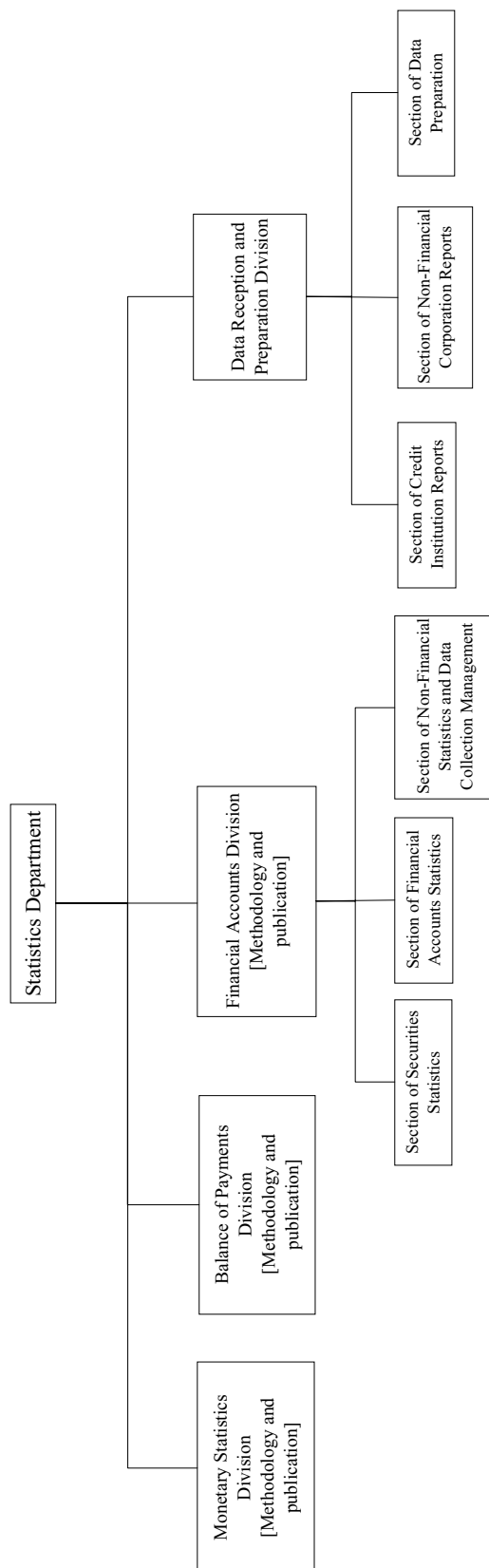
May 2003

I Organisation chart

Organisation Chart of the Magyar Nemzeti Bank
December 2, 2002



Organisation Chart of the Statistics Department
December 13, 2002



2 Institutional aspects

2.1 Introduction

In Hungary, the central bank is responsible for the compilation and official publication of balance of payments (b.o.p.) statistics and the international investment position (i.i.p.). Data collection is based on the International Transaction Reporting System (ITRS), combined with statistical surveys and customs-based foreign trade statistics for trade in goods. A major restructuring of the compilation system took place in the mid-1990s in order to meet the international methodological standards set out in the 5th edition of the IMF Balance of Payments Manual (BPM5), the data needs of economic policy formulation, the business community, academic circles and other users, as well as the reporting requirements set by international organisations, such as Eurostat, the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD). The main stages of this process were the setting-up of the Statistics Department within Magyar Nemzeti Bank, the National Bank of Hungary (MNB), as an independent organisational unit in 1994 and the launch of a new mainframe computerised system in 1997, forming the core of a five-year b.o.p. project designed to integrate the functions of the statistical process (data collection and processing with b.o.p. compilation and dissemination).

The following sections reflect the status of the compilation of b.o.p. and i.i.p. statistics in Hungary as at end-February 2003.

2.2 Legislative provisions

The general legal background of b.o.p. and i.i.p. compilation consists of the Act on the Magyar Nemzeti Bank (Act LVIII of 2001), the Act on Statistics (Act XLVI of 1993) and related government decrees and orders of the President of the MNB.

The reporting obligations of credit institutions, exchange offices and security custodians are specified in orders by the President of the MNB. The reporting obligation on accounts held at non-resident banks, on direct corporate loans, on foreign direct investment (FDI) of residents abroad and on FDI of non-residents in Hungary is prescribed in the annually revised Government Decree on the National Statistical Data Collection Programme.

In the case of non-compliance with compulsory reporting requirements, legal sanctions are imposed on reporting agents.

2.3 Internal organisation

As a result of restructuring of the Statistics Department in December 2002, the core function of the Balance of Payments (BOP) Division has substantially been changed in comparison with the previous issue of this manual of February 2002. The field of responsibility has been narrowed and focuses mainly on methodological and publication issues. The remaining tasks relate to the compilation of b.o.p. and i.i.p. statistics and what had previously been carried out by the BOP Division (i.e. data collection and processing, formal checks and controls of data reports) was allocated to a newly created Data Reception and Preparation Division. This development is reflected in the decrease in the number of staff of the BOP Division. The BOP Division of the Statistics Department has 9 staff members, all of whom are professionals (holding university degrees or high-school diplomas). Four of the staff members have attended b.o.p. training courses offered by the IMF. One staff member holds a doctorate in economics and one staff member is taking part in a Ph.D. programme in economics. Members of the division are regularly invited to give lectures at different universities on topics such as the national accounts, the b.o.p. and the i.i.p.

With the new organisational structure, there are no further subsections within the BOP Division but the division of labour in the field of the compilation of b.o.p. and i.i.p. statistics within the Statistics Department has been intensified.

The Non-Financial Corporation Reports Section of the newly established Data Reception and Preparation Division receives and compiles data from directly reporting enterprises on: (a) their cross-border accounts at non-resident banks and transactions affecting these accounts; (b) direct borrowing and lending; and (c) inward and outward direct investment. The Credit Institution Reports Section of the same division serves the BOP Division with respect to receiving and processing bank and exchange office reports. The Data Preparation Section is responsible for the compilation of data from different sources within an integrated statistical framework. There are built-in computerised logical and formal tests in data processing by all sections.

The new BOP Division has retained the responsibility for methodological issues covering statistical and analytical (e.g. seasonal adjustment) fields of interest. B.o.p. statistical press releases are also drafted by this division. Statistical time series analysis to check the feasibility of data is applied on a regular basis and integrated into the compilation process. The Economics Department carries out economic analysis and prepares projections for external accounts. It is mainly the staff of this division that maintains contacts with the different users of BOP Division statistics. In addition, the BOP Division is responsible for updating the guidelines for bank reports, which contain a detailed description of data needs, statistical tables that banks are required to report and instructions for each reportable data entry. The same also applies to the non-financial corporations' reporting guidelines.

2.4 External co-operation

The Act on Statistics (XLVI/1993) designates the MNB as a body of the official statistical service, thereby providing the legal basis for inter-agency co-ordination. The MNB has the overall responsibility for the compilation and publication of b.o.p. and i.i.p. statistics. At an operational level, all the source data are received and compiled by the MNB, based on the reporting of (i) credit institutions, (ii) other financial and non-financial enterprises, (iii) the Hungarian State Treasury (MÁK), (iv) the Government Debt Management Agency (ÁKK) and (v) the Hungarian Central Statistical Office (KSH).

The MNB has undertaken joint initiatives with the KSH. In 1999, they launched annual and quarterly surveys on inward and outward direct investment and they are also co-operating to establish a new data collection system for international trade in services (paying special attention within this area to the travel item). As from 2003, trade in goods in the b.o.p. is compiled using the KSH's foreign trade data (see Sub-section 4.1).

With regard to international relations, the MNB's Statistics Department is represented at meetings of Eurostat's Balance of Payments Working Party, and the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), as well as those of the OECD's Working Party on Financial Statistics and of the Joint OECD-Eurostat "Trade-in-services statistics" experts. MNB staff participate regularly in ad hoc international statistical meetings and seminars, including those organised by the IMF and the European Central Bank (ECB). Hungary is a subscriber to the IMF's Special Data Dissemination Standard (SDDS).

Between 1995 and 1998, the BOP Division received bilateral technical assistance from the Finnish, Austrian and Belgian central banks in its main fields of interests concerning the data collection system and the compilation process.

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2.5 Users

The MNB disseminates b.o.p. and i.i.p. statistics through its website (www.mnb.hu) and updates them on a monthly basis. International investors, government bodies, academic circles and the general public are among the users of the BOP Division's statistics. In addition, this division reports

directly to international organisations such as Eurostat, the IMF, the OECD, the World Bank and the Bank for International Settlements (BIS). Other departments within the MNB (e.g. the Economics Department, the Monetary Policy Department, etc.) use BOP Division data, notably in macroeconomic analysis and monetary policy formulation.

3 Statistical system

3.1 Type of collection system

The primary data sources for Hungary's b.o.p. statistics are the monthly reports of (i) the MNB, (ii) credit institutions, (iii) enterprises on their direct borrowing from/lending to non-residents, (iv) enterprises on their stocks of overall assets and liabilities vis-à-vis non-residents held outside the resident banking sector and on accumulated transactions and other changes affecting these positions, (v) exchange offices on their accumulated turnover and cash holdings, (vi) the ÁKK on the government sector's foreign currency-denominated liabilities (vis-à-vis non-residents) and (v) the KSH on trade in goods (customs statistics).

Since 1998, credit institutions have separately reported all settlement transactions above a simplification threshold, set at USD 100,000 in 1998 and lowered to USD 50,000 in 1999. Below this threshold, credit institutions report all their own and their clients' transactions affecting their claims and liabilities vis-à-vis non-residents in aggregated form, broken down by currency, country and b.o.p. transaction type (under a closed system).

Since 2000, enterprises have been reporting their direct borrowing/lending activities for loans of USD 500,000 or more from/to non-residents on a monthly basis; annual reporting is required for loans below this threshold. (Before 2000, each loan transaction and position had to be reported on a monthly basis, regardless of any

threshold.) Enterprises also report on a monthly basis their stock of overall assets and liabilities held outside the resident banking sector vis-à-vis non-residents, as well as their accumulated transactions and other changes affecting these positions.

The MNB, together with the KSH, launched a joint set of four questionnaires in 1999, aimed at the statistical monitoring of the corporate sector's direct investment transactions and positions. The quarterly questionnaires for transactions are used mainly to check the settlement data from the banking sector, to obtain more detailed figures for transactions (geographic and economic activity breakdowns) and to supplement settlement data with non-cash transactions. These quarterly questionnaires enable the MNB to compile a breakdown by country and economic activity of equity capital investments for the period under review. The annual questionnaires are designed to obtain information on reinvested earnings and stock data. The first annual FDI survey was completed at the beginning of 2001. The results are carefully analysed and checked against other available sources (i.e. tax records) and some pending methodological issues should be settled in co-operation with the KSH before the data are published in early 2004.

As a supplementary source, reports by security traders and the Central Clearing House and Depository (Budapest) Ltd. (KELER) are also used for compilation purposes.

3.2 Reporting agents

- (i) The MNB provides data on reserve assets, other claims and liabilities vis-à-vis non-residents and all its own transactions affecting its claims and liabilities vis-à-vis non-residents in aggregated form, broken down by currency, country and b.o.p. transaction type (under a closed system). In addition, the MNB's report covers government transactions with non-residents, which are channelled through the MNB.
- (ii) The other monetary institutions sector is composed of commercial banks, special credit institutions, co-operative credit institutions and building societies. They submit monthly reports on their assets and liabilities vis-à-vis non-residents and on all their own and their clients' transactions affecting their claims and liabilities vis-à-vis non-residents in aggregated form, broken down by currency, country and b.o.p. transaction type (under a closed system). Above a simplification threshold of USD 50,000, each transaction is reported separately (transaction-by-transaction reporting). All credit institutions conducting foreign exchange transactions or holding accounts in HUF for non-residents are obliged to meet the reporting requirements.
- (iii) The general government sector comprises the central and local governments, extra-budgetary funds and social security funds. The State Holding and Privatisation Company (ÁPV Rt.) also belongs to this sector. The sector's b.o.p. transactions are reported either indirectly by the MNB or directly by the ÁKK for the transactions managed by institutions other than the MNB.
- (iv) Other sectors include non-financial corporations (corporations subject to the Act on Corporate Tax, except those with financial intermediation as their principal economic activity), other financial corporations (GIRO Ltd., KELER, insurance corporations and pension funds, and other financial intermediaries and auxiliaries), households and non-profit institutions serving households. Enterprises holding accounts at non-resident banks fill out a structured b.o.p. and i.i.p. questionnaire, which is used for compilation of the monthly statistics. They submit the data in aggregated form, broken down by currency. Below a threshold of HUF 200 million of total annual current account (either credit or debit) transactions, details of current account transactions other than total credits and debits are not reported. For certain financial account items, the following supplementary sources are used: reports by enterprises directly borrowing from/lending to non-residents (other investment), reports by FDI companies and resident direct investors (direct investment), and reports by security traders and KELER (equity capital, equity securities, HUF-denominated government bonds).

Table I
Reporting scheme for b.o.p. and i.i.p. data collection in Hungary

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Enterprises holding accounts with non-resident banks	Balance of payments report of residents holding non-resident bank accounts or having offsetting arrangements with non-residents	Opening position Transactions (credit, debit) Other volume changes Closing position	Monthly	8 working days

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection in Hungary

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Enterprises directly borrowing from/lending to non-residents	Report on direct borrowing/lending from/to non-residents	Opening position Amount borrowed/lent from/to non-residents during the reference period Capitalised interest Other volume changes Closing position Interest payments Maturity structure of the closing position	(1) Monthly (loans above USD 500.000) (2) Quarterly (maturity of loans above USD 500.000) (3) Yearly (loans below USD 500.000)	8 working days
Resident direct investors	Direct investment flows abroad	Equity capital flows Other capital flows Dividend flows Interest flows Reverse investment flows	Quarterly	30 days
FDI companies	Direct investment flows in Hungary	Equity capital flows Other capital flows Dividend flows Interest flows Reverse investment flows	Quarterly	30 days
Resident direct investors	Direct investment abroad (position)	Equity capital and reinvested earnings position Other capital position Reverse investment position Reinvested earnings flows Resident direct investor's proportion in subscribed capital	Yearly	180 days
FDI companies	Direct investment in Hungary (position)	Equity capital and reinvested earnings position Other capital position Reverse investment position Reinvested earnings flows Foreign direct investor's proportion in subscribed capital	Yearly	180 days
Cooperative credit institutions, Exchange offices, as agents of credit institutions	Report on foreign exchange cash transactions and stocks of exchange offices	Opening and closing balance by currencies Sales/purchases of foreign exchange to/from residents/non-residents against national currency (HUF) Conversions Other transactions Technical transaction	Monthly	8 working days

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection in Hungary

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Central bank, credit institutions	Report on stocks of assets and liabilities outstanding at the end of reporting period	Stocks of assets and liabilities outstanding at the end of reporting period by instruments and currencies	Monthly	8 working days
	Monthly transactions	Monthly credits and debits of nostro, vostro and loro accounts by currency, country, transaction code. Items over USD 50,000 should be identified by transactions.	Monthly	8 working days
	Transactions due to trade-related credits	Transactions in kind and cash transactions due to trade-related credit assets and liabilities	Monthly	8 working days
	Other volume changes and price changes	Other volume changes (increase/decrease) and price changes by currency, instrument and code	Monthly	8 working days
Central bank, credit institutions, Government Debt Management Agency	Maturity breakdown	Maturity breakdown by instrument	Monthly	10 working days
Central bank, credit institutions	Stocks and flows of resident banks in syndicated loans to other resident sectors	Stocks and flows of resident banks in syndicated loans to other resident sectors by paying agent, debtor and loan	Monthly	5 working days
	Stock and transactions in bonds issued abroad by resident banks, the central bank and central government	Transactions in bonds issued abroad by resident banks, the central bank and central government (stock and flow data by bond, issuer)	Monthly	5 working days
	Stock and flows of IBRD loans	Stock and flows of IBRD loans, by loan	Monthly	8 working days
Central bank, credit institutions, Government Debt Management Agency	Stock, flows and other volume changes of inter-governmental credits.	Stock, flows and other volume changes of Inter-governmental credits, by credit	Monthly	8 working days
KSH	Customs-based foreign trade statistics for trade in goods; correction item to the transportation services due to parity conversion to goods	General merchandise, goods for processing, repairs, all on f.o.b. basis	Monthly	5-6 working days prior to the KSH's release date for customs-based foreign trade statistics

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3.3 Thresholds

Since 1998, credit institutions have separately reported all settlement transactions above a simplification threshold, set at USD 100,000 in 1998 and lowered to USD 50,000 in 1999. Below this threshold, credit institutions report all their own and their clients' transactions affecting their claims and liabilities vis-à-vis non-residents in aggregated form, broken down by currency, country and b.o.p. transaction type.

In 2000, enterprises started reporting their direct borrowing/lending activities for loans of USD 500,000 or more from/to non-

residents on a monthly basis; annual reporting is required for loans below this threshold. (Before 2000, each loan transaction and position had to be reported on a monthly basis, regardless of any threshold.)

Enterprises holding accounts with non-resident banks, or participating in an inter-company settlement system, submit their reports in an aggregated b.o.p.-structured form, broken down by currency. Below a threshold of HUF 200 million of total annual current account (either credit or debit) transactions, details of current account transactions other than total credits and debits are not reported.

3.4 Availability of data

Data category	Frequency	Timeliness	Comments
B.o.p.	Monthly and quarterly	Monthly: 30 working days; quarterly: three months.	As of 2003, the system for the publication and revision of b.o.p. data has been changed. At monthly frequency, only the main aggregates are published according to the ECB's monthly requirements, in HUF and EUR. Standard BPM5 components, in HUF and EUR, are disseminated quarterly. data are available but not published by currency; a geographic breakdown is available, but not published regularly, except for FDI equity flows; upon request, both the currency and country breakdowns may be obtained.
I.i.p.	Quarterly	Three months	Standard BPM5 components, in HUF and EUR; currency composition is available.
International reserves	Monthly	One week	Standard BPM5 components and IMF Data Template on International Reserves and Foreign Currency Liquidity; the currency composition is available, but is highly confidential and restricted to authorised persons only.

Table 2

Monthly b.o.p.: data availability and implementation of the ECB's requirements

Hungary	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
Item	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities
Current account	30 working days	30 working days	30 working days	30 working days	-	-
Goods	30 working days	30 working days	30 working days	30 working days	With EU accession	With EU accession

Table 2 (cont'd)**Monthly b.o.p.: data availability and implementation of the ECB's requirements**

Services	30 working days	30 working days	30 working days	30 working days	With EU accession	With EU accession
Income	30 working days	30 working days	30 working days	30 working days	-	-
Compensation of employees	30 working days	30 working days	30 working days	30 working days	With EU accession	With EU accession
Investment income	30 working days	30 working days	30 working days	30 working days	-	-
on direct investment	30 working days	30 working days	30 working days	30 working days	With EU accession	With EU accession
on portfolio investment	30 working days	30 working days	30 working days	30 working days	With EU accession	-
on other investment	30 working days	30 working days	30 working days	30 working days	With EU accession	With EU accession
Current transfers	30 working days	30 working days	30 working days	30 working days	With EU accession	With EU accession
Capital account	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
Direct investment	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
Equity capital	30 working days	30 working days	n/a ¹⁾	n/a ¹⁾	With EU accession	With EU accession
MFIs (excluding central banks)	30 working days	30 working days	n/a ¹⁾	n/a ¹⁾	With EU accession	With EU accession
Non-MFIs	30 working days	30 working days	n/a ¹⁾	n/a ¹⁾	With EU accession	With EU accession
Reinvested earnings	n/a	n/a	n/a	n/a	With EU accession	With EU accession
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	With EU accession	With EU accession
Non-MFIs	n/a	n/a	n/a	n/a	With EU accession	With EU accession
Other capital	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
MFIs (excluding central banks)	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
Non-MFIs	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
Portfolio investment	30 working days	30 working days	n/a	n/a	With EU accession	-
Equity securities	30 working days	30 working days	n/a	n/a	With EU accession	-
Monetary authorities	30 working days	30 working days	n/a	n/a	With EU accession	-
MFIs (excluding central banks)	30 working days	30 working days	n/a	n/a	With EU accession	-
Non-MFIs	30 working days	30 working days	n/a	n/a	With EU accession	-
Debt securities	30 working days	30 working days	n/a	n/a	With EU accession	-
Bonds and notes	30 working days	30 working days	n/a	n/a	With EU accession	-
Monetary authorities	30 working days	30 working days	n/a	n/a	With EU accession	-
MFIs (excluding central banks)	30 working days	30 working days	n/a	n/a	With EU accession	-
Non-MFIs	30 working days	30 working days	n/a	n/a	With EU accession	-
Money market instruments	30 working days	30 working days	n/a	n/a	With EU accession	-
Monetary authorities	30 working days	30 working days	n/a	n/a	With EU accession	-

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

MFI (excluding central banks)	30 working days	30 working days	n/a	n/a	With EU accession	-
Non-MFI	30 working days	30 working days	n/a	n/a	With EU accession	-
Financial derivatives	30 working days	30 working days	n/a	n/a	-	-
Other investment	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
Monetary authorities	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
General government	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
MFI	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
long-term	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
short-term	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
Other sectors	30 working days	30 working days	n/a	n/a	With EU accession	With EU accession
Reserve assets	30 working days	-	n/a	-	With EU accession	-

N/a: Information is currently not available.

-: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

1) Data are available at quarterly frequency with a timeliness of 50 days after the end of the reference quarter.

3.5 Data controls

The b.o.p. project launched in 1997 sought to improve data management procedures through the development of computerised edit checks to identify coding and other errors in source data and to minimise processing errors in editing and coding. Formal computerised checks of individual reports are built into the compilation process.

The reporting formats, where feasible, allow for the verification of classification. Internal data processing checks are built into the ITRS to minimise classification errors. All the consistency requirements within one report and between different reports of a single reporting entity are clearly identified in the instructions attached to each reporting form. High-value transactions are routinely checked with respondents.

If possible, there are formal cross-checks between different reports of different reporting agents. For example: (i) a credit institution's

report on a cross-border transfer between its customer's domestic and non-resident accounts is checked against the customer's report on its bank account held outside the resident banking sector; (ii) monthly reports of security traders, KELER and other custodians are also used for b.o.p. validation purposes: the changes in monthly closing-day positions for each security are used to check the credit institutions' transaction reports (in the b.o.p., liabilities in equity and HUF-denominated government and central bank securities are computed according to the monthly changes in security holdings); (iii) results of the quarterly FDI enterprise surveys are used to control settlement data from the banking sector and to obtain a detailed classification of transactions (e.g. geographic and economic activity breakdowns); (iv) loan transactions reported directly by enterprises are checked against the relevant transactions reported by the credit institutions; and (v) foreign currency cash transactions reported by exchange offices are checked against the data reported by banks.

Plausibility checks are also carried out on both individual reports and aggregate levels. At both these levels, time series analysis is an essential tool for this purpose. Consistency checks with other statistics are also carried out at an aggregate level. Should there be any inconsistency at this level, there is a feedback to the individual report level and the reporting entity is asked to clarify the reason for the inconsistency.

Staff closely monitor the scale of errors and omissions and seek to minimise them by carrying out cross-checks between current, capital and financial accounts. The behaviour of the b.o.p. statistical time series is routinely assessed against related series, e.g. financial flow data are validated with the corresponding stock of external debt data, and reported data on investment income are assessed in relation to the corresponding stock in the i.i.p. statistics. Information reported in the financial press is used to verify high-value FDI and other transactions.

3.6 Revision policy

As from 2003, the timeliness of monthly b.o.p. publication has changed. The first release is within 30 working days of the end of the reference month.

With the new dissemination policy in effect from 2003, the revision policy has also changed:

- Monthly data are modified at the time quarterly and annual data are released and revised. They are subject to revision at the time of the release of data for the reference quarter three months after the end of that quarter and also each time annual data, including those for the reference month, are revised.
- Quarterly data are only released once (three months after the end of the reference quarter), with the number of quarterly revisions connected to the release of annual data and annual revisions. Data for the first, second and

third quarters are revised three times (three, 15 and 27 months after the end of the reference year respectively), while data for the fourth quarter are revised twice at the time of the revision of annual data (15 and 27 months after the end of the reference year).

- As quarterly releases are separate from monthly releases, there is an opportunity in the b.o.p. continuously to reflect upon a large proportion of the usual monthly variations in customs statistics.
- Annual data are released once (three months after the end of the reference year - incorporation of final customs statistics) and revised twice (15 months after the end of the reference year - processing of the questionnaire on direct investment - and 27 months after the end of the reference year - comparisons with the final APEH TÁSA database) in order to record reinvested earnings.

The status of the data (i.e. first release, first revision, second revision, final) is notified in the press release attached to the data dissemination. The actual time series and the methodological notes are posted on the MNB's website.

3.7 Dissemination

An advance release calendar giving the precise release dates for the next 12 months is disseminated through the MNB's website. The calendar is updated twice a year, in June and December.

Statistics are released simultaneously to all interested parties via the press releases "Hungary's balance of payments" in Hungarian and English; detailed tables are posted at the same time on the MNB's website, and the components prescribed in the SDDS are disseminated on Hungary's National Summary Data page on the day of release. Unpublished, non-confidential, sub-aggregated data are made available upon request.

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Detailed documentation on the concepts, scope, classifications, basis of recording, data sources and deviations from internationally accepted standards are disseminated, in Hungarian and English, through the MNB's website. Publications such as the IMF's Balance of Payments Statistics Yearbook and the KSH's Annual Statistical Yearbook also

contain metadata identifying deviations from internationally accepted standards.

Detailed information on all components of the b.o.p. (current, capital and financial accounts) is available on the MNB's website in time series format (in English and Hungarian).

4 Goods

4.1 Specific features of data collection

At the time of the publication of 2002 annual b.o.p. statistics in February 2003, the settlement data for goods were replaced by the KSH's foreign trade data. The b.o.p. time series were revised back to 1995 and, as from 2003, the trade in goods item is compiled using this source.

4.2 Definition

Using foreign trade data as a source of information, exports and imports are recorded on an f.o.b. basis; a geographic and the standard category breakdown of goods are available.

5 Services

5.1 Specific features of data collection

Services are recorded when the settlement transactions appear in the reporting system of credit institutions or enterprises. In addition, monthly reports by exchange offices are also used for the compilation of the travel item.

5.2 Definition

Seven separate sub-items are published under the services heading:

- (i) construction services (including repair and construction services);

4.3 Deviations from agreed definitions

None.

4.4 Gaps

None.

4.5 Intended harmonisation

None.

4.6 Estimation methods

None.

- (ii) merchanting services (merchanting and other trade-related services, goods for processing (at value added));

- (iii) transportation services;

- (iv) travel (business and personal travel);

- (v) business services (insurance services, financial intermediary and auxiliary services);

- (vi) technical and cultural services (communication services, computer and information services, royalties and licence fees, rental fees, audio-visual and related services, miscellaneous business, professional and technical services (legal

services, PR services, translation and interpretation services, security services, etc.), cultural and recreational services); and

(vii) government services.

Rental fees for real estate paid by legal person tenants are recorded as technical and cultural services, while such fees paid by natural person tenants are recorded as travel.

Rental fees paid by resident tenants to non-resident owners of real estate in Hungary and the rental fees paid by non-resident tenants to resident owners of real estate abroad are recorded under direct investment income.

5.3 Deviations from agreed definitions

None.

6 Income

6.1 Specific features of data collection and definitions

Part of the general reporting system. It is recorded on a cash rather than an accruals basis. As a result, direct investment income in the form of reinvested earnings is excluded from the b.o.p.

Since 1999, in line with the 1997 change in b.o.p. methodology, interest payments related to interest rate swaps and currency swaps have been recorded as financial derivatives in the financial account, instead of as income in the current account.

A sector, currency and country breakdown is available for each type of investment income. Income on international reserves is reported by the MNB and recorded under the underlying type of instrument.

5.4 Gaps

None.

5.5 Intended harmonisation

A joint project has been launched by the MNB and the KSH with the aim of establishing a new data collection system in the field of trade in services, with special attention to travel, in order to meet the methodological standards of the national accounts and the b.o.p.

5.6 Estimation methods

Cash transactions affecting households' foreign exchange accounts held at resident banks are used as a proxy to capture cross-border cash transactions without banking intermediation and are partly included as travel.

6.1.1 Compensation of employees

Part of the general reporting system.

6.1.2 Income on direct investment

Part of the general reporting system. No special source of information is used. In line with the BPM5, any participation greater than or equal to 10% in a corporation's equity capital is classified as a direct investment. Contributions in kind and reinvested earnings are excluded from the b.o.p.

Since 1996, direct investment includes not only equity investment, but also other non-equity capital transactions (such as inter-company loans). There is a single item for each type of recorded direct investment income (i.e. income on equity and income on inter-company loans). Reporting agents use separate transaction codes for each income category.

6.1.3 Income on portfolio investment

Part of the general reporting system. No special source of information is used. Each recorded income transaction has a specific code in the bank reports and a separate heading in the direct company reports. Income on equity, income on bonds and notes and income on money market instruments are recorded separately. Since 1999, in line with the change in b.o.p. methodology, interest payments related to interest rate swaps and currency swaps have been recorded as financial derivatives in the financial account, instead of as income in the current account. Income actually paid is taken into account instead of accrued interest.

6.1.4 Income on other investment

Income on other investment is captured by the general reporting system and is supplemented by the direct enterprise reports on direct borrowing from/lending to non-residents. Each recorded income transaction has a specific code in the bank reports and a separate heading in the direct company reports. Income on short-term and long-term other investment is broken down by type of instrument (e.g. deposits, loans, etc.). Income actually paid is taken into account instead of accrued interest.

7 Current transfers

Data for current transfers are compiled on the basis of the general reporting system outlined in the previous sections. As a supplementary source, MÁK reports cash transfers received on a monthly basis.

In principle, the definition of current transfers is in line with the BPM5. The use of different transaction codes in the bank reports and a separate line in the direct

6.2 Deviations from agreed definitions

Income is recorded on a cash basis. No account is taken of accruals.

6.3 Gaps

Reinvested earnings are excluded from the b.o.p.

6.4 Intended harmonisation

The annual questionnaires (see Sub-section 3.1, paragraph 4) are designed to obtain information on reinvested earnings. Reinvested earnings will first be published in the b.o.p. at the time of the 2003 annual data release in March 2004. The b.o.p. time series will be revised back to 1995 and, as from 2004, these items will become standard parts of the b.o.p. publication.

Accruals accounting for portfolio and other investment income is intended to be introduced from 2004.

6.5 Estimation methods

Cash transactions affecting households' foreign exchange accounts held at resident banks are used as a proxy to capture cross-border cash transactions without banking intermediation and are partly included as compensation of employees.

enterprise reports enables a distinction to be made between current and capital transfers.

Cash transactions affecting households' foreign exchange accounts held at resident banks are used as a proxy to capture cross-border cash transactions without banking intermediation and are partly included as current transfers.

Since a significant amount of transfers are received from European Union (EU) institutions, the use of the Eurostat figures might be considered as an important

supplementary source of information for validating the split between current and capital transfers.

8 Capital account

8.1 Specific features of data collection

As part of the standard classification of the b.o.p. harmonised with the revised System of National Accounts (SNA 93), the capital account in its recent form has been published since 1996, but in 2003 - with the data revision in connection with methodological changes (integration of foreign trade data into the b.o.p.) - b.o.p. data for the period from 1995 to 2002 are presented in BPM5 format. The capital account for 1995 is estimated.

Data for capital transfers and non-produced non-financial assets are compiled on the basis of the general reporting system outlined in the previous sections. As a supplementary source, MÁK reports cash transfers received on a monthly basis.

8.2 Definition

In principle, the definition of capital transfers is in line with the BPM5. The use of different transaction codes in the bank reports and a separate line in the direct enterprise reports enables a distinction to be made between current and capital transfers. Net capital transfers are published separately for the government sector and for other sectors.

9 Direct investment

9.1 Specific features of data collection

As direct investment is covered by the general reporting system, no special source of information is used. Direct investment data mainly reflect cash contributions and contributions in kind from foreign trade

The category acquisition/disposal of non-produced non-financial assets emerged as a result of the split of property income in the BPM4 current account into the use and sale of intangible assets. Transactions related to the sale of intangible assets are recorded in the capital account. This item is published in net terms with no sector breakdown.

8.3 Deviations from agreed definitions

None.

8.4 Gaps

Transactions without banking mediation and not directly reported by reporting agents are excluded.

8.5 Intended harmonisation

Since a significant amount of transfers are received from the EU institutions, the use of Eurostat figures might be considered as an important supplementary source of information for validating the split between current and capital transfers.

statistics. Data for inter-company loans are checked and supplemented by the information from direct enterprise reports.

Subordinated loans of credit institutions received from their own direct investor have been classified as inter-company loans since

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1999. Before 1999, this item was recorded under equity capital.

Breakdowns by sector (according to the debtor principle), instrument, country (according to the transactor principle) and industry are available for each component. The last two are based on the quarterly survey launched in 1999 (see Sub-section 3.1, paragraph 4).

9.2 Definition

In accordance with the BPM5, any participation greater than or equal to 10% in a corporation's equity capital is classified as a direct investment. Since 1996, direct investment not only includes equity investment, but also other non-equity capital transactions, such as inter-company loans. Real estate investments by natural persons are also classified under this heading.

As opposed to other types of investment recorded in the financial account, direct investment is primarily recorded on a directional basis, instead of under an asset/liability arrangement. Thus, direct investment in Hungary and direct investment abroad are the two major sub-groups within the main heading.

Cross-participation in equity, as such, is not recorded under direct investment. If an affiliated company acquires a claim on equity in its direct investor, the transaction is recorded either under portfolio investment (if less than 10% of the equity capital) or as a

separate direct investment transaction (if greater than or equal to 10%). Nevertheless, as far as inter-company loans are concerned, regardless of the direction of the equity investment, both the direct investor and the direct investment company may acquire claims on each other.

9.3 Deviations from agreed definitions

Instead of a fully consolidated system, only direct ownership relationships are classified as direct investment.

9.4 Gaps

Reinvested earnings are excluded from the b.o.p.

9.5 Intended harmonisation

For the plans and the steps already taken, see Sub-section 3.1 (paragraph 4) and Sub-section 6.4.

9.6 Estimation methods

Cash transactions affecting households' foreign exchange accounts held at resident banks are used as a proxy to capture cross-border cash transactions without banking intermediation and are partly included as direct investment (estimated transactions in real estate).

10 Portfolio investment

10.1 Specific features of data collection

Portfolio investment is covered by the general reporting system and is supplemented by monthly reports from security traders, KELER and other custodians, which are used for b.o.p. validation and compilation purposes. In the b.o.p., liabilities in equity

and HUF-denominated government and central bank securities are computed according to the monthly changes in security holdings. However, the changes in monthly closing-day positions for each security are used to check the credit institutions' security transaction reports. Transactions in financial assets traded or tradable in organised or

other financial markets (e.g. equity and debt securities, and financial derivatives) are recorded under this heading. Portfolio investment has been published as a separate item since 1996.

Except for HUF-denominated government securities, central bank securities and equity securities, data for other categories are compiled as credit institutions and enterprises report them. As for HUF-denominated government and central bank securities, transaction data are derived from changes in stocks at nominal value, net of other volume changes. Since January 2000, transactions in equity securities recorded in the financial account as liabilities have also been derived from changes in stocks - security-by-security at market prices - net of valuation and other volume changes.

A debit is recorded on the liability side of debt securities for transactions involving a purchase by residents on the secondary markets of foreign exchange-denominated bonds issued by residents abroad.

A transaction is recorded as a change in assets under financial derivatives in the following cases: premiums paid on purchased options (put or call), trading in derivative positions, transactions related to derivative positions having a positive net present value at the time of transaction, and closing derivative positions with net gains.

A transaction is recorded as a change in liabilities under financial derivatives in the following cases: premiums received on written options (put or call), transactions related to derivative positions having a negative net present value at the time of transaction, and closing derivative positions with a net loss.

Since 1999, in line with the change in b.o.p. methodology, interest payments related to interest rate swaps and currency swaps have been recorded under financial derivatives in the financial account, instead of as income in the current account.

Breakdowns by sector (according to the debtor principle), instrument, country (according to the transactor principle) and currency are available for each data category, except for those where transaction is calculated from a change in position (HUF-denominated government securities, central bank securities and equities).

10.2 Definition

The following portfolio investment sub-items are published separately according to the asset/liability principle:

- (i) equity securities (<10%);
- (ii) bonds and notes;
- (iii) money market instruments; and
- (iv) financial derivatives.

Since 2000, repurchase agreements (repos) have been treated as collateralised loans in accordance with the BPM5.

10.3 Deviations from agreed definitions

Financial derivatives are classified as a separate sub-item under portfolio investment. Financial derivatives of the MNB are intentionally classified under portfolio investment instead of reserve assets.

10.4 Gaps

Accruals on underlying instruments are not recorded.

10.5 Intended harmonisation

The use of a security-by-security database is planned. Furthermore, the recording of accruals on underlying instruments is foreseen, as is an instrument breakdown of derivatives.

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10.6 Estimation methods

As for HUF-denominated government and central bank securities, transaction data are derived from changes in stocks at nominal value, net of other volume changes. Since

January 2000, transactions in equity securities recorded in the financial account as liabilities have also been derived from changes in stocks - security-by-security at market price - net of valuation and other volume changes.

11 Financial derivatives

11.1 Specific features of data collection

Financial derivatives are classified as a separate sub-item under portfolio investment (see Section 10).

11.2 Definitions

See Sub-section 11.1.

11.3 Deviations from agreed definitions

See Sub-section 11.1.

12 Other investment

12.1 Specific features of data collection

Other investment is covered by the general reporting system and is supplemented by the direct enterprise reports on direct borrowing from/lending to non-residents. Transactions in financial instruments not included under direct investment and portfolio investment, such as syndicated loans, interbank loans and trade credits, are recorded under this heading, broken down by original maturity (short-term is classified as up to one year and long-term as over one year).

As far as assets and liabilities of non-financial enterprises are concerned, since 2000 the frequency of monthly (stock and flow) reporting obligations has remained unchanged only for commitments greater than or equal to USD 500,000. A report need only be submitted once annually on loans below this threshold, at the end of the year. There has

11.4 Gaps

See Sub-section 11.1.

11.5 Intended harmonisation

See Sub-section 11.1.

11.6 Estimation methods

See Sub-section 11.1.

been no change in the frequency of the reporting obligation for loans guaranteed by the Government, for which a monthly report is prescribed. Unlike in the past, since 2000 settlement data checked against direct reports and supplemented by non-cash transactions have been published in the statistics.

Up to the end of 1999, the statistical treatment of loan transactions reported late by enterprises depended on whether the transaction took place in the same calendar year or even before. In the former case, the transaction reported late was recorded in the financial account of the month of the report. In the latter case, other volume changes in the i.i.p., but no financial account transaction, were recorded for this item. At the end of 1999, the time series for these late-reported transactions according to the original (or, failing this, the estimated) timing

were revised retrospectively, back to 1996. Since 2000, this correction has become regular, revising the flow and stock data at year-end, retrospectively.

Transactions affecting cash in foreign exchange, sight deposits and current accounts of banks are derived as changes in stocks, net of valuation and other volume changes. The same applies for such transactions by the enterprise sector.

Breakdowns by sector (according to the resident counterparty), instrument, maturity, country and currency are available for each data category, except for transactions of non-financial enterprises channelled outside of the resident banking sector.

12.2 Definition

In principle, the definitions for other investment transactions are in line with the BPM5.

Up to the end of 1999, repos were recorded as transactions in underlying securities under

portfolio investment (or change in international reserves). Since 2000, repos have been treated as collateralised loans and recorded under other investment (or change in international reserves).

12.3 Deviations from agreed definitions

None.

12.4 Gaps

Trade credits might not be captured if they are not reported by reporting agents.

12.5 Intended harmonisation

A survey of trade credits is planned.

12.6 Estimation methods

None.

13 Reserve assets

13.1 Specific features of data collection

Gross international reserves are external assets of the monetary authority that are readily available for directly financing payments imbalances, for indirectly regulating the magnitude of payments imbalances through intervention in foreign exchange markets to affect the HUF exchange rate, and/or for other purposes. The change in international reserves is computed as the change in the stock of comprising instruments, net of valuation and other volume changes.

Instrument and currency breakdowns of reserve assets are available, although the latter breakdown is confidential.

13.2 Definition

The definition of international reserves is in line with the BPM5. These reserve assets are under the effective control of the monetary authority. They refer only to:

- highly liquid, marketable and creditworthy foreign currency-denominated claims (consisting of currency, deposits and securities) on non-residents; positions vis-à-vis residents and positions in local currency are excluded;
- monetary gold;
- special drawing rights (SDRs); and
- the reserve position in the Fund (RPF).

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Reserve assets are compiled in accordance with the gross concept (i.e. no netting with monetary authorities' liabilities).

13.4 Gaps

None.

13.3 Deviations from agreed definitions

Financial derivatives are intentionally excluded from international reserves.

13.5 Intended harmonisation

Accounting for accruals on reserve assets is planned.

14 International investment position

14.1 Specific features of data collection and definitions

Breakdowns by sector (according to the resident counterparty) and currency are available for all types of investment. Coverage and concepts are in line with the definitions used in the financial account.

14.1.1 General

As from 2003, the i.i.p. is compiled and published on a quarterly basis, except in the case of the international reserves, where the monthly periodicity is observed. The full sequence of data on opening positions, transactions, exchange rate changes, price changes, other volume changes and closing positions is compiled and published in HUF in hard copy for all standard components of the BPM5:

A maturity breakdown of long-term debt instruments by sector (according to the debtor principle), which does not include the non-guaranteed debt component of non-financial enterprises and other sectors, is compiled and published quarterly.

- (i) international reserves;
- (ii) direct investment (equity capital, inter-company loans);
- (iii) portfolio investment (equity securities, bonds and notes, money market instruments, financial derivatives); and
- (iv) other investment, broken down by original maturity.

14.1.2 Direct investment

The stock of resident direct investment abroad has been published since 1993. Data are derived from the aggregated flows by currency and are aggregated at month-end exchange rates into HUF. For the time being, reinvested earnings are excluded. The stock of assets in the form of inter-company loans is derived from accumulated flows. Since 1999, the subordinated loans of credit institutions extended to their own affiliates have been classified as inter-company loans. Before 1999, this item was recorded under equity capital.

Assets and liabilities are compiled separately.

Stocks of external assets and liabilities are disseminated in time series format in HUF and EUR through the MNB's website. External debt data are integrated into the i.i.p. framework (total liabilities less liabilities in equity).

The stock of non-resident direct investment in Hungary has been published since 1990. Since 1998, figures have been computed as accumulated flows, aggregated in HUF and - until May 2001 - adjusted monthly to the rate of crawl. Before 1998, as with assets, data were derived from the aggregated flows

broken down by currency and converted at month-end exchange rates into HUF. Reinvested earnings are excluded. Since 1996, the stock of liabilities in the form of inter-company loans has been directly reported by enterprises. As on the asset side, since 1999 subordinated loans of credit institutions received from their own direct investor are classified as inter-company loans. Before 1999, this item was recorded under equity capital.

An annual survey of inward and outward direct investment will provide information on the stock of equity capital at book value (quoted enterprise equity will be revalued at market prices), reinvested earnings and a geographic breakdown (see Sub-section 3.1, paragraph 4).

As from 2003, stock data for inward and outward direct investment, broken down into equity capital and inter-company loans, are compiled on a sectoral basis and published at a quarterly frequency with a timeliness of three months.

14.1.3 Portfolio investment

With regard to portfolio assets, the MNB and credit institutions submit reports on their portfolio transactions and stocks. Concerning the other sectors, given the lack of reports on stock data, positions are derived from accumulated flows. In these reports, the currency in which the transaction is reported is linked to the denomination of the settlement, rather than to the actual denomination of the securities. Stocks computed from flows in euro area legacy currencies have been recorded in EUR since January 1999.

The assets of the MNB and credit institutions in the form of debt securities are valued at historic cost. For the other sectors, stocks are recorded as accumulated flows at the actual transaction price.

The MNB and credit institutions have been reporting stock data for financial derivative positions at market (replacement) value since 1999. By contrast with transactions, there is no information on the derivative positions of enterprises and other sectors. Derivative positions are published in aggregated form with no breakdown.

As regards portfolio liabilities, the MNB and credit institutions submit reports not only on transactions, but also on their own and the government sector's portfolio stocks, except for equity securities.

As for the other sectors, owing to a lack of reported portfolio equity stock data, positions are derived from accumulated flows, aggregated and recorded in HUF. The figure is revalued on the basis of the change in the index of the Budapest Stock Exchange (BUX) at the end of each month.

Liabilities of the MNB, credit institutions and the government sector in the form of debt securities are recorded at face value. For the other sectors, stocks are recorded as accumulated flows at actual transaction price. The outstanding stock of foreign exchange-denominated bonds held by residents is subtracted from the stock issued by residents abroad.

The MNB and credit institutions have been reporting the stock of financial derivative positions at market (replacement) value since 1999. In contrast to transactions, there is no information on derivative positions of enterprises and other sectors. Derivative positions are published in aggregated form with no breakdown.

As from 2003, stock data for assets and liabilities under portfolio investment, broken down by instrument, sector and currency, are compiled and published at a quarterly frequency with a timeliness of three months.

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14.1.4 Financial derivatives

Financial derivatives are classified under portfolio investment (see Sub-section 14.1.3).

14.1.5 Other investment

The stock of claims of residents on non-residents is broken down by original maturity. All sectors, except households, report stock data for the statistics.

The stock of claims of non-residents on residents is broken down by original maturity. All sectors, except households, report stock data for the statistics.

As from 2003, stock data for assets and liabilities under other investment, broken down by original maturity, sector and currency, are compiled and published at a quarterly frequency with a timeliness of three months.

14.1.6 Reserve assets

In accordance with international standards, reserve assets comprise:

- (i) monetary gold;
- (ii) liquid foreign exchange assets (cash, current accounts, sight deposits, securities, etc.);
- (iii) SDRs; and
- (iv) the RPF.

Data are obtained from the MNB's balance sheet.

Gold is valued at London fixing prices. Since 2000, securities have been valued at market prices, net of accrued interest. Up to 1999, securities were valued at historic cost.

The stock of reserve assets is published on a monthly basis with a one-week lag for the preliminary data and a lag of 30 working days for the final data. Instrument and currency breakdowns of reserve assets are available, although the latter breakdown is confidential.

14.2 Deviations from agreed definitions

Financial derivatives are intentionally excluded from international reserves.

14.3 Gaps

Liabilities are valued at nominal value and assets (other than reserves) are at historic cost.

14.4 Intended harmonisation

Plans include accounting for accruals on reserve assets and market valuation for all relevant instruments. Reinvested earnings will first be published in the i.i.p. at the time of the 2003 annual data release in March 2004. The i.i.p. time series will be revised back to 1995 and, as from 2004, these items will become standard parts of the i.i.p. publication.

14.5 Estimation methods

None.

15 Contacts

This country information was drafted by Hungary and agreed with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be

addressed to the Press Division of the ECB. Enquiries specific to Hungary should be addressed to:

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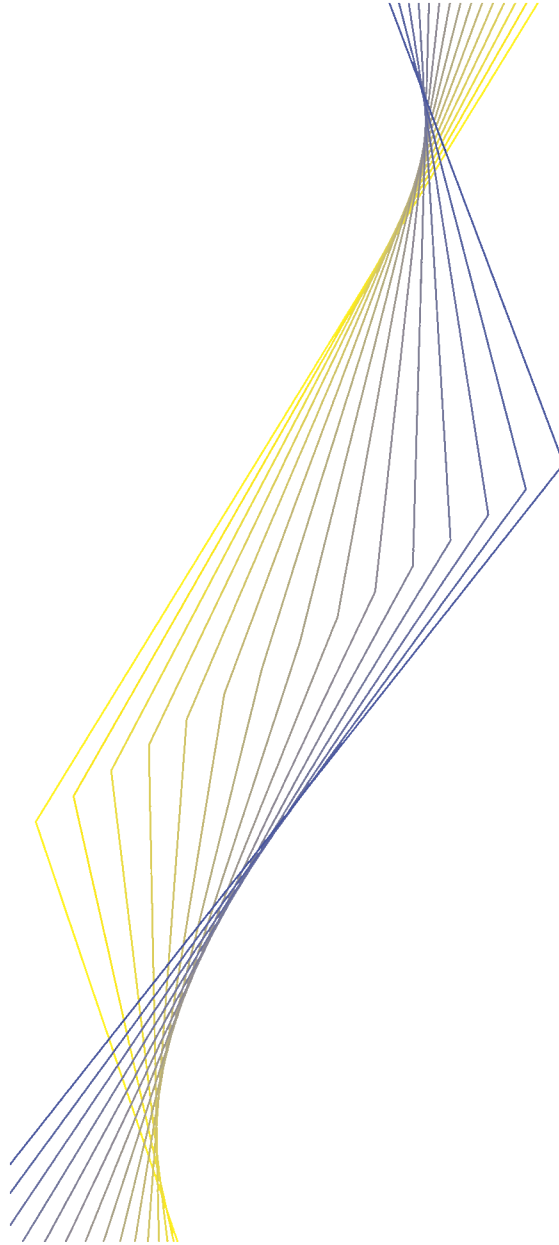
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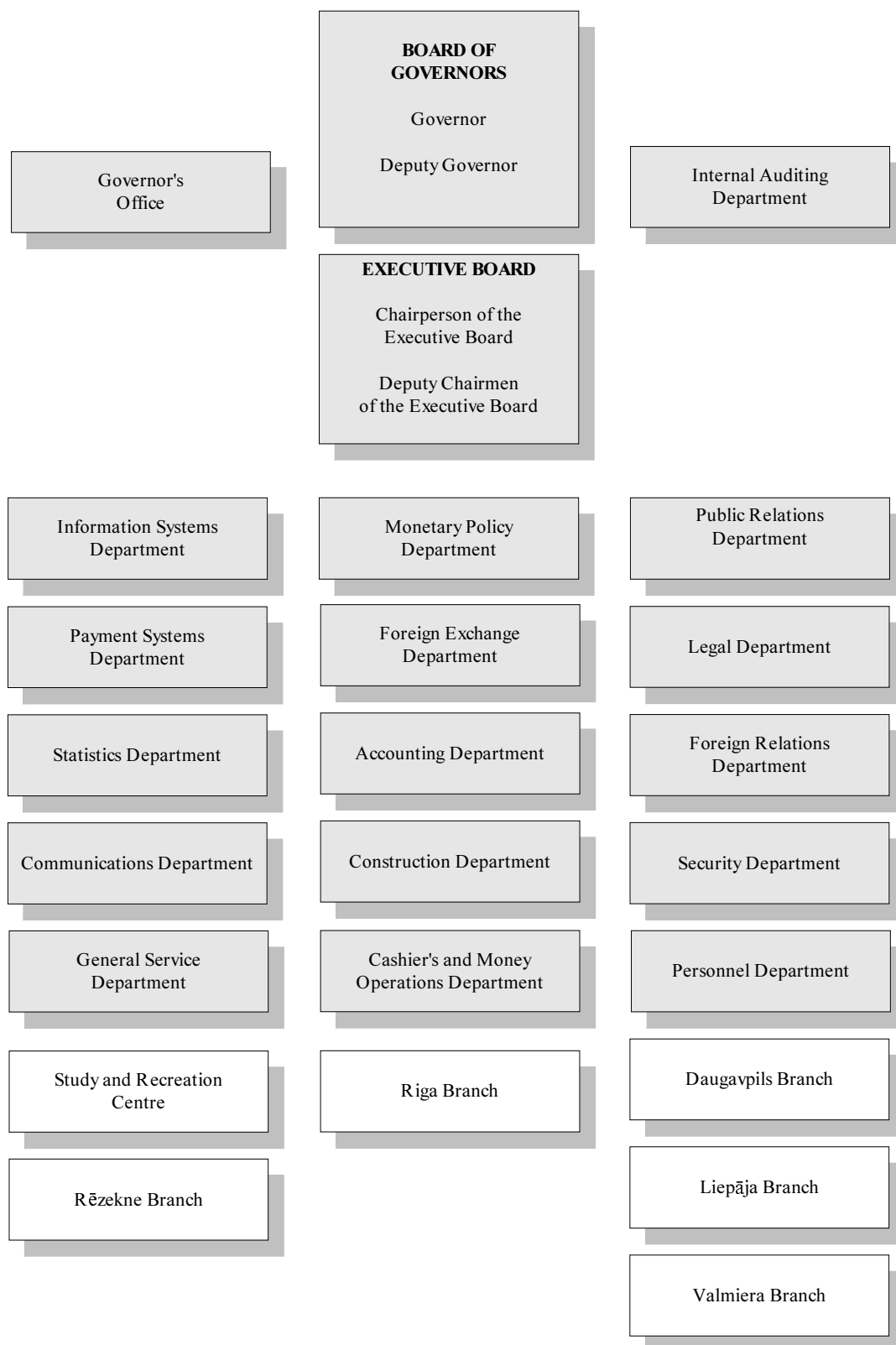


Latvia

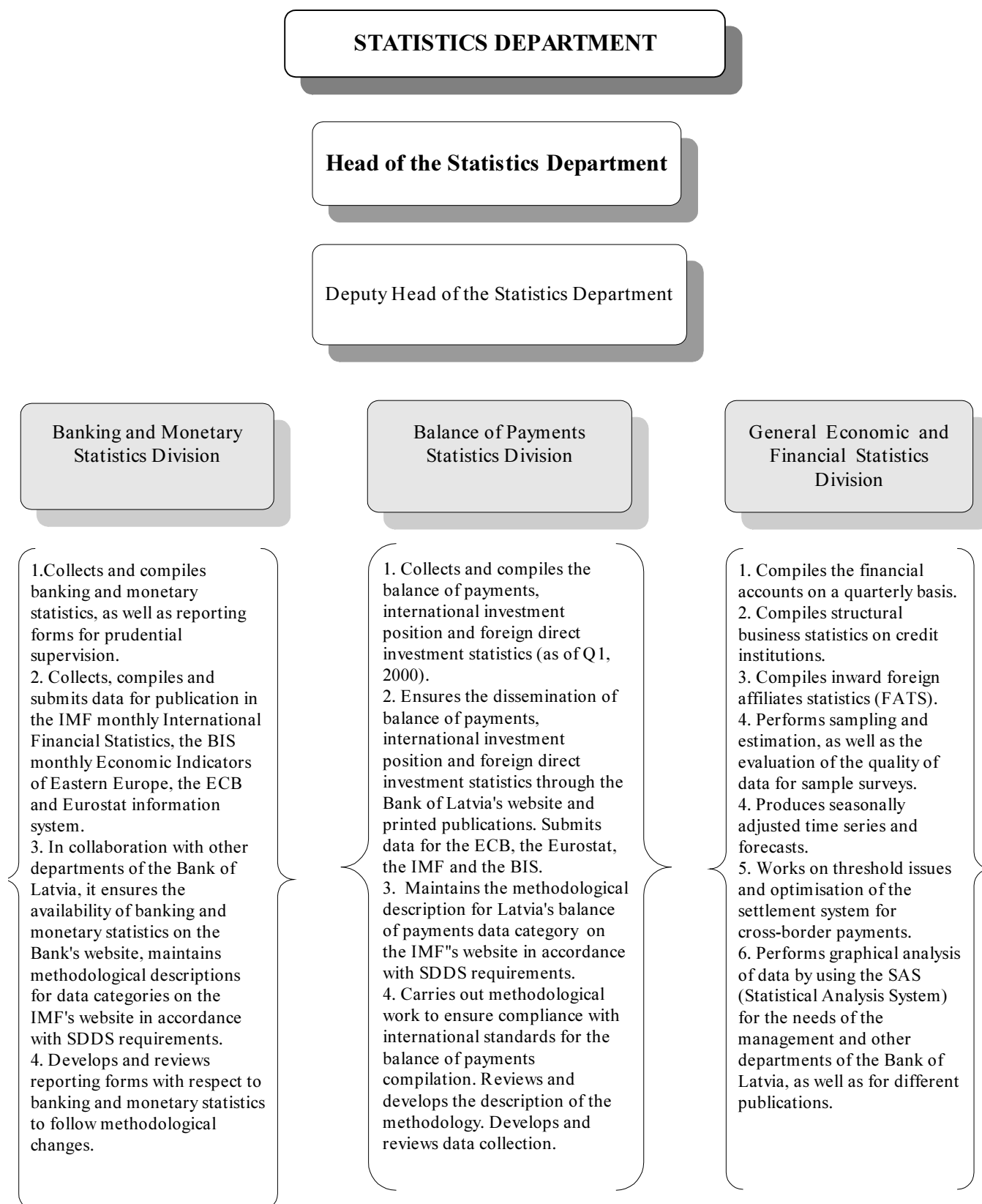
May 2003

I Organisation chart

The Bank of Latvia's Structure



Structure of the Statistics Department at the Bank of Latvia



2 Institutional aspects

2.1 Introduction

Latvia's balance of payments (b.o.p.) has been compiled and published every quarter since 1992. In the period from 1992 until 2000, this was done by the Central Statistical Bureau of Latvia (CSB). Starting with the data for 2000, Latvia's b.o.p. has since been compiled and published by Latvijas Banka (the Bank of Latvia). Since 2001, the Bank of Latvia has also been publishing the key items of the monthly b.o.p.

The Bank of Latvia, Latvia's central bank, is a public law entity established by Parliament (the Saeima, the former Supreme Council) and operates under the Law on the Bank of Latvia (adopted on 19 May 1992 and subsequently amended in 1997, 1998 and 1999). Pursuant to Article 13 of this Law, the Bank of Latvia is independent in the adoption of its decisions and their practical implementation. More detailed information on the objectives of the Bank of Latvia is available on its website at www.bank.lv in the section "The Bank of Latvia".

Under the Law on the Bank of Latvia, the Bank:

- implements monetary policy by controlling the amount of money in circulation with the aim of maintaining price stability in the State;
- is the sole bearer of the right to issue the national currency (banknotes and coins);
- sets the official exchange rate of the national monetary unit against foreign currencies;
- collects, registers and compiles financial and b.o.p. statistics, as well as publishes the compiled statistics;
- organises and ensures the operation of the settlement and payment systems in Latvia; and

- upon receipt of specific authorisation from the Government, is entitled to act as the Government's financial agent in banking transactions.

2.2 Legislative provisions

The Law on State Statistics (adopted on 6 November 1997) defines the organisational structure of state statistics in the Republic of Latvia and authorises the Bank of Latvia to organise and carry out the work related to national statistics in the Republic of Latvia (Articles 4 and 7). In accordance with Article 39 of the Law on the Bank of Latvia, the Bank approves statistical reporting forms and the procedure for submitting such reports. Article 40 of the Law requires the Bank of Latvia to collect, register and compile financial and b.o.p. statistics, as well as to publish the compiled statistics.

Article 61.2 of the Law on Credit Institutions (adopted on 5 October 1995 and subsequently amended in 1996, 1997, 1998, 2000 and 2002) stipulates that, for the purposes of macroeconomic analysis, credit institutions must submit to the Bank of Latvia statistical information on payments between residents and non-residents. Pursuant to the agreement signed between the Bank of Latvia and the CSB on 10 August 1999, the Bank of Latvia has been responsible for the compilation of the b.o.p. since the first quarter of 2000. To ensure compliance with the requirement to report statistical information, Article 166.6 of the Republic of Latvia's Administrative Offences Code (adopted on 7 December 1984) prescribes penalties for avoiding to provide statistical information, failing to do so in due time or reporting inaccurate data.

2.3 Internal organisation

The Statistics Department of the Bank of Latvia consists of three divisions: the Banking

and Monetary Statistics Division, the Balance of Payments Statistics Division and the General Economic and Financial Statistics Division (see Chart 2). The b.o.p. is compiled by the Balance of Payments Statistics Division, which:

- (i) collects and compiles b.o.p. and international investment position (i.i.p.) statistics (as of Q1 2000);
- (ii) ensures the dissemination of b.o.p. and i.i.p. statistics through the Bank of Latvia's website and publications, and submits data to the European Central Bank (ECB), Eurostat, the International Monetary Fund (IMF) and the Bank for International Settlements (BIS);
- (iii) maintains methodological descriptions of Latvia's b.o.p. data categories on the IMF's website in accordance with the Special Data Dissemination Standard (SDDS) requirements;
- (iv) carries out the methodological work to ensure compliance with international standards for b.o.p. compilation, and reviews and develops methodology descriptions; and
- (v) develops and reviews data collection techniques.

The Balance of Payments Statistics Division has a staff of 23 people, who are involved in developing data sources and estimation techniques, collecting, controlling and processing data for the monthly and quarterly statistics, and compiling and analysing the monthly and quarterly series. The staff of the Monetary Policy Department perform the data analysis.

2.4 External co-operation

For b.o.p. compilation purposes, the Bank of Latvia co-operates closely with other Latvian authorities. The Bank of Latvia has an

agreement with the CSB on co-operation in the areas of statistics and statistical information exchange. The official foreign trade statistics compiled by the CSB have always been used in the b.o.p., while the CSB uses b.o.p. and i.i.p. data for the national accounts. The two organisations discuss methodological issues and developments in the statistical field in joint task force meetings. Close contacts are also maintained with other institutions, such as the ministries of the Republic of Latvia, the Financial and Capital Market Commission (the financial supervisory authority), the State Revenue Service and the State Social Security Agency.

The Bank of Latvia also maintains contacts with other central banks in Europe, in particular those of the Baltic states.

The Bank of Latvia's b.o.p. experts regularly participate in the working groups organised by the ECB and Eurostat addressing b.o.p. statistical issues. Collaboration with the IMF aimed at improving b.o.p. statistics takes the form of consultations and co-operation related to the SDDS. Within the framework of the foreign direct investment (FDI) statistics project, the Bank of Latvia co-operates with Eurostat and the Organisation for Economic Co-operation and Development (OECD).

2.5 Users

B.o.p. and i.i.p. data are used by the Bank of Latvia (its Monetary Policy and Foreign Exchange Departments) and other institutions. The following are external users of b.o.p. and i.i.p. data: the CSB, the ministries of the Republic of Latvia, scientific research institutes (such as the Economics Institute of the Latvian Academy of Sciences and the Statistics Institute), international institutions and companies. Any person wishing to can subscribe to the b.o.p. bulletins.

3 Statistical system

3.1 Type of collection system

Latvia's b.o.p. collection system is a mixed system, with surveys supplemented by the International Transaction Reporting System (ITRS), which has direct reporting elements, and administrative sources.

For the quarterly b.o.p. compilation, surveys are the main source of information for other sectors. There are two main quarterly surveys: one on foreign investment (covering data on direct investment stocks in Latvia and abroad and related income flows broken down by country, and data on portfolio investment and other investment stocks and related income flows), and the other on transportation and intermediary services (covering transportation services rendered/received by mode of transport).

The survey on foreign investment uses a sampling method. Enterprises are sorted in descending order by the total amount of their cross-border settlements and are sub-divided into three size groups. All enterprises in the first (largest) size group are included in the sample. Stratified simple random sampling is applied to select enterprises from the second and third size groups. The list of enterprises for the quarterly survey on foreign investment is drawn up using the data from the State Enterprise Register, the register of enterprises maintained by the ITRS and the annual survey on foreign investment.

The list of enterprises for the survey on transportation and intermediary services is drawn up using the register of enterprises involved in foreign settlements maintained by the ITRS.

Data from surveys are supplemented by monthly information from the ITRS, which is the main data source for the compilation of the monthly b.o.p. (key items) other sectors items. The ITRS is an open, settlement-based system, supplemented by direct reporting system elements. Information on non-bank

residents' debit and credit settlements with non-residents via domestic banks is reported to the Bank of Latvia by domestic banks, unless the amount of the settlement is below the threshold of LVL 1,000. Information received from domestic banks is reconciled with the information from non-bank residents, which report directly to the Bank of Latvia on credit settlements. In 2001, the direct reporting element was broadened by introducing a new reporting form under the ITRS, which non-bank residents use to report debit and credit settlements via foreign bank accounts. When submitting information, non-bank residents have to specify the code of the external settlement in accordance with the List of External Payment Codes, as well as the country and currency codes. During the consolidation of data received from domestic banks and non-bank residents, the statistics on non-banks' external payments are compiled.

Information on the monetary authorities sector and reserve assets is provided by the Bank of Latvia. These data are broken down by country and currency. Information on the banking sector is derived from the banking statistics compiled by the Banking and Monetary Statistics Division (see Chart 2), which provides the residency split and the country and currency breakdowns for the main items of the balance sheet of credit institutions.

The household sector is covered by: aggregated data from the CSB on persons entering and leaving the country; data from the State Social Security Agency on the pensions received/paid in accordance with inter-governmental agreements; data from the State Revenue Service on the social tax paid by foreign embassies in Latvia for their local staff; and the monthly Bank of Latvia survey on the enterprises rendering intermediation services related to job contracts for working abroad. Data on natural persons' debit and credit settlements with non-residents via domestic banks are included in the ITRS.

The Bank of Latvia also uses the data collected by the Ministry of Foreign Affairs, the Ministry of Finance, the Financial and Capital Market Commission, etc. Foreign trade statistics and labour statistics (wages and salaries paid to non-residents) are received from the CSB. Information from newspapers is also used.

3.2 Reporting agents

Information on the monetary authorities sector is derived from the Bank of Latvia's balance sheet and profit and loss account. Information on the banking sector is derived from banking statistics (the Monthly Financial Position Report). Reporting institutions are all credit institutions and credit unions licensed in the Republic of Latvia. According to the Law on Credit Institutions, a credit institution is a business venture that has been established to accept deposits and other repayable funds, and to grant loans on its own behalf. A credit institution operates as a bank or a branch of a foreign bank.

The general government sector includes all state and local government bodies (including embassies) and the state social security fund. Information is provided by various government

departments, i.e. the State Treasury (on the Government's foreign debt, funds received under technical assistance programmes, contributions to international organisations, etc.), the Ministry of Finance, the Ministry of Foreign Affairs, the State Revenue Service, the State Social Security Agency, etc. Most of the government services and transfers are obtained as a by-product of the compilation of the government accounts and from official records.

Enterprises return two main reporting forms: the "Quarterly Report on Foreign Investment" and the "Quarterly Report on Transportation and Intermediary Services". Enterprises also provide two monthly reports under ITRS requirements on incoming payments received from non-residents via domestic banks and payments from/to non-residents through their accounts at foreign banks (see Sub-section 3.1). One annual reporting form - the "Annual Report on Foreign Investment" - is collected from enterprises.

3.3 Thresholds

An exemption threshold of LVL 1,000 is applied only to ITRS data collection.

Table I
Reporting scheme for b.o.p. and i.i.p. data collection in Latvia

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Credit institutions (banks and branches of foreign banks)	Report on external payments of non-banks	All external payments of non-banks if the payment exceeds LVL 1,000, broken down by type of non-bank, sector of the non-bank, purpose of payment (for outgoing payments), country and currency.	reporting periods: 1 st -7 th ; 8 th -15 th ; 16 th -23 rd ; 24 th -last day of month	3 business days

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection in Latvia

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Enterprises	Notice on incoming external payments received in a domestic bank	All incoming payments made via accounts in domestic banks if the payment exceeds LVL 1,000, broken down by currency, country and purpose of payment.	monthly	5 business days
	Notice on external payments made in foreign banks	All external payments made via accounts in foreign banks if the payment exceeds LVL 1,000, broken down by currency, country and purpose of payment.	monthly	5 business days
	Report on natural person job contracts for working abroad	Maturity of contract, salary, currency, country	monthly	15 days
	Quarterly report on foreign investment	Stocks of foreign investment in Latvia and abroad and related income broken down by country. Stocks of portfolio investment and other investment (assets and liabilities) and related income.	quarterly	25 days
	Quarterly report on transportation and intermediary services	Transportation services rendered and/or received, intermediation between another resident and non-resident, intermediation between non-residents, broken down by mode of transport.	quarterly	25 days
	Annual report on foreign investment	Stocks of foreign investment in Latvia and abroad and related income broken down by country. Stocks of portfolio investment and other investment (assets and liabilities) and related income.	annual	25 days
Credit institutions (banks and branches of foreign banks)	Monthly financial position report (collected for banking statistics)	For the b.o.p. and i.i.p. compilation the following items are used:– “The Monthly Financial Position Report” (MFPR), which contains the balances (end-of-day balances) as at the last day of the reporting month in breakdown of indicators by residency principle, as well as by the national currency,	monthly	6 business days

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection in Latvia

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Credit institutions (banks and branches of foreign banks)		<p>currencies of the OECD countries and other currencies.– –</p> <p>Appendix I “Items in the monthly financial position report of credit institutions by currency”. The following breakdown of indicators is used: by resident, country (EMU and other EU countries, other foreign countries) and international institution. The loans, securities and deposits are shown broken down by the original term of repayment.</p> <p>– Appendix J “Trust asset” shows financial instruments acquired by a reporting credit institution when managing funds of residents and non-residents. The breakdown of indicators is by residency principle, as well as by the national currency, currencies of the OECD countries and other currencies.</p> <p>– The Appendix F “Profit and loss statement”, which shows a reporting credit institution’s income and expenses incurred in the period from the beginning of the year until the last day of the reporting month; the indicators are in a breakdown by residency principle.</p>		

3.4 Availability of data

(i) B.o.p. data:

- monthly data are available on the 30th business day following the reporting month;

- quarterly data are available on the last business day of the quarter following the reporting quarter; and

- annual data are available on the last business day of the quarter following the last quarter of the reporting year.

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(ii) I.i.p. data:

- quarterly data are available on the last business day of the quarter following the reporting quarter; and
- annual data are available on the last business day of the quarter following the last quarter of the reporting year.

used is the IMF Data Template on International Reserves and Foreign Currency Liquidity.

Quarterly b.o.p. and i.i.p. data are broken down by sector and instrument in line with the 5th edition of the IMF Balance of Payments Manual (BPM5). A quarterly country breakdown is available for current account and FDI data.

(iii) Official reserve assets and reserves template data:

- monthly data are available one week after the end of the reference month for official reserve assets and 15 business days after the end of the reference month for the reserves template data. The reserves template

3.5 Data controls

Formal data controls are carried out once data have been received from reporting agents. Individual reports are checked to verify their completeness, consistency and plausibility. Errors in individual reports are detected by

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Latvia	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities
Current account	30 days	30 days	30 days	30 days	-	-
Goods	30 days	30 days	1 quarter	1 quarter	mid-2004	mid-2004
Services	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Income	30 days	30 days	30 days	30 days	-	-
Compensation of employees	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Investment income on direct investment	30 days	30 days	30 days	30 days	-	-
on portfolio investment	30 days	30 days	30 days	30 days	mid-2004	mid-2004
on other investment	30 days	30 days	30 days	n/a	mid-2004	-
Current transfers	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Capital account	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Direct investment	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Equity capital	30 days	30 days	30 days	30 days	mid-2004	mid-2004
MFIs (excluding central banks)	30 days	30 days	n/a	n/a	mid-2004	mid-2004
Non-MFIs	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Reinvested earnings	30 days	30 days	30 days	30 days	mid-2004	mid-2004
MFIs (excluding central banks)	30 days	30 days	n/a	n/a	mid-2004	mid-2004
Non-MFIs	30 days	30 days	30 days	30 days	mid-2004	mid-2004

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Other capital	30 days	30 days	30 days	30 days	mid-2004	mid-2004
MFIs (excluding central banks)	30 days	30 days	n/a	n/a	mid-2004	mid-2004
Non-MFIs	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Portfolio investment	30 days	30 days	30 days	n/a	mid-2004	-
Equity securities	30 days	30 days	30 days	n/a	mid-2004	-
Monetary authorities	30 days	30 days	30 days	n/a	mid-2004	-
MFIs (excluding central banks)	30 days	30 days	n/a	n/a	mid-2004	-
Non-MFIs	30 days	30 days	30 days	n/a	mid-2004	-
Debt securities	30 days	30 days	30 days	n/a	mid-2004	-
Bonds and notes	30 days	30 days	30 days	n/a	mid-2004	-
Monetary authorities	30 days	30 days	30 days	n/a	mid-2004	-
MFIs (excluding central banks)	30 days	30 days	n/a	n/a	mid-2004	-
Non-MFIs	30 days	30 days	30 days	n/a	mid-2004	-
Money market instruments	30 days	30 days	30 days	n/a	mid-2004	-
Monetary authorities	30 days	30 days	30 days	n/a	mid-2004	-
MFIs (excluding central banks)	30 days	30 days	n/a	n/a	mid-2004	-
Non-MFIs	30 days	30 days	30 days	n/a	mid-2004	-
Financial derivatives	30 days	30 days	n/a	n/a	-	-
Other investment	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Monetary authorities	30 days	30 days	30 days	30 days	mid-2004	mid-2004
General government	30 days	30 days	30 days	30 days	mid-2004	mid-2004
MFIs	30 days	30 days	n/a	n/a	mid-2004	mid-2004
long-term	30 days	30 days	n/a	n/a	mid-2004	mid-2004
short-term	30 days	30 days	n/a	n/a	mid-2004	mid-2004
Other sectors	30 days	30 days	30 days	30 days	mid-2004	mid-2004
Reserve assets	30 days	30 days	30 days	-	mid-2004	-

N/a: Information is currently not available.

-: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

computer programs and/or manual checking. This is immediately followed up with a phone conference with the reporting entity or, in the event that the problems persist, a visit to the entity to assist it in identifying data problems. All relevant transactions are checked individually for plausibility. The quality of individual data is also checked by comparing previous and current reports.

Checks at the aggregated level are carried out for each b.o.p. component. At the first aggregation level, data are broken down for each reporting agent, as well as by the type of report. Significant fluctuations are analysed to identify the underlying reasons and may lead to the uncovering of errors at a lower

level of aggregation. Press information is used to detect possible reporting gaps.

In the context of the national account statistics, b.o.p. data are subject to further plausibility checks, as the results of b.o.p. statistics should be compatible with other data on the general economic situation.

3.6 Revision policy

Monthly data are subject to revision every quarter when quarterly data are published. Quarterly data are revised when the data for the following quarter are published, together with the data for the related months.

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3.7 Dissemination

A monthly bulletin entitled “Latvia’s Balance of Payments (Key Items)” is used to publish the monthly key items. A quarterly bulletin entitled “Latvia’s Balance of Payments” serves to publish quarterly and annual figures for Latvia’s b.o.p., i.i.p. and FDI in Latvia broken down by kind of activity and investing country. These publications are first made available on the Bank of Latvia’s website at www.bank.lv/eng/main/pubrun/maksbil/. Hard copies are available on a free subscription basis (by sending a request by e-mail to info@bank.lv).

Official reserve assets and reserves template data are first published on the Bank of Latvia’s website at www.bank.lv/eng/main/nfo/lbfinfo/arres/arres1/.

B.o.p., i.i.p. and international reserves data are also disseminated on the Bank of Latvia’s website at www.bank.lv/eng/main/finfo/bfinfo/imf/, in accordance with the IMF’s SDDS. Since 1996, Latvia has been a subscriber to the IMF’s SDDS.

4 Goods

4.1 Specific features of data collection

The data source for general merchandise is foreign trade statistics compiled by the CSB. Exports include goods listed in customs cargo declarations for export and re-export, i.e. exports of goods previously imported for domestic consumption, and humanitarian and similar aid. Imports include goods declared for domestic consumption, goods imported from customs warehouses, and humanitarian and similar aid. Foreign trade statistics also include CSB data from reports on exports and imports of electricity and natural gas. In addition to foreign trade statistics, the following data sources are used: data on extra-territorial trade by shipping vessels compiled by the CSB, CSB information on goods produced in Latvia and exported from customs warehouses (such goods are stated at the prices they have upon entering customs warehouses), information on banknote production and coinage costs from the Bank of Latvia’s profit and loss statement, and statistics on non-banks’ external payments.

The sources of data on goods for processing and repairs on goods are the foreign trade statistics and the statistics on non-bank’ external payments. The data source for

goods procured in ports by carriers is the quarterly survey on transportation and intermediary services. The data source for exports and imports of non-monetary gold is the statistics on non-banks’ external payments.

4.2 Definition

The definition is in line with the BPM5. Goods cover exports and imports of general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers, and non-monetary gold in a specified period of time.

Foreign trade data are compiled in accordance with the Special Trade System. This means that where goods produced abroad are imported to and exported from customs warehouses, such imports and exports are excluded from the total. Data are available on a transactions basis. Imports are available on an f.o.b. basis. A geographical breakdown is also available.

4.3 Deviations from agreed definitions

None.

4.4 Gaps

None.

4.5 Intended harmonisation

None.

4.6 Estimation methods

In customs cargo declarations, exported goods are valued f.o.b., whereas imported goods have been valued on a c.i.f. basis since 2000 (up to 2000, the latter were given on both an f.o.b. and a c.i.f. basis). To ensure compliance with international standards, which require that exports and imports be

presented on an f.o.b. basis in the b.o.p., data for imports of goods have been adjusted every month by the CSB since January 2000. Adjustments are made using ratios giving the average relationship between f.o.b. and c.i.f. values in 1998 and 1999. To ensure that imports of goods can be broken down by country and to obtain correct information on freight, adjustments are made for each mode of transport and for each country of origin of the goods, separately stating resident and non-resident carriers.

Where the price of goods in a customs cargo declaration is stated in a foreign currency, it is translated into LVL, applying the Bank of Latvia's exchange rate on the day that the customs cargo declaration was filled out.

5 Services**5.1 Specific features of data collection**

The data sources for transportation services are the quarterly survey on transportation and intermediary services and the statistics on non-banks' external payments. Foreign trade statistics are also used to obtain, in accordance with the calculation methodology described in Sub-section 4.6, the difference between c.i.f. and f.o.b. values of imported goods. The share of transportation is set apart from the obtained figure and included under transportation in the b.o.p.

Data on travel are derived from the CSB aggregated data on persons entering and leaving the country. Travellers are polled at border control points four times a year to obtain information about non-residents' spending in Latvia and residents' spending abroad. The average spending of a traveller is calculated using mathematical methods and, thereafter, total spending of travellers is obtained. The number of travellers is available from the State Border Guard of the Republic of Latvia, which registers all persons entering and leaving the country.

Data on other services are mainly derived from statistics on non-banks' external payments. In addition, a number of other sources are used: banking statistics; aggregated data on the revenue and expenditure of the Republic of Latvia's embassies, representative offices and consulates, submitted by the Ministry of Foreign Affairs; and data on reinsurance premiums and claims paid, submitted by the Financial and Capital Market Commission. Data on expenditure by foreign embassies, representative offices and consulates in Latvia are derived from the State Revenue Service's information on the value added tax repaid to foreign embassies, representative offices and consulates. Another source is the CSB foreign trade statistics.

5.2 Definition

The definition is in line with the BPM5.

5.3 Deviations from agreed definitions

None.

5.4 Gaps

None.

5.5 Intended harmonisation

None.

5.6 Estimation methods

Data on passenger transportation by air are computed from data submitted by Riga international airport on the number of passengers departing by air, the CSB data on the monthly number of residents and non-residents crossing the state border by air and information on the average prices of airline tickets.

6 Income

6.1 Specific features of data collection and definitions

6.1.1 Compensation of employees

Data sources for compensation of employees are the monthly survey on job contracts concluded by natural persons for working abroad, statistics on non-banks' external payments, labour statistics (wages and salaries paid to non-residents) and data on the revenue and expenditure of the Republic of Latvia's embassies, representative offices and consulates reported by the Ministry of Foreign Affairs.

Estimates are made using data obtained from the State Revenue Service on the social tax paid by foreign embassies in Latvia for their local staff, from foreign embassies on work permits issued to Latvian residents, and from aggregated data on persons entering and leaving the country. Information from newspapers is also used.

6.1.2 Income on direct investment

Data sources for income on direct investment are the quarterly survey on foreign investment, statistics on non-banks' external payments and banking statistics. Data sources provide breakdowns by country and instrument, distinguishing between income on debt and income on equity. The definitions set out for income on direct investment are in line with the BPM5.

Reinvested earnings are recorded when they are reinvested. Non-banks thus provide data on the retained profit or loss for the reporting quarter, which allows the calculation of the b.o.p. reinvested earnings item for each enterprise separately. For the banking sector, the calculation is made for each bank separately on a monthly basis using banking statistics (the retained profit or loss for the reporting month is given in the Monthly Financial Position Report) and information from the Financial and Capital Market Commission on the distribution of equity capital among shareholders. In addition, data on the distribution of the audited profit for the preceding year is used when estimating dividends. Adjustments to reinvested earnings are made upon receiving information on the audited profit and its distribution. An offsetting entry for reinvested earnings is made in the direct investment account.

Data sources provide a split between income on inter-company loans and other investment income, as well as between income on debt securities between affiliates and portfolio investment income.

6.1.3 Income on portfolio investment

Data sources for portfolio investment income are the quarterly survey on foreign investment, statistics on non-banks' external payments, banking statistics, the Bank of Latvia's profit and loss account and data submitted by the State Treasury. The

definition is in line with the BPM5 and data on portfolio investment income are broken down by instrument, also in accordance with the BPM5. Data sources provide a split between income on equity, bonds and notes, and money market instruments. Interest on debt securities is recorded on an accruals basis.

6.1.4 Income on other investment

Data sources for income on other investment are the quarterly survey on foreign investment, statistics on non-banks' external payments, banking statistics and data submitted by the State Treasury. The definition of income on other investment is in line with the BPM5. Data on income on trade credits are incorporated in reports as income on other investment. Income is recorded on an accruals basis. Data on income on reserve assets are derived from the Bank of Latvia's profit and

loss account and are recorded on an accruals basis.

6.2 Deviations from agreed definitions

None.

6.3 Gaps

None.

6.4 Intended harmonisation

None.

6.5 Estimation methods

Estimation methods are used for calculating reinvested earnings (see Sub-section 6.1.2).

7 Current transfers

The sources of data on the capital account are data on funds received from foreign governments and international organisations under technical assistance programmes (provided by the State Treasury and the Ministry of Finance), information on pensions

paid by foreign governments to Latvian residents and pensions paid to non-residents (compiled by the State Social Security Agency), foreign trade statistics (compiled by the CSB) and statistics on non-banks' external payments.

8 Capital account

8.1 Specific features of data collection

The data source for the capital account is data on funds received under technical assistance programmes from foreign governments and international organisations provided by the State Treasury and the Ministry of Finance. These data are supplemented with statistics on non-banks' external payments. Information on acquisition/disposal of non-produced non-financial assets is derived from statistics on non-banks' external payments.

8.2 Definition

The definition of the capital account is in line with the BPM5. The split between current and capital transfers is provided by the information suppliers. There are two separate codes for current and capital transfers in the List of External Payments Codes.

8.3 Deviations from agreed definitions

None.

8.4 Gaps

Certain capital transfers, such as migrants' transfers (excluding workers' remittances), investment grants in kind and debt forgiveness by companies, are not fully covered.

8.5 Intended harmonisation

None.

9 Direct investment

9.1 Specific features of data collection

Data sources for direct investment are the quarterly and annual surveys on foreign investment (for sampling methods, see Sub-section 3.1), banking statistics, data from the State Enterprise Register on recently established enterprises with non-resident capital participations and statistics on non-banks' external payments. Information on inter-company loans (including short-term loans and trade credits) between affiliates is included. Data on direct investment are broken down by instrument and country. Data sources also provide a breakdown by sector.

principle. Special-purpose entities are not subject to different treatment, since they are not significant in Latvia.

9.3 Deviations from agreed definitions

Deviations concern the valuation of liabilities where data sources mostly provide book values rather than market values.

9.4 Gaps

None.

9.2 Definition

Definitions are in line with the BPM5. Direct investment data cover transactions in equity, reinvested earnings (with an offsetting entry under reinvested earnings for income on direct investment), other capital (including short and long-term loans, debt securities between affiliates and trade credits). The 10% ownership criterion is applied. The directional principle for direct participations is applied to data on other sectors. Data on transactions are derived from stock data and refer to the time of the actual operation. The geographical allocation is based on the debtor/creditor

9.5 Intended harmonisation

The Bank of Latvia plans to achieve the recording of data as close as possible to the market value (see Sub-section 9.3). This will be done by using information from the Latvian stock market and by using the equity capital approach to obtain a market value substitute for unlisted enterprises.

9.6 Estimation methods

Estimation methods are used for calculating reinvested earnings (see Sub-section 7.1.2).

10 Portfolio investment

10.1 Specific features of data collection

Data sources for portfolio investment are the quarterly and annual surveys on foreign investment, banking statistics, statistics on

non-banks' external payments, the State Treasury and the Bank of Latvia's balance sheet. Data on transactions are derived from stock data (see Sub-section 10.6 on estimation methods) on an aggregated basis.

The Bank of Latvia also uses data from the monthly survey on securities traded in the secondary market conducted by the Financial and Capital Market Commission, which includes aggregated transaction data and breakdowns by sector (for assets) and instrument using market values.

Data on portfolio investment are broken down by sector and instrument in accordance with the BPM5.

10.2 Definition

The definitions used for portfolio investment are in line with the BPM5 (financial derivatives are excluded). Portfolio investment includes tradable securities, excluding those used in repurchase agreements. Service charges, fees and commissions are excluded and recorded as services.

10.3 Deviations from agreed definitions

Deviations concern the valuation of liabilities where data sources mostly provide book values rather than market values.

11 Financial derivatives

11.1 Specific features of data collection

Financial derivatives cover futures, forwards, options and similar instruments, where the counterparty to the transaction is a non-resident that is not a direct investor or direct investment enterprise. Financial derivatives are excluded from portfolio investment, however, since this sector is still somewhat underdeveloped. Most transactions are executed on a local basis between residents.

The main data source for financial derivatives is the monthly survey on securities traded in the secondary market conducted by the Financial and Capital Market Commission (see Sub-section 10.1). Transactions are recorded on a gross basis. Statistics on non-

10.4 Gaps

None.

10.5 Intended harmonisation

The Bank of Latvia plans to achieve the recording of data as close as possible to the market value (see Sub-section 10.3). This will be done by using information from the Latvian stock market and by using the equity capital approach to obtain a market value substitute for unlisted enterprises.

10.6 Estimation methods

For the reconciliation with portfolio stocks, exchange rate changes are excluded on the basis of the data available on foreign currencies when transactions are compiled for the monetary authorities, the general government and the banking sector.

banks' external payments are also used. The data source for monetary authorities is the Bank of Latvia's balance sheet. The data on the banking sector are derived from the banking statistics.

11.2 Definitions

All definitions are in line with the BPM5 and transactions related to income on interest rate swaps and foreign exchange forward contracts are included under this item.

11.3 Deviations from agreed definitions

None.

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11.4 Gaps

None.

11.5 Intended harmonisation

None.

12 Other investment

12.1 Specific features of data collection

Data sources for other investment are banking statistics, the State Treasury, the quarterly and annual survey on foreign investment (including trade credits) and the Bank of Latvia's balance sheet. Transaction data are derived from stock data (see Sub-section 12.6 on estimation methods). An additional data source is the statistics on non-banks' external payments, which include debits for the household sector.

Data on other investment are broken down by sector, instrument and maturity in accordance with the BPM5.

12.2 Definition

Definitions are in line with the BPM5.

13 Reserve assets

13.1 Specific features of data collection

The data source for reserve assets is the Bank of Latvia's balance sheet submitted by its Accounting Department. Data are broken down by instrument, maturity, country and currency. Data on reserve assets are compiled on a monthly basis and are broken down by instrument. Transaction data are derived from stock data. Exchange rate and price changes are excluded on the basis of the

11.6 Estimation methods

None.

12.3 Deviations from agreed definitions

None.

12.4 Gaps

None.

12.5 Intended harmonisation

None.

12.6 Estimation methods

For the reconciliation with other investment stocks, exchange rate changes are excluded on the basis of the data available on foreign currencies, when transactions are compiled for the monetary authorities, the general government and the banking sector.

data available on foreign currencies when transactions are compiled.

13.2 Definition

The definition is in line with the BPM5 and reserve assets refer only to highly liquid, marketable and creditworthy foreign currency-denominated claims on non-residents, gold, special drawing rights and the reserve

position in the IMF. The Bank of Latvia controls the reserve assets and positions of the central government and/or the State Treasury are not included. Reserve assets are compiled in accordance with the gross concept. Reversible gold transactions are not excluded from loans and deposits. A separate category for financial derivatives has been introduced.

13.4 Gaps

None.

13.5 Intended harmonisation

None.

13.3 Deviations from agreed definitions

None.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.1 General

Latvia's i.i.p. is compiled and published quarterly in the quarter following the reference period. Data are compiled and published for: direct investment (Latvia's direct investment abroad and direct investment in Latvia); portfolio investment assets and liabilities; financial derivative assets and liabilities; other investment assets and liabilities; and reserve assets. Data on assets and liabilities are presented separately for all items.

The data sources for the i.i.p. are the same as those for the b.o.p.

14.1.2 Direct investment

The coverage and concepts of direct investment are in line with the definitions used in the financial account of the b.o.p. and the data sources are the same as those of b.o.p. data (see Sub-section 9.1). The perpetual-inventory method is used to derive stock data. Data refers to book values for liabilities. A reconciliation exercise between i.i.p. stocks and b.o.p. flows is carried out by making other adjustments.

Data on direct investment are broken down by instrument. Data on direct investment in Latvia broken down by kind of activity and investing country are disseminated quarterly one quarter after the end of the reference quarter.

14.1.3 Portfolio investment

The coverage and concepts of portfolio investment are in line with the definitions used in the financial account of the b.o.p. and the data sources are the same as those of b.o.p. data (see Sub-section 10.1). The perpetual-inventory method is used to derive stock data. Data refers to book values for liabilities, with the exception of data on securities traded in the secondary market. A reconciliation exercise between i.i.p. stocks and b.o.p. flows is carried out on the basis of exchange rate changes and other adjustments.

Data on portfolio investment are broken down by instrument and sector.

14.1.4 Financial derivatives

The coverage and concepts of financial derivatives are in line with the definitions used in the financial account of the b.o.p. and the data sources are the same as those of

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b.o.p. data (see Sub-section 11.1). The main data source is the monthly survey on securities traded in the secondary market carried out by the Financial and Capital Market Commission, which provides aggregated data on flows with an instrument and sectoral breakdown using market values. Therefore, financial derivative stocks are accumulated flows.

14.1.5 Other investment

The coverage and concepts of other investment are in line with the definitions used in the financial account of the b.o.p. and the data sources are the same as those of b.o.p. data (see Sub-section 12.1). The perpetual-inventory method is used to derive stock data, which are broken down by instrument, sector and maturity. A reconciliation exercise between i.i.p. stocks and b.o.p. flows is carried out on the basis of exchange rate changes and other adjustments.

14.1.6 Reserve assets

The coverage and concepts of reserve assets are in line with the definitions used in the BPM5 and with the financial account of the b.o.p. Data on reserve assets are compiled on a monthly basis in accordance with the gross concept and the data sources are the same as those of b.o.p. data (see Sub-section 13.1).

15 Contacts

This country information was drafted by Latvia in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Latvia should be addressed to:

Gold and debt securities denominated in convertible foreign currencies are valued at the prevailing market prices. Gold is marked to market on a daily basis. Debt securities denominated in convertible foreign currencies are revalued on a monthly basis.

Data on reserve assets are broken down by instrument and sector in accordance with the BPM5. Data sources also provide breakdowns by currency and country. A reconciliation exercise between i.i.p. stocks and b.o.p. flows is carried out on the basis of exchange rate changes and price changes.

14.2 Deviations from agreed definitions

See Sub-sections 9.3 and 10.3.

14.3 Gaps

None.

14.4 Intended harmonisation

See Sub-sections 9.5 and 10.5.

14.5 Estimation methods

None.

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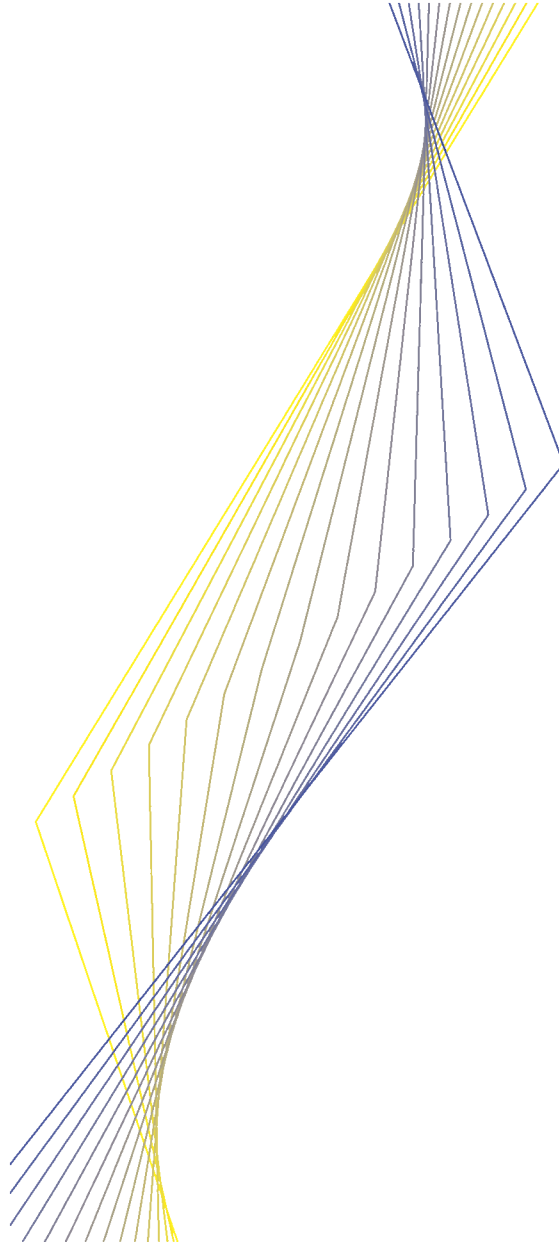
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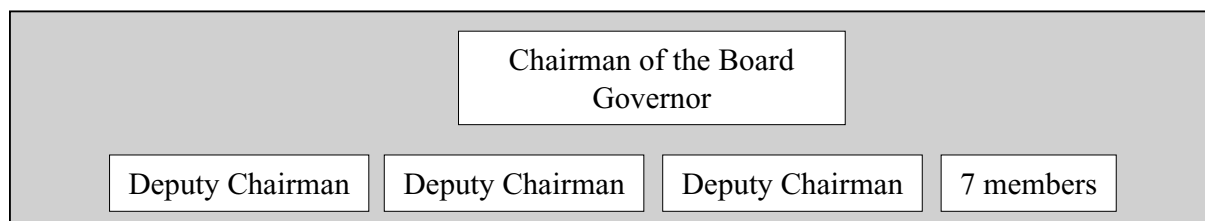


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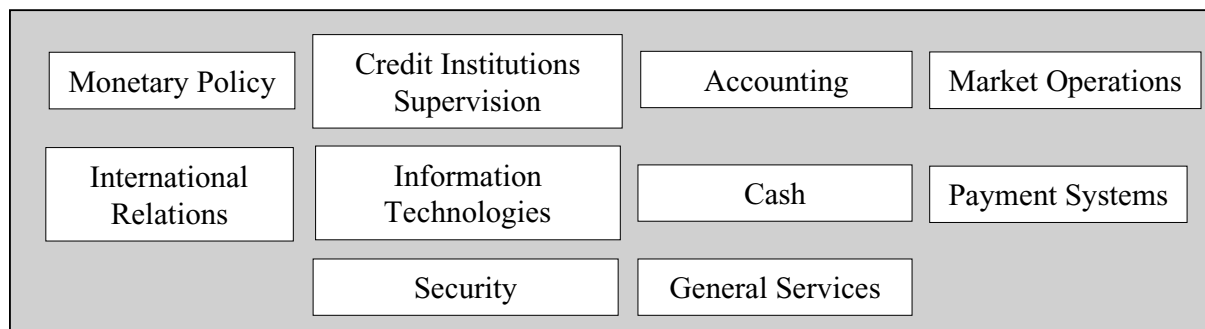
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I Organisation chart

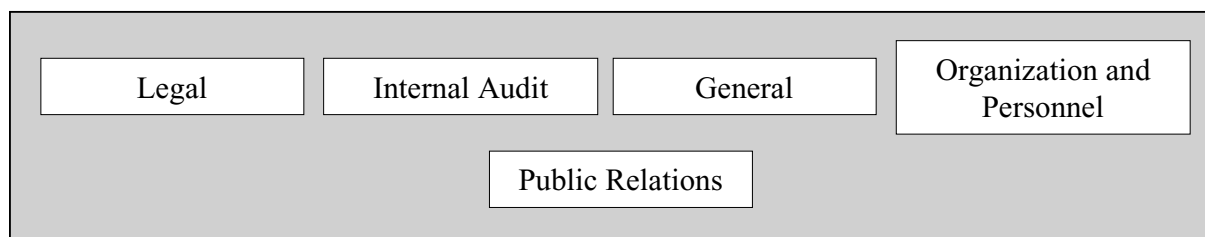
BOARD



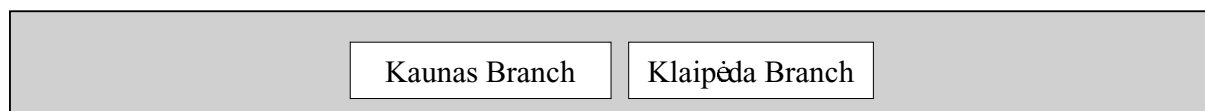
DEPARTMENTS



AUTONOMOUS DIVISIONS



BRANCHES



2 Institutional aspects

2.1 Introduction

Since the beginning of 1995, Lietuvos bankas, the Bank of Lithuania (BoL), has prepared the national balance of payments (b.o.p.) statistics, has co-ordinated all work related to the collection of the information necessary for the compilation of these statistics and has systematically monitored this work. The b.o.p. is compiled according to the basic methodological requirements and standards of presentation and publication of the International Monetary Fund (IMF) and Eurostat. Lithuania's b.o.p. is compiled monthly, quarterly and annually.

2.2 Legislative provisions

The legal responsibility is set out in Article 8 of the Law No. ix-205 on the Bank of Lithuania, as amended on 13 March 2001, which lists the functions of the BoL. Specifically, paragraph 9 of Article 8.1 states that the BoL shall "collect ... balance of payments statistics ..., implement standards on the collection, reporting and disseminating of the said statistics and compile the balance of payments of the Republic of Lithuania."

The Republic of Lithuania's Law No. viii-1511 (Vilnius, 23 December 1999) on the amendment of the Law on Statistics, in particular the chapter entitled "Management of statistics" (Article 6, which deals with the agencies managing official statistics), stipulates that official statistics in the Republic of Lithuania are to be managed by the following agencies:

- government ministries;
- other state and local self-government institutions;
- agencies; and
- the BoL, if this is provided for in the work programme for official statistics.

Resolution No. 445/4 (8 May 1997) of the Government of the Republic of Lithuania and the Board of the Bank of Lithuania on the compilation of the balance of payments of the Republic of Lithuania, states that the BoL is responsible for preparing the quarterly and annual balance of payments statistics, for co-ordinating all activities related to the compilation of the data and for managing these activities methodologically.

It further specifies that the b.o.p. must be compiled in line with the methodological requirements of the IMF and the European Union (EU), as well as standards of submission and publication of the b.o.p. Moreover, it stipulates that the information necessary to compile the b.o.p. according to the scope, structure and terms agreed upon with the BoL is to be presented to the BoL by the ministries, other public institutions and economic units listed in the "Procedure for the submission of the data necessary for the Compilation of the b.o.p. of the Republic of Lithuania" and approved by this Resolution. The BoL must resolve all matters on the preparation, implementation and organisation of new surveys (reporting forms) necessary to compile the b.o.p.

Other legislative provisions for the compilation of the Lithuanian b.o.p./i.i.p. statistics include:

- (i) Resolution No. 94 (29 June 2000) of the Board of the Bank of Lithuania on approving the forms of statistical statements used for compilation of the b.o.p.
- (ii) Law (22 August 1996) on the National Debt: "national debt means the total amount of domestic and foreign debt of the Republic of Lithuania; national currency means Lithuanian litas (LTL), the standard monetary unit of the Republic of Lithuania; foreign currency means the currency of any foreign state or the currency used by two or more

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foreign states, including the euro and special drawing rights (SDRs)”.

- (iii) Resolution No. 1200/8 (30 October 1997) of the Government of the Republic of Lithuania and the Board of the Bank of Lithuania on foreign loans procured on behalf of the state and guaranteed by the Government.
- (iv) Procedure No. 1200/8 (30 October 1997) for granting, distributing and repaying foreign loans procured in the name of the state and guaranteed by the Government.
- (v) Procedure No. 101 (14 June 2001) for the registration with the Bank of Lithuania of foreign loans received without a guarantee of the Government by legal persons or enterprises without the status of a legal person in the Republic of Lithuania and of loans granted to foreign economic entities: “economic entities must register with the Bank of Lithuania foreign loans received without the guarantee of the Government by the Republic of Lithuania or loans granted to foreign economic entities within ten business days from the day of receiving (granting) the loan or other debt instruments”.
- (vi) Resolution No. 537 (2 June 1997) of the Government of the Republic of Lithuania on the application of the Special Data Dissemination Standard (SDDS) of the International Monetary Fund in Lithuania: “... to appoint the Bank of Lithuania as co-ordinator of the application of the Special Data Dissemination Standard of the International Monetary Fund in Lithuania. The BoL shall also be responsible for the application of this Standard to the data categories of the banking sector’s analytical accounts (monetary survey) ... balance of

payments, international investment position ...”.

The 2001 Law on the Bank of Lithuania governs the compilation of data on international reserves. The Law is available on the BoL’s website (<http://www.lbank.lt>) in Lithuanian.

2.3 Internal organisation

The compilation of the b.o.p. is the responsibility of the Balance of Payments Division in the Monetary Policy Department. A small team of nine people is currently involved in this compilation, dealing with all activities relating to the b.o.p. process, from the methodology, the revision of questionnaires to analysis and the drafting of reports.

2.4 External co-operation

Please see Sub-section 3.2.

2.5 Users

Data on the b.o.p. are presented to the Government of the Republic of Lithuania, in particular to the Ministry of the Economy and the Department of Statistics of the Government of the Republic of Lithuania (Statistics Lithuania), as well as to the Committees of the Seimas (Parliament) of the Republic of Lithuania. The data are also submitted to international organisations such as the IMF, the World Bank, the Bank for International Settlements (BIS), the Organisation for Economic Co-operation and Development (OECD), the Statistical Office of the European Union (Eurostat) and the European Central Bank (ECB).

3 Statistical system

3.1 Type of collection system

B.o.p. statistics are compiled on a monthly and quarterly basis using a survey method from various data reporters.

All quarterly reports by reporting agents include:

- a record of all credit and debit transactions;
- flow and stock data; and
- a country breakdown.

As from January 2002, the Bank of Lithuania has started to publish official monthly data on the b.o.p. of the Republic of Lithuania (key items). The monthly b.o.p. is compiled for the aggregated components.

Much the same as the quarterly b.o.p., the monthly b.o.p. is compiled on the basis of statistical surveys. However, the number of respondents submitting monthly statistical statements is significantly smaller than in the case of the quarterly surveys. The number of indicators included therein is also noticeably smaller. All public institutions and commercial banks furnish the Bank of Lithuania not only with quarterly reporting data, but also with their monthly figures. Monthly reporting data from other sectors are collected by way of a sampling survey of economic entities. These economic entities are selected according either to their level of representation in a specific activity or to their scope of operations with non-residents. Of a total of almost 5,000 other sector economic entities that present quarterly reporting figures, 241 entities submit monthly reports. Reporting monthly data obtained from the sampling survey of economic entities are grossed up through the application of corresponding coefficients.

As individual monthly b.o.p. indicators are calculated with the aid of extrapolation

coefficients and by making appropriate evaluations, aggregated data of a three-month period may not coincide with the figures of the corresponding quarter. After the compilation of a quarterly b.o.p., data for the individual months of that quarter are revised.

The monthly b.o.p. data are made public 30 business days after the end of each reporting month.

For further details, please see the sub-sections on the individual b.o.p. items.

3.2 Reporting agents

B.o.p. compilation by the BoL is based on the statistical data collected from the following data sources and reporting agents:

- (i) *Statistics Lithuania* supplies the main sets of data, namely data on foreign trade (on the basis of customs declarations), on transactions of non-bank entities with non-residents (services, income, financial transactions, portfolio investment and loans, all of which are recorded on the same questionnaire (F06) by nearly 5,000 respondents), on international transportation, communication and tourism services (on the basis of specific forms (F08, F10, F11, F12, F13, F14) submitted by more than 1,000 respondents) and on flows and stocks of foreign direct investment (FDI) (on the basis of specific forms (TUII) submitted by 2,000 respondents). The data on commercial financial relations include transactions by national economic entities of all ownership forms (excluding the banking sector) with non-residents, direct foreign investment in Lithuania and direct investment by economic entities in foreign countries, as well as foreign humanitarian aid;
- (ii) *commercial banks* submit statements (B 09 01 and B 09 02) on their own cross-

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- border transactions as well as a statement (B 09 03) on international payments (only the total of incoming and outgoing international payments, with an identification of the customers, on a monthly basis) directly to the BoL;
- (iii) the *Ministry of Finance* submits data on foreign loans on behalf of the state and guaranteed by the Government, on the use of loans and their servicing costs, on the inflows received from non-residents for privatised entities in the Republic of Lithuania, on technical assistance (PHARE, SAPPARD and ISPA funds) by the EU, on membership fees paid to international financial organisations and on consulates' budgetary income;
- (iv) the *Ministry of Foreign Affairs* provides data on the expenditure of embassies and representative offices of the Republic of Lithuania, on the contributions of the country to international non-financial organisations (entry and membership fees), on technical assistance by foreign countries and international organisations and on the value added tax returned to foreign embassies and representative offices in Lithuania;
- (v) the *State Land Cadastre and Register* presents data on newly established joint companies and foreign capital companies (the amount of share capital and the structure of the established company);
- (vi) the *Border Police Department at the Ministry of the Interior* submits data on the number of people arriving in Lithuania and leaving it, broken down by nationality and mode of transport used;
- (vii) the *Board of the State Social Insurance Fund* submits data on pension funds received from and transferred abroad and on social insurance payments made by foreign diplomatic services residing in Lithuania for their local employees;
- (viii) the *Central Securities Depository of Lithuania* submits data on the distribution of securities (including Government securities) in the accounts of intermediaries for ascertaining the public distribution of securities between residents and non-residents (total, by country and by investor group); the Securities Commission provides data on opening and closing positions by type of security, and on trading in equities (packets); and
- (ix) the *Bank of Lithuania* provides data on the official international reserves and on its balance sheet.

Table I
Reporting scheme for b.o.p. and i.i.p. data collection for Lithuania

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Commercial banks	Statistical statement form B-09-01 "Statement for the compilation of the Balance of Payments"	Transactions with non-residents in services, non-resident wages and salaries and other labour relations, investment income (expenses), direct investment, portfolio investment and other investment, current transfers (transactions broken down by country). Portfolio investment and other investment are not broken down by country, specifying only their amount "Total".	Quarterly	Within 25 days after the end of reference quarter

Table I (cont'd)**Reporting scheme for b.o.p. and i.i.p. data collection for Lithuania**

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Commercial banks (cont'd)	Statistical statement form B-09-02 "Statement for the compilation of the Balance of Payments"	Only flows – outflows of 16 main indicators during the reference month.	Monthly	Within 15 days after the end of the reference month
	Statistical statement form B-09-03 "Statement on receipts from, and transfers to, foreign banks"	Transfers of the bank and its customers to non-residents and receipts from non-residents during the month. The statement comprises all the receipts from foreign banks and all sums of the transfers to foreign banks.	Monthly	On the 10 th day after the end of the reference month
Bank of Lithuania	Statistical data on international official reserves	Changes in monetary gold, SDRs, reserve position of the Fund, foreign exchange assets and other claims.	Monthly	Within 10 days after the end of the reference month
Non-financial enterprise (about 260)	Statistical statement form B-09-04 "Statement on Financial-commercial Activities of the Enterprise with Non-residents"	Financial claims vis-à-vis non-residents (loans, trade credits, deposits with foreign banks, other financial claims). Financial liabilities vis-à-vis non-residents (loans granted, trade credits, liabilities for services and other financial liabilities). Investment income and expenses (dividends, loan interest, deposit and correspondent account interest, other debt securities interest). Services delivered (received) by the enterprise to (from) non-residents by specification code).	Monthly	Within 15 days after the end of the reference month
Non-financial enterprises (about 5,000)	Statistical statement form B-09-06 "Financial-commercial Activities of the Enterprise with Non-residents." The Department of Statistics submits all enterprises' statements	Financial claims and liabilities vis-à-vis non-residents: portfolio investment (value of shares, value of debt securities, other investment – deposits, loans, trade debts, other financial claims; stocks – acquired/issued, sold/repaid, other factors; investment income and expenses: dividends, interest on other securities, interest on deposits, interest on loans, other investment income) broken down by country; services to/by non-resident by type of services and by country.	Quarterly	Within 25 days after the end of the reference quarter
Statistics Lithuania	Foreign trade data on the basis of customs declarations	Exports and imports of goods by type and partner country.	Monthly	Within 15 days after the end of the reference month
Non-financial enterprises (about 2,000)	Statistical statement form TUI-01 "Direct Investment Statement." The Department of	All components of FDI (equity capital – stocks, purchased, sold, reinvested earnings, other adjustments, stocks; stock dividends pay off; long-term/short-terms	Quarterly, annual	Within 25 days after the end of the reference quarter

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection for Lithuania

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Non-financial enterprises (about 2,000) (cont'd)	Statistics submits all enterprises' statements	loans contracted from non-residents – stocks contracted and repaid, other adjustments, stocks; other financial liabilities – residue at the beginning and end of the period; other liabilities; some indicators of "disinvestments"). All data are broken down by country and by activity. FDI by directional principle (abroad and in the reporting enterprises).		
Ministry of Finance	Data on foreign loans	Data on foreign loans received and granted on behalf of the State and with a guarantee of the government; the use of the loans and the expenses for their servicing.	Monthly	Within 30 days after the end of the reference month
	Inflows received from non-residents	Inflows from privatisation projects in Lithuania; inflows from projects involving technical assistance by foreign countries and international organisations; foreign humanitarian aid; consulates' budgetary income; membership fees paid to international financial organisations.	Monthly	Within 30 days after the end of the reference month
State Land Cadastre and Register	Register of newly established companies	Data on newly established joint companies and foreign capital companies (amount of share capital and the capital structure of the newly established company), broken down by type of investor group and country.	Monthly	Within 30 days after the end of the reference month
Border Police Department at the Ministry of Interior	Cross-border crossings by individuals	Data on the number of persons arriving in Lithuania and departing from it by citizenship and type of transport used.	Monthly	Within 30 days after the end of the reference month
Board of the State Social Insurance Fund	Inflows to the fund and funds transferred abroad	Data on the funds used to pay pensions received from abroad and funds transferred abroad and data on social insurance payments made by foreign diplomatic services residing in Lithuania for the citizens of Lithuania they employ.	Monthly	Within 15 days after the end of the reference month
Ministry of Foreign Affairs	Inflows to Lithuania and funds transferred abroad	Data on the expenses of embassies and representative offices of Lithuania, on the participation of the country in international non-financial organisations (entry and membership fees), on reimbursements of value-added tax to foreign embassies and representative offices residing in Lithuania.	Monthly	Within 15 days after the end of the reference month
Central Securities Depository of Lithuania	Statistics on trading in securities	Data on the distributions of securities (purchasing and selling) accounted for in the accounts of intermediaries of the public circulation of	Monthly	Within 25 days after the end of the reference month

3.3 Thresholds

In the case of the b.o.p., no thresholds are used.

3.4 Availability of data

The b.o.p. is currently compiled monthly and quarterly by the BoL, with input from Statistics Lithuania for the corporate sector and from public and international entities. The BoL is responsible, in particular, for collecting data from the banking sector and corporate sector (for the monthly b.o.p.). The monthly b.o.p. data are made public 30 business days after the end of a reporting month.

Data on the reserve assets are compiled monthly both for official foreign reserves and for the reserves template data. Data on the

reserve assets are available within one week after the end of the reference month for official foreign reserves and within one month after the end of the reference month for the reserves template data.

Lithuania's i.i.p. is compiled on a quarterly basis and is available 12 to 13 weeks after the end of the reference quarter.

Data are collected and classified according to the international standards recommended by the 5th edition of the IMF Balance of Payments Manual (BPM5), the classification of Eurostat's Balance of Payments Vademecum of March 2002 and the ECB publication entitled "European Union balance of payments/international investment position statistical methods" of 2002. Data are broken down by economic sector, activity and country.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Lithuania	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split ¹⁾		
	Item	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis ¹⁾			
		credits/ assets	debits/ liabilities	credits/ assets			debits/ liabilities
Current account	30 working days	30 working days	n/a	n/a	-	-	
Goods	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004	
Services	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004	
Income	n/a	n/a	n/a	n/a	-	-	
Compensation of employees	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004	
Investment income	n/a	n/a	n/a	n/a	-	-	
on direct investment	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004	
on portfolio investment	n/a	n/a	n/a	n/a	Beginning of 2004	-	
on other investment	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004	
Current transfers	30 working days	30 working days	n/a	n/a	Beginning of 2004	Beginning of 2004	
Capital account	30 working days	30 working days	n/a	n/a	Beginning of 2004	Beginning of 2004	
Direct investment	30 working days	30 working days	n/a	n/a	Beginning of 2004	Beginning of 2004	

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Equity capital	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Non-MFIs	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Reinvested earnings	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Non-MFIs	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Other capital	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Non-MFIs	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Portfolio investment	30 working days	30 working days	n/a	n/a	Beginning of 2004	–
Equity securities	n/a	n/a	n/a	n/a	Beginning of 2004	–
Monetary authorities	n/a	n/a	n/a	n/a	Beginning of 2004	–
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	Beginning of 2004	–
Non-MFIs	n/a	n/a	n/a	n/a	Beginning of 2004	–
Debt securities	n/a	n/a	n/a	n/a	Beginning of 2004	–
Bonds and notes	n/a	n/a	n/a	n/a	Beginning of 2004	–
Monetary authorities	n/a	n/a	n/a	n/a	Beginning of 2004	–
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	Beginning of 2004	–
Non-MFIs	n/a	n/a	n/a	n/a	Beginning of 2004	–
Money market instruments	n/a	n/a	n/a	n/a	Beginning of 2004	–
Monetary authorities	n/a	n/a	n/a	n/a	Beginning of 2004	–
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	Beginning of 2004	–
Non-MFIs	n/a	n/a	n/a	n/a	Beginning of 2004	–
Financial derivatives	30 working days	30 working days	n/a	n/a	–	–
Other investment	30 working days	30 working days	n/a	n/a	Beginning of 2004	Beginning of 2004
Monetary authorities	30 working days	30 working days	n/a	n/a	Beginning of 2004	Beginning of 2004
General government	30 working days	30 working days	n/a	n/a	Beginning of 2004	Beginning of 2004
MFIs	30 working days	30 working days	n/a	n/a	Beginning of 2004	Beginning of 2004
long-term	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
short-term	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Other sectors	n/a	n/a	n/a	n/a	Beginning of 2004	Beginning of 2004
Reserve assets	30 working days	–	n/a	–	Beginning of 2004	–

N/a: Information is currently not available.

–: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

1) As from 2004, Lithuania will start to collect monthly b.o.p. data with a geographical breakdown by country (all countries; euro area/non-euro area split) and all required items within 30 working days after the end of the reference period.

3.5 Data controls

The BoL carries out checks of individual reports and of the quality of time series. It also cross-checks with other statistical sources.

3.6 Revision policy

All quarterly data are changed when the annual b.o.p. is compiled.

3.7 Dissemination

The comprehensive data (the b.o.p. and the i.i.p.) are published, along with short comments, in a special monthly issue entitled “Balance of Payments of the Republic of Lithuania (main indicators)”, in a special quarterly b.o.p. bulletin entitled “Balance of Payments of the Republic of Lithuania” and in the BoL’s “Quarterly Bulletin”. The data are also published on the BoL’s website (http://lbank.lt/Eng/publications/mb00_.htm) and in the IMF’s electronic bulletin, as well as on the National Summary Data Page which has a hyperlink to the home page of the IMF’s Data Dissemination Bulletin Board (DSBB).

For the i.i.p., an advance release calendar that meets the SDDS requirements, giving precise release dates for at least one quarter ahead, appears on the BoL’s website (<http://www.lbank.lt> in the section “Statistics: Advance Release Calendar”) and on the IMF’s DSBB, which can also be accessed via a hyperlink from the BoL’s website (under the section entitled “Statistics: Special Data

Dissemination Standard”). A note to this effect is published in each issue of the BoL’s “Monthly Bulletin”. The same publication also contains a “rolling” advance release calendar, which provides precise release dates one quarter ahead. The data are released simultaneously to all interested parties by posting them on the BoL’s website at the same time as the b.o.p. data are posted. A note informing the public that the data have been released on the internet is published in each issue of the BoL’s “Monthly Bulletin”.

Two weeks later, the i.i.p. data are published in the quarterly “Balance of Payments of the Republic of Lithuania”.

With regard to reserve assets, the BoL’s “Monthly Bulletin” and “Quarterly Bulletin” have contained end-of-month data for the current year, end-of-quarter data for the two previous years and end-of-year data for the following components since December 1992: gold; holdings of SDRs; the position in the IMF; and foreign exchange (securities, currency and deposits, reverse repos).

4 Goods

4.1 Specific features of data collection

The primary data source is the foreign trade statistics prepared by Statistics Lithuania on the basis of data collected by the Customs Department on import and export declarations for goods. The Customs Department then presents the customs declarations of importers and exporters (SAD forms) to Statistics Lithuania.

4.2 Definition

The foreign trade volume is calculated on the basis of the General Foreign Trade Principles and the definition of the General Trade System and recommended methods by the Statistical Service of the United Nations. All goods that enter the country (imports)

and all goods that leave the country (exports) are registered.

The following items are considered imports:

- imports declared for use within the country;
- temporary imports for inward processing;
- imported goods after processing; and
- imports into customs warehouses.

The following items are considered exports:

- goods of Lithuanian origin;
- re-exports of goods after processing; and

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- exports of goods from customs warehouses.

Merchandise exports and imports are recorded at the time of customs clearance. Temporary exports and imports, repairs of goods, leasing goods and goods related to humanitarian aid are also included in the accounting item. Furthermore, besides customs data, trade with electricity and natural gas is also included in this item. The data on goods delivered to transport agencies at the ports are based on transport company reports.

Imports are also compiled on an f.o.b. basis. In this respect, the BoL makes some adjustments in terms of freight (about 6% of total imports)

5 Services

5.1 Specific features of data collection

Data on the services provided by resident non-financial enterprises to non-residents and the services provided by non-residents to Lithuanian economic entities are received on the basis of statistical research carried out by Statistics Lithuania. All categories of services are divided up in the questionnaire to Statistics Lithuania (see Sub-section 3.2 (i)), which enables the available data to be aggregated according to the standard groups of services as defined in the BPM5 and the extended classification of services by Eurostat and the OECD. More than 5,000 enterprises complete the said questionnaire. Approximately 75% of the answers to this questionnaire are completed.

5.2 Definition

(i) *Transportation*

This category includes cargo and

4.3 Deviations from agreed definitions

None.

4.4 Gaps

None.

4.5 Intended harmonisation

None.

4.6 Estimation methods

The BoL makes some adjustments to foreign trade - part of which can be attributed to shuttle trade in goods and services - using data on cash purchases of foreign exchange and on personal deposits converted into foreign exchange,

passenger transportation services using all means of transportation, including seaport and airport services. The primary sources of data are quarterly surveys of the cross-border transactions of major road, air, sea, and rail transportation enterprises operating in Lithuania, conducted by Statistics Lithuania (Forms F-08, F-10, F-11, F-12 and F-13). The quarterly road transport survey is supplemented by a comprehensive annual survey of small road transport operators covering their quarterly and annual transactions (Form F-17). Data are provided by approximately 1,000 enterprises.

(ii) *Travel*

Travel services include all goods and services acquired by travellers in foreign countries (a person living in a country in which he/she is not a resident for less than one year is considered a traveller). Services in the area of international

passenger transportation - i.e. the transportation of passengers between countries - are not included in the travel item. Such services belong to the category of passenger transportation services. Data on travel services are calculated on the basis of the monthly data on the number of incoming foreigners into and departing residents from Lithuania, as provided by the Border Police Department, and on the Department of Tourism's selective research on incoming foreigners and their average expenditure and length of stay.

(iii) *Other services*

The main source of information on income and expenditure related to other types of services is a quarterly survey of cross-border transactions of non-bank enterprises conducted by Statistics Lithuania (Form F-06); in this survey, the economic entities submit data on receipts from and expenditure on such categories of services and payments abroad as construction, communications, finance, computers and information technology, royalties, insurance, government services, the acquisition of licences, leasing and business leases, other personal, cultural and entertainment services, other business services and other services. A quarterly survey of banks' cross-border transactions on their own behalf is conducted by the BoL (Form B-09-01)

The largest amount of information on government services is received from the Ministry of Foreign Affairs and the Ministry of Finance. Information is based on the data on the expenditure of Lithuania's embassies abroad and on salaries paid to Lithuanian employees working abroad, on technical assistance provided by non-residents and on quarterly data provided by the Lithuanian tax authorities on value-added tax refunds to embassies and international organisations. Additional information on various services is collected from other official sources.

5.3 Deviations from agreed definitions

None.

5.4 Gaps

None.

5.5 Intended harmonisation

None.

5.6 Estimation methods

See Sub-section 4.6.

6 Income

6.1 Specific features of data collection and definitions

Data on income are obtained from the quarterly reports of non-banking enterprises and from the reports submitted by commercial banks, ministries and departments as well as the BoL.

6.1.1 Compensation of employees

Information on compensation of employees is obtained from:

- (i) quarterly information provided by the Post Office (on money orders, for instance);
- (ii) quarterly data on social insurance contributions paid by non-exempt foreign

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embassies for resident employees in Lithuania;

- (iii) reports of non-financial enterprises; and
- (iv) the Ministry of Foreign Affairs (for data on the expenditure of Lithuania's embassies abroad).

6.1.2 Income on direct investment

The main sources of data on direct investment income (expenditure) are:

- (i) a quarterly survey of enterprises involved in direct investment, conducted by Statistics Lithuania (Form TUI-01); and
- (ii) quarterly reports of commercial banks.

Income from direct investment means income calculated on behalf of a direct investor on the capital invested by him in the form of direct investments. This income comprises:

- dividends;
- distributed profits of foreign branches;
- reinvested earnings; and
- income (interest) on debt liabilities.

The total sum of dividends paid (i.e. before tax) is reflected in the b.o.p. Dividends may be paid in cash or in shares (capitalisation of current income). Dividends on liquidation are excluded, since they reflect the return on invested capital and not a transfer of income. These dividends are shown as capital withdrawals. Where declared dividends have not been paid, the data presented as direct investments under other bank assets are increased by the respective sum.

Reinvested earnings are recorded in full for both inward and outward investment. Reinvested earnings mean that a direct investor's profit (loss) is not distributed in the form of dividends but is retained by the

enterprise concerned. Reinvested earnings are recorded for the period under review during which the respective profit was made (or loss incurred). They are calculated by deducting the tax due, the dividends payable (if declared) and the remuneration of board members from the profit made during the reporting period.

6.1.3 Income on portfolio investment

Income (interest) on portfolio investment includes income on preference shares that grant the right to receive additional payments within a fixed amount (these payments are not considered dividends and are treated as interest). This income also comprises:

- dividends on preference shares that do not grant the right to the assets of an enterprise in liquidation; and
- interest on other debt securities (bonds, bills, cheques and other similar liabilities).

The accruals principle is applied to income on portfolio investment on the basis of quarterly surveys.

6.1.4 Income on other investment

This item comprises:

- interest on trade credits; and
- interest on loans.

Interest on loans also comprises interest on loans on behalf of the state, interest on loans guaranteed by the government and other investment expenditure (penalties, forfeitures).

The main sources of data on portfolio and other investment income are as follows: quarterly reports of non-financial enterprises, quarterly reports of banks and the information from the Ministry of Finance on interest paid on government debt securities,

loans received on behalf of the state and guaranteed by the government.

6.2 Deviations from agreed definitions

None.

6.3 Gaps

None.

6.4 Intended harmonisation

None.

6.5 Estimation methods

None.

7 Current transfers

Data are received from various government agencies and the banking sector. The primary sources of data are:

- (i) quarterly data on humanitarian aid provided by Statistics Lithuania;
- (ii) quarterly data on current transfers from abroad to government and other sectors provided by the Ministry of Foreign Affairs and the Ministry of Finance. The Ministry of Finance and the Ministry of Foreign Affairs also submit data on entry and membership fees paid by the government to international organisations;
- (iii) quarterly estimates of compensation of employees and workers' remittances,

based on data on cross-border transfers provided by the Post Office;

- (iv) quarterly data on cross-border pension receipts and payments, provided by the Social Insurance Fund Board and Savings Bank;
- (v) data on grants in kind to general government (such as military equipment), provided by the customs authorities; and
- (vi) data on cross-border transactions by individuals, sports organisations, etc., obtained from a monthly survey of banks conducted by the BoL (Form B-09-03).

Also see Sub-section 8 below.

8 Capital account

8.1 Specific features of data collection

The main sources of data are:

- (i) quarterly data on capital transfers to government and other sectors, provided by the Ministry of Foreign Affairs and the Ministry of Finance;
- (ii) data on debt forgiveness transactions of other sectors, obtained from the

quarterly survey of cross-border transactions of non-bank enterprises conducted by the Statistics Lithuania (Form F-06); and

- (iii) data on debt forgiveness transactions of banks, obtained from the quarterly survey of cross-border transactions of banks conducted by the BoL (Form B-09-01).

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8.2 Definition

See Sub-section 8.1.

8.3 Deviations from agreed definitions

None.

8.4 Gaps

No other items are recorded except those mentioned in Sub-section 8.1. Inter alia, there is no coverage of migrants' transfers and the acquisition/disposal of non-produced non-financial assets.

8.5 Intended harmonisation

None.

9 Direct investment

9.1 Specific features of data collection

The sources are:

- (i) a quarterly survey of enterprises involved in direct investment, conducted by Statistics Lithuania (Form TUI-01);
- (ii) data provided by the State Land Cadastre and Register on the equity capital transactions of new direct investment enterprises registered during the latest quarter but not yet covered by the Statistics Lithuania survey; and
- (iii) quarterly data provided by the Ministry of Finance on direct investment arising from the privatisation of state-owned enterprises (the revenues of the Privatisation Fund).

With regard to (i), Statistics Lithuania's consolidated quarterly and annual data on FDI (the BoL collects banking sector data), Statistics Lithuania has devised a questionnaire on FDI in line with the OECD's Detailed Benchmark Definition of FDI, which is circulated to more than 2,000 respondents four times a year. This questionnaire covers all components of FDI by direction of investment. It comprises resident direct investment abroad and non-resident direct investment in the Lithuania. Capital invested by a direct investment enterprise in its direct investor (reverse investment) is regarded as

an offsetting item to capital invested by a direct investor and by related enterprises in the direct investment enterprise. In other words, such capital is considered "disinvestment" by the direct investor, rather than an asset of the direct investment enterprise. The data are available in full broken down by country and activity.

With regard to (ii), the State Land Cadastre and Register provides data reported quarterly and annually on joint ventures and enterprises established with foreign capital (i.e. the amount of an enterprise's authorised capital and the share of its capital that is owned by non-residents). For b.o.p. purposes, 25% of the percentage of foreign subscribed capital is taken into account at the time of the registration of joint ventures or enterprises established with foreign capital. In other words, those companies which are registered in the current quarter are not included in the statistical survey and their data are included directly in FDI flows and stocks.

With regard to (iii), the Ministry of Finance provides data reported monthly, quarterly and annually, broken down by country and activity, on revenues received from non-residents for privatised entities in the Republic of Lithuania and on other subsidies and funds received from abroad (related to FDI).

Furthermore, the Central Securities Depository of Lithuania provides data reported quarterly and annually on how securities are distributed among Lithuanian economic entities and non-residents (in total and broken down by country and type of investor) as reflected in the accounting of intermediaries in public securities trading. The Securities Commission provides data on opening and closing positions by type of security and on receipts and payments from trading in equities (packets).

FDI data in the b.o.p. is broken down by geographical area (i.e. by country, namely EU 15, extra-EU 15, euro area, EFTA country, United States, Japan and Canada) and by economic activity (using ISIC/NACE codes corresponding to the economic activities used in the Eurostat/OECD codification for economic activity groups).

9.2 Definition

Foreign direct investment is understood, in line with the methodology of the IMF and the methodological directions of Eurostat, as investment creating long-term economic financial relations and interests between a foreign direct investor and a direct investment company. According to the OECD's Detailed Benchmark Definition of FDI, a holding of 10% of the voting rights is recognised as the lowest limit under which a foreign direct investor is able to participate in the management of a direct investment company. Foreign investment holdings of less than 10% of the voting rights are attributed to portfolio investment, instead of to direct investment. Not only primary capital investment is attributed to foreign direct investment, but also all later operations between the investor and the direct investment company. Foreign direct investments consist of stock capital (shares valued at market price), reinvested earnings (the proportion of profit (loss) directly attributed to a foreign investor that was not distributed in the form of dividends during the period under review and remained in the

company) and other capital (liabilities between the foreign direct investor and the direct investment company in borrowing and lending assets).

Foreign investors are understood to be foreign enterprises (legal persons) other than citizens of Lithuania (natural persons), or persons without citizenship, permanently residing abroad, whose capital at the time of investment is of foreign origin and who invest in the Republic of Lithuania.

Investments are understood as monetary funds and tangible, intangible and financial assets appraised in the manner established by laws and other legal acts, invested with a view to earning profit (income) from the object of investment. Investing means actions by investors whereby they acquire the right of ownership or of creditors against the investment object, or the right to manage and use this object.

Investors are understood as the Republic of Lithuania and foreign states, international organisations, legal and natural persons of the Republic of Lithuania, as well as enterprises without the rights of a legal person, who, in accordance with the procedures established by the law of the Republic of Lithuania, invest their own borrowed assets in trusts. Strategic investors are investors with whom the Government of the Republic of Lithuania, or an authority empowered by it, enters into an investment contract. Investment objects are understood as the ownership capital of an economic entity, all types of securities, fixed assets and long-term intangible assets.

In compliance with both the Law on Commercial Banks of Lithuania and the Companies Act, paid-up but not registered capital does not entail any awarding of property and non-property rights to a shareholder, so that the said capital may not be attributed to direct investment. It is treated like other liabilities and entered under other investment (portfolio investment, other investments). Other bank

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assets and other liabilities with respect to direct investment comprise:

- other debt securities (including preference shares that do not award any right to an enterprise's assets upon its liquidation);
- loans (when a direct investor awards a loan to a subsidiary enterprise, or vice versa);
- overdue loans (if their maturity is not extended);
- liabilities on goods and services, other financial assets and other liabilities to non-residents;
- calculated but unpaid dividends; and
- interest on loans (if not paid out).

9.3 Deviations from agreed definitions

Private non-business real estate investment is not included.

9.4 Gaps

None.

9.5 Intended harmonisation

None.

9.6 Estimation methods

Estimates are necessary in order to record some of the flows and stocks of stock companies which are not fully covered by the usual reporting system of Statistics Lithuania. In particular, if a new stock company is established in Lithuania, it is obliged, under the procedures for the registration of joint ventures and foreign capital enterprises, to deposit 25% of its total

registered foreign capital with a Lithuanian bank. Since these flows are not captured by the usual reporting system of Statistics Lithuania, the BoL has to estimate these flows.

The estimation methods applied are as follows:

- (i) The BoL counts final FDI indicators - flows and stocks - on the basis of collected data. From Statistics Lithuania, the BoL receives aggregated reports on FDI, total data on portfolio investments and, separately, the same kind of data on stock companies and commercial banks. The BoL aggregates all foreign direct and portfolio investment data on stock companies (except for data on corporations whose shares are not quoted on the stock exchange) and banks and calculates the shares of FDI and portfolio investment.
- (ii) The BoL uses data on foreign investment (buying and selling) in resident equity capital from the Central Securities Depository and Lithuanian Securities Commission. Although these data do not distinguish between FDI and portfolio investment and although the coverage of economic entities is lower, they indicate transactions with non-residents at market prices. From these data, the BoL deducts total FDI and portfolio data, which it has obtained from quarterly surveys of stock companies and banks (see item (i) above).
- (iii) If the final result is larger, i.e. if the sum total of FDI and portfolio investment at market prices exceeds that taken from the statistical surveys, the BoL makes adjustments - expands the survey data proportionally in the shares of FDI and portfolio investment.
- (iv) To the adjusted figure, the BoL adds data on privatisation and data on new registered foreign capital (25% of total registered foreign capital, as is required

to deposit under the procedure for the registration of joint ventures and foreign capital enterprises) in the respective

accounting period (see also Sub-section 9.1 (iv)).

10 Portfolio investment

10.1 Specific features of data collection

The primary sources of data are:

- (i) the quarterly survey of cross-border transactions of non-bank enterprises, conducted by Statistics Lithuania (Form F-06);
- (ii) the quarterly survey of cross-border transactions of banks, conducted by the BoL (Form B-09-01);
- (iii) information from the Ministry of Finance on the government's cross-border transactions in debt securities; and
- (iv) data obtained from the Central Securities Depository and the Lithuanian Securities Commission on the distribution of securities (including government securities). These data are obtained from the accounts of intermediaries on transactions in securities between residents and non-residents.

Furthermore, investments in securities are reflected in the special monthly reports of intermediaries, which are requested under the General Regulations on Accounting for Investments in Securities in Credit Institutions (Resolution No. 253 of the Board of the Bank of Lithuania of 20 November 1997).

Portfolio investment stocks are broken down further by instrument, sector and maturity.

10.2 Definition

Portfolio investment is understood as foreign investment involving less than 10% of the

voting rights and no extensive powers in corporate management decisions. Portfolio investment comprises acquired debt securities (shares confirming the participation of holders thereof in the capital and awarding less than 10% of the voting rights) as well as market and investment securities (bonds, bills, promissory notes, certificates of deposits, etc.) that confirm the issuer's debt and that will be repurchased within a certain time-frame.

In compliance with the b.o.p. compilation methodology, the remaining proportion of equity (including reserves) that awards property rights to a shareholder is excluded from portfolio investment.

10.3 Deviations from agreed definitions

None.

10.4 Gaps

None.

10.5 Intended harmonisation

None.

10.6 Estimation methods

None.

11 Financial derivatives

11.1 Specific features of data collection

Banks account for financial derivatives in off-balance sheet items: amounts receivable are shown as off-balance-sheet claims, whereas amounts payable are shown as off-balance-sheet liabilities. Financial derivatives are accounted for when they are created or sold, or when other actions provided thereunder are effected. Purchase (sale) transactions are accounted for at the market value.

11.2 Definitions

Included are foreign exchange purchases (sales), interest rate, precious metals and liability-related financial derivatives transactions (forwards, swaps, futures and options).

11.3 Deviations from agreed definitions

None.

11.4 Gaps

None.

11.5 Intended harmonisation

None.

11.6 Estimation methods

None.

12 Other investment

12.1 Specific features of data collection

The sources of data are as follows:

- (i) the quarterly survey of cross-border transactions of non-bank enterprises conducted by the Statistics Lithuania (Form F-06); and
- (ii) the quarterly survey of cross-border transactions of banks conducted by the BoL (Form B-09-0); and
- (iii) information from the Ministry of Finance on government loans received (and repaid) on behalf of the state and guaranteed by the government.

Breakdowns are available by sector, instrument and maturity.

12.2 Definition

Other investment is classified by the type of financial instrument: deposits and cash, loans,

debts for goods and services and other financial assets and liabilities that are not attributed to direct investment and portfolio investment.

Other investment of the banking sector is understood as all remaining financial operations, other than those included in direct investment and portfolio investment. They comprise liabilities for goods and services, loans, cash and deposits, as well as other assets and liabilities. Liabilities for goods and services are understood as financial claims and liabilities arising when goods and service flows differ from the time of actual settlement.

Loans cover all loans granted by banks to non-residents as well as loans received from non-residents (excluding loans raised on behalf of the state and guaranteed by the Government). Loans also include leases, repos and overdrafts. In the case a lease, the lessee covers expenditure incidental to the acquisition of goods. Other investment reflects the payment of the principal, whereas

income and expenses are treated as interest payable or receivable on the lease. In accordance with their economic intent, repos are attributed to collateralised loans, in which case the seller of securities grants the buyer a certain sum of money which is guaranteed by securities for the period of validity of the agreement, and subsequently, upon repurchase of the securities, receives interest on the fixed price. As a rule, ownership of the securities does not change and the seller does not have the right to sell them.

Cash and deposits comprise cash in foreign currency and travellers' cheques in banks (shown only in the financial assets part of commercial banks' monthly statements), demand deposits and correspondent account balances with foreign banks. Time deposits are attributed to loans for the purposes of the b.o.p.

Other assets and other liabilities cover operations not included in the aforementioned items. Other assets include non-resident loans that have not been repaid or extended, as well as outstanding dividends and interest, whereas other liabilities comprise outstanding loans to non-residents, outstanding dividends, etc. In line with both

the Law on Commercial Banks of Lithuania and the Companies Act, paid-up but not registered capital of banks may not award property or non-property rights to a shareholder; therefore, this capital is attributed to other investment and is entered under other liabilities in commercial banks' monthly statements. This item includes credit or debit liability (i.e., miscellaneous payable and receivable accounts).

12.3 Deviations from agreed definitions

None.

12.4 Gaps

None.

12.5 Intended harmonisation

None.

12.6 Estimation methods

None.

13 Reserve assets

13.1 Specific features of data collection

The data source is the BoL's Accounting Department. IMF data is used to compile the reserve position in the IMF.

13.2 Definition

Reserve assets are external assets that are readily available to and controlled by monetary authorities for the direct financing of payment imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange markets to affect the exchange rate and/or for other purposes.

Reserve assets refer to liquid, marketable and creditworthy foreign currency-denominated claims (consisting of foreign exchange and deposits, securities and reverse repos) on non-residents plus monetary gold, holdings of SDRs and the reserve position in the IMF.

The reserve assets are under the effective control of the monetary authority.

Positions vis-à-vis residents and positions in non-convertible and local currencies vis-à-vis non-residents are excluded.

Reserve assets are compiled in accordance with the gross concept, without any netting with monetary authorities' liabilities.

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Reserve assets include interest accruals on securities.

The BoL does not perform reversible transactions with gold, but such transactions would be treated as collateralised loans.

At present, there are no financial derivatives positions to be included in the reserve assets item.

13.3 Deviations from agreed definitions

There are no deviations from the BPM5 in reserve assets.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.1 General

Lithuania's i.i.p. is compiled on a quarterly basis and becomes available 12 to 13 weeks after the end of the reference quarter. The data on the i.i.p. are disseminated in Lithuanian litas (LTL), euro (EUR) (since 2002, data for 2001 are also available) and US dollars (USD) for each of the standard components according to the BPM5. The i.i.p. is compiled on the basis of real stock data.

The i.i.p. is compiled separately for assets and liabilities. The foreign assets component includes direct investment abroad, portfolio investment, other investment and reserve assets. The foreign liabilities component includes direct investment in Lithuania, portfolio investment and other investment. Portfolio investment is broken down further by instrument, namely into equity securities and debt securities, and other investment is subdivided into trade credits, loans, foreign exchange and deposits, other assets and liabilities.

13.4 Gaps

At present, there are no transactions that cannot be covered by the reporting system.

13.5 Intended harmonisation

At present there are no plans for improving the data regarding reserve asset transactions.

The data on the assets and liabilities positions are broken down further by sector (BoL, commercial banks, non-financial enterprises and government) and show the position as at the end of the reference period. The methodology used to compile the i.i.p. data is based on the BPM5. A country breakdown is also available.

Scope of the data

(i) Institutional coverage:

- banks: all banks are included;
- non-banks: information on the financial and commercial relations of all national economic entities, irrespective of the form of ownership, with non-residents. Currently, data are collected from around 6,000 enterprises.

(ii) Geographical coverage:

- no geographical regions are excluded from recording.

Accounting conventions

(i) Conversion to unit of account:

- data are reported in LTL, in accordance with the Accountancy Act.

- (ii) Valuation:
transactions are generally recorded at market prices.

Compilation practices

- (i) Verification and other practices:
all i.i.p. components are analysed both for internal consistency and for consistency over time. In addition, data are reconciled with those obtained through other sources and statistical frameworks.
- (ii) Adjustments to improve coverage/classification/timing/valuation:
No adjustments are made to the values the BoL obtains from commercial banks, enterprises and Statistics Lithuania.

14.1.2 Direct investment

Direct investment data are derived from quarterly reports from enterprises and commercial banks. For further details on data collection, see Sub-section 9.1.

In principle, the basis for valuation is the market price, but a market price is often not available for enterprises whose shares are not quoted on the stock exchange. In practice, the book value is used to determine the proportion of the value of the direct investment stock.

Lithuania uses the directional principle for the calculation of FDI, which is in line with the BPM5. All transactions by the direct investor with the direct investment enterprise are FDI abroad and all transactions by the direct investment enterprise with the direct investor are FDI in the reporting economy. Capital invested by the direct investment enterprise in its direct investor (reverse investment) is regarded as an offsetting item to capital invested in the direct investment enterprises by a direct investor and its related enterprises. In other words, such capital is regarded as disinvestment by the direct

investors, rather than as an asset of the direct investment enterprise.

Direct investment is broken down by country and activity.

The BoL carries out adjustments for changes in exchange rates, as well as other adjustments.

14.1.3 Portfolio investment

The primary sources of portfolio investment stock data are the quarterly reports of enterprises and commercial banks as well as the data of the Central Securities Depository of Lithuania on the distribution of securities (including Government securities). These data are obtained from the accounts of intermediaries on transactions in securities between residents and non-residents. Portfolio investment stocks are broken down further by instrument, sector and maturity.

For further details, please see Sub-sections 10.1 to 10.6.

14.1.4 Financial derivatives

Stocks for financial derivatives (assets and liabilities) are compiled separately.

14.1.5 Other investment

The primary sources of data are the quarterly reports from enterprises and commercial banks, as well as data from the BoL and the Ministry of Finance.

14.1.6 Reserve assets

The primary source of data is the BoL's accounts. The data are compiled monthly for both official foreign reserves and for the reserves template. Data on the reserve assets become available within a week after the end of the reference month with respect to the

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official foreign reserves and within a month after the end of the reference month with respect to the reserves template.

The gross official reserves data are fully reconciled with the b.o.p. data; both sets of data are published in the “Quarterly Bulletin”. Historical data on gross official reserves and major reserve-related liabilities of the BoL can be found on the bank’s website (<http://www.lbank.lt>).

Data on the total gross official foreign reserves are disseminated in USD millions. The data cover the reserves of the central bank and the position in the IMF, and are based on the accounting records of the BoL. The data are published with the following breakdown by instrument and currency:

- gold;
- convertible foreign currency (securities, currency and deposits and reverse repos);
- holdings of SDRs; and
- the position in the IMF.

International reserves are measured from stocks of claims on non-residents.

International reserves are valued at current market prices. Data on deposits with foreign banks do not include interest accrued but not yet credited to the BoL’s accounts.

Monetary gold holdings are revalued once a year on the last working day, at the lowest value of the London gold fixing during a year, if this value is lower than the book value. Most recently, the gold holdings were revalued at USD 252.8 per fine ounce at the end of 1999. Holdings of foreign exchange (cash) are revalued on a daily basis. Coupon-bearing securities are revalued once a month on the last working day and discount securities are revalued once a year on the last working day using the bid prices

prevailing on the secondary markets. The value of securities on the reference date includes accrued interest.

Data are converted into LTL or USD equivalents on the basis of the official exchange rates announced by the BoL.

Since the end of April 2000, Lithuania has disseminated data on the international reserves and reserve-related liabilities in the Data Template on International Reserves and Foreign Currency Liquidity (IMF Data Template). The IMF’s Operational Guidelines provide the metadata for both the official reserve assets and the complete reserves template. For the template, stocks of major reserve-related liabilities of the BoL are published, including banks’ required reserves in foreign currency, central government deposits in foreign currency, IMF loans to the BoL and repos.

Reserve assets data comprise the official reserves of the BoL and government claims on the IMF. Template data also cover the activities of the central government, excluding social security funds. Foreign assets in non-convertible currencies, as well as all other assets that do not meet the definition of reserve assets, are excluded. At present, there are no financial derivatives positions to be included in the reserve assets.

14.2 Deviations from agreed definitions

None.

14.3 Gaps

In direct investment, private non-business real estate investment is not included.

14.4 Intended harmonisation

None.

14.5 Estimation methods

None.

15 Contacts

This country information was drafted by Lithuania in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Lithuania should be addressed to:

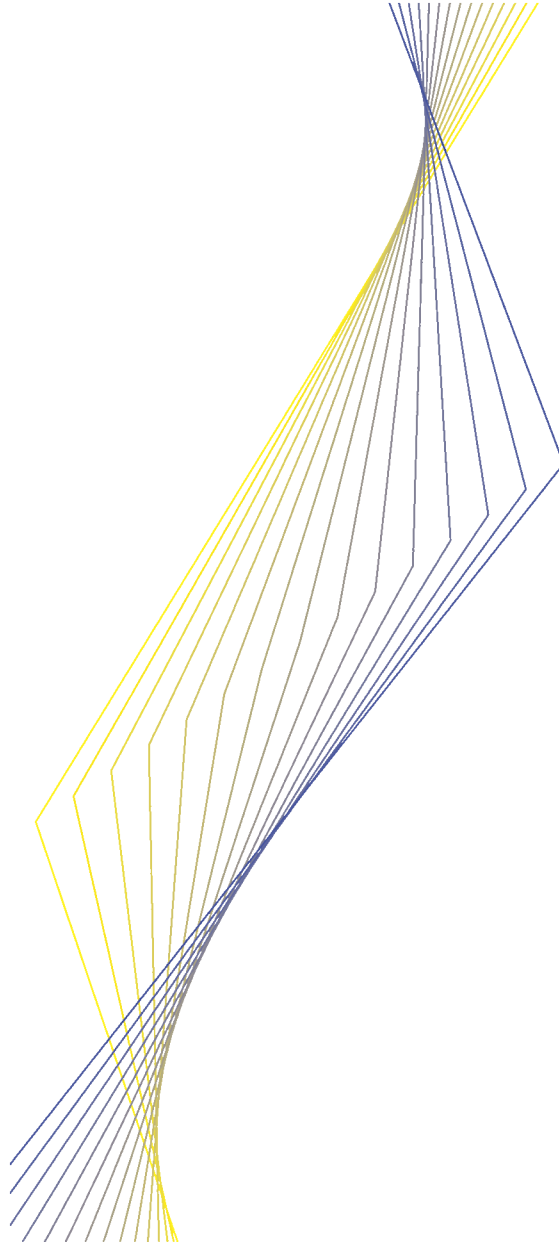
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EUROPEAN CENTRAL BANK

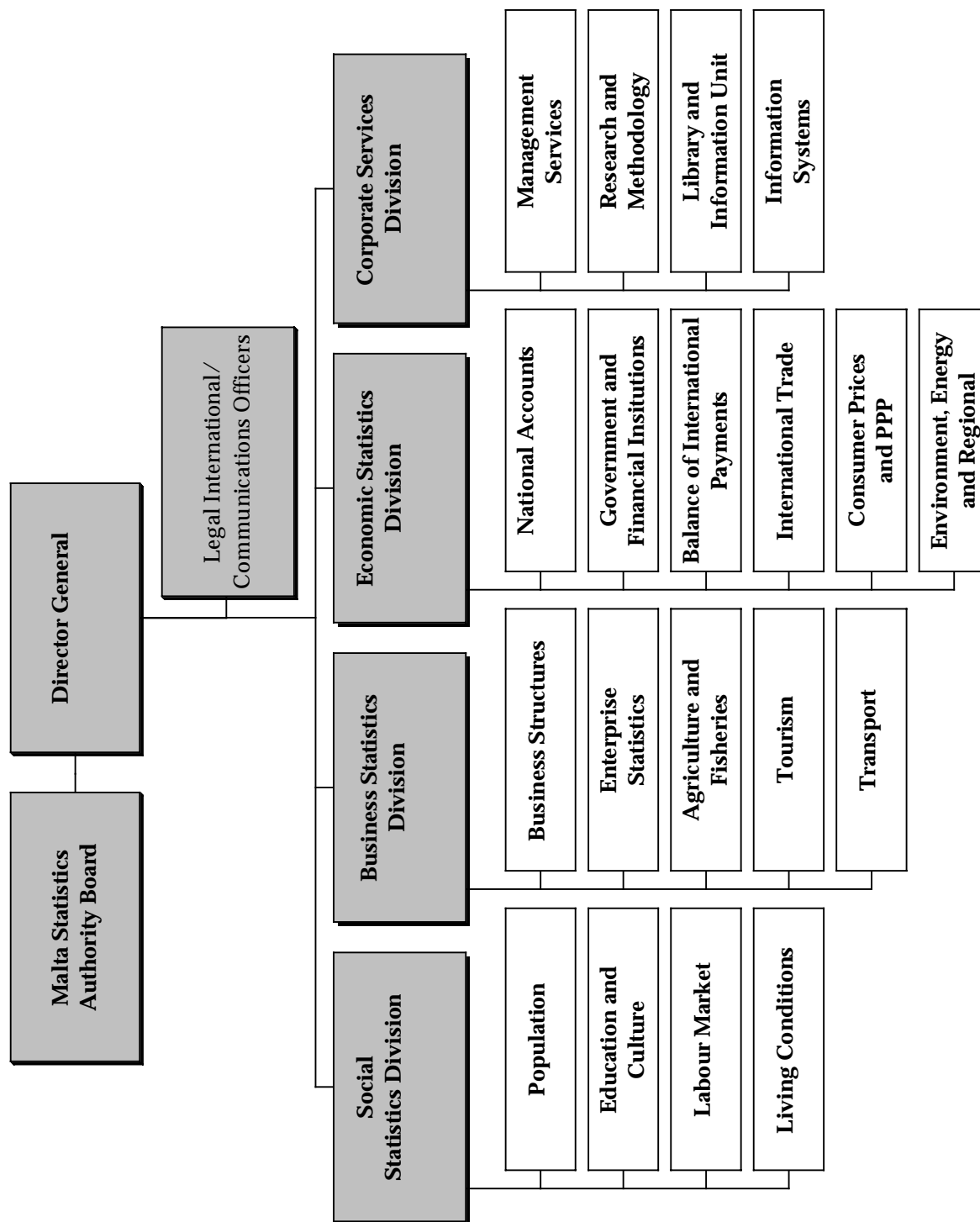


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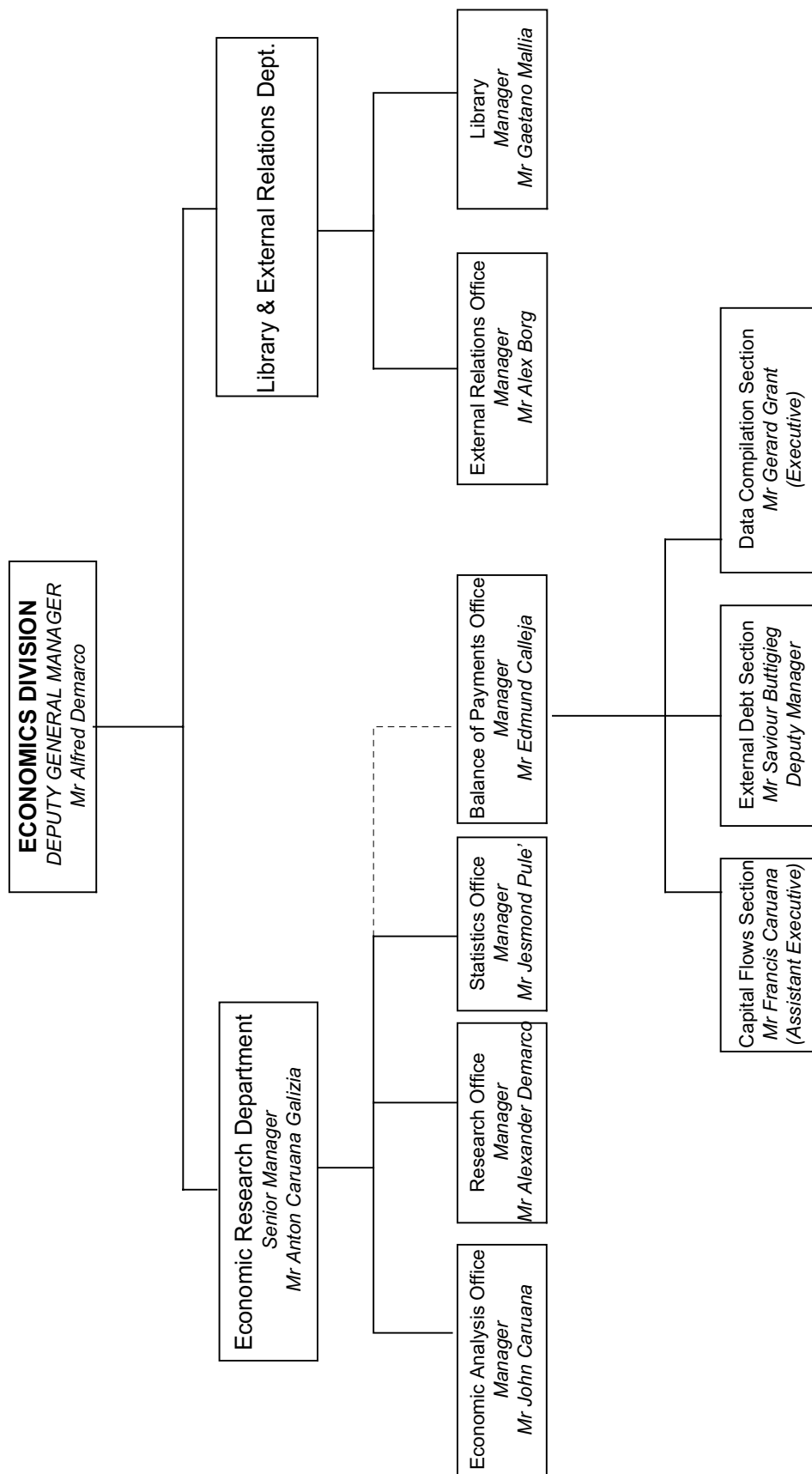
May 2003

I Organisation chart

NATIONAL STATISTICS OFFICE



Central Bank of Malta



2 Institutional aspects

2.1 Introduction

The preparation and presentation of the balance of payments (b.o.p.) statement of Malta has been the responsibility of the National Statistical Office (NSO) since 1954, the year that such data started to be published by the statistical authorities in Malta. Since 1993, the compilation process has been enhanced by the participation of the Central Bank of Malta (CBM). The CBM, through its Balance of Payments Data Compilation Section, co-operates actively with the NSO in the collection, vetting and compilation of b.o.p. data throughout the year. The b.o.p. statement is compiled on a transaction basis. Both the current and the capital and financial accounts are published quarterly and annually.

The CBM has an additional role in the b.o.p. compilation process. It collects data on cash-based transactions between residents and non-residents, as recorded by local banks, on a monthly basis. It also collects and compiles data on the external financial assets and liabilities of the various sectors of the Maltese economy.

The CBM and NSO have shared competency in the compilation of the international investment position (i.i.p.). In 1999, the CBM and NSO undertook to align b.o.p. and related data with international standards. By March 2000, data covering the years 1995 to 1999 were revised and reclassified in accordance with the 5th edition of the IMF Balance of Payments Manual (BPM5).

At present, the NSO together with the CBM are developing a framework for a future direct reporting data collection system (DR), which will be based on statistical surveys. The system will be used for compiling both monthly and quarterly b.o.p. and i.i.p. statistics.

2.2 Legislative provisions

The Malta Statistics Authority Act (Act XXIV of 2000) provides for the establishment of an Authority to regulate functions regarding resources relating to the collection, compilation and publication of official statistics. The legislation also regulates the NSO and establishes its functions, which include the collection, compilation, extraction and release of official statistics. The Director General who heads the NSO is also an ex officio member of the Board of the Authority. He carries out the day-to-day operations of the office within the Authority in accordance with the general lines of policy established by the Authority (Section 9).

One of the main functions of the Authority is to regulate and generally supervise the production of official statistics in accordance with international requirements and standards (Section 7 (b)).

The First Schedule to the Act covers matters, including the b.o.p., in respect of which statistics may be collected, prepared and published. Section 43 of the Act outlines the administrative penalties. A person is liable to pay a penalty of MTL 50 (EUR 127)¹ for every month that elapses from the end of the deadline for the provision of requested information (Section 43-1 (a)). A person is liable to pay a penalty of MTL 100 (EUR 254)¹ if that person fails or refuses to provide information requested by the Director General (Section 43-1 (b)).

The new Central Bank of Malta Act of 2002 empowers the CBM to collect statistical information from persons. In fact, Section 24A (3) (g) allows the bank to collect b.o.p./i.i.p. data from any "person who holds external assets and liabilities or carries out cross border transactions which the Bank

¹ Opening middle EUR/MTL exchange rate on 31 May 2001: MTL 2.5369.

determines are relevant to compile b.o.p. statistics or to establish the balance of the stock of external financial assets and liabilities for Malta, otherwise referred to as the International Investment Position.” The CBM may, through the adoption of appropriate directives, provide for administrative penalties.

2.3 Internal organisation

The BOP Section of the NSO is responsible for the collection, checking and processing of data. A similar section at the CBM provides support in this task. There are nine staff members working in these units, five at the NSO and four at the CBM.

An analysis of the quarterly b.o.p. is given in the NSO News Release, which is published less than three months after the reporting period. Furthermore, an analysis of b.o.p. data is carried out by the Economic Analysis Office of the Economic Research Department of the CBM. This analysis is published in the CBM’s Quarterly Review and Annual Report. Annual data are also analysed and published by the CBM and the Economic Policy Division of the Ministry of Economic Services.

2.4 External co-operation

At the NSO, the BOP Section works closely with the National Accounts Section, particularly where GDP and GNP issues are concerned. As regards merchandise trade data (customs-based), these are received by the Trade Section of the NSO and passed on to the BOP Section every month. The BOP Data Compilation Section of the CBM in turn provides information about travel earnings and expenditure to the Travel Section of the NSO, as the latter is responsible for compiling tourism statistics. In addition, the BOP Section of the NSO receives data in line with specific requests made to the Ministry of Finance and the Treasury Department. These data cover debt servicing, the acquisition of immovable

property in Malta by non-residents and capital grants.

The BOP sections of the NSO and the CBM have recently been in close contact with a b.o.p. expert from the De Nederlandsche Bank in connection with the development of a direct reporting data collection system. The sections have also been working closely with Eurostat on electronic data interchange (EDI) requirements and with the European Central Bank (ECB) on new developments in the area of b.o.p./i.i.p. statistics. Technical missions from the International Monetary Fund (IMF) have also advised the Maltese statistical authorities on b.o.p. issues in recent years. The NSO sends b.o.p. and i.i.p. data to the IMF and Eurostat on a regular basis. Moreover, the CBM BoP Data Compilation Office also sends quarterly b.o.p. and annual i.i.p. data to the ECB.

2.5 Users

The main user within the NSO of b.o.p. and related statistics, where data on exports and imports of goods and services as well as investment income are concerned, is the National Accounts Section. Other internal users include the Travel Section of the NSO with regard to travel earnings and expenditure. The Economic Research Department of the CBM also uses b.o.p. and related statistics for economic analysis.

The external users of b.o.p. and related statistics at the government level are the Economic Policy Division of the Ministry of Economic Services. Outside the public sector, there are several organisations and enterprises in tourism, industry and the financial sector which frequently make use of such data. International organisations also using these data include the IMF and Eurostat and, recently, the ECB, the Organisation for Economic Co-operation and Development (OECD) and the United Nations. Other external users are credit rating agencies and financial institutions.

3 Statistical system

3.1 Type of collection system

The type of data collection system used to compile b.o.p. statistics is a mixed system based on enterprise survey data, a partial settlements system, customs data and other data sources. The partial settlements system captures cash-based transactions between residents and non-residents that pass through the local banking system. The data collected on services and the financial account are used in conjunction with other data sources.

Another important element of the collection system is the quarterly enterprise survey based on the top companies operating in the various sectors of the national economy and an annual survey sent to an even larger number of companies. This survey covers the services transactions of these enterprises and their financial account transactions. The changes in the short-term assets and liabilities of non-financial enterprises are derived from stock statistics, i.e. the changes in such assets and liabilities, as shown in the enterprises' balance sheet positions from year to year.

Merchandise trade data are provided to the NSO by the Government's Customs Department. Exports are reported f.o.b., while imports are given on a c.i.f. basis.

Financial account transactions of the banking sector are derived from changes in the stocks of assets and liabilities, as reported by credit and financial institutions in the financial returns they submit to the Banking Unit Office of the Malta Financial Services Authority (MFSA) on a monthly and quarterly basis. Data on the current account transactions of the banking institutions are derived from their profit and loss accounts.

In addition, the b.o.p. compilers obtain further statistical information on specific current and financial account transactions from various government departments.

Data on external reserves are submitted to the b.o.p. compilers by the CBM's Finance Office on a monthly basis. Other information provided by the Finance Office include revaluation adjustments, investment income and service payments effected by the CBM.

The i.i.p. is compiled for all the various sectors of the economy. Details on data sources, concepts, methods and the coverage of the i.i.p. are given in Sub-section 14.1 below.

All b.o.p. and i.i.p. information submitted by reporting agents, except for the banking sector, includes a regional breakdown where services, financial account transactions and stock positions are concerned. In the case of merchandise trade data reported by the Trade Section of the NSO, a complete country breakdown is provided. However, a classification by currency of b.o.p. and i.i.p. data is not available.

Additional sources of information for b.o.p. purposes include:

- data on loans and portfolio investment abroad from the CBM's BOP Office;
- newspaper clippings on b.o.p. issues and developments;
- the aggregated balance sheet of collective investment schemes, which is provided via the MFSA. This institution is currently responsible for regulating and supervising all institutions involved in financial services in Malta; and
- annual financial reports of non-financial enterprises.

3.2 Reporting agents

- (i) The *monetary authority sector*: the CBM's statutory functions to conduct monetary policy, promote a sound financial system

and advise the Government on economic and financial matters are performed mainly on the basis of money and banking statistics compiled by the CBM's Statistics Office, and b.o.p. and related data compiled by the BOP Sections of the CBM and NSO.

The Finance Office of the CBM prepares the Bank's monthly balance sheet, which is submitted to the Statistics Office for consolidation with the rest of the banking sector. The Finance Office also submits to the b.o.p. compiler data on external reserves and additional information on revaluation adjustments, investment income and service payments by the monetary authority.

The CBM's Statistics Office is responsible for preparing aggregated money and banking statistics on a monthly basis. It submits such data and selected aggregated items of reserve assets to the IMF for inclusion in the IMF's International Financial Statistics (IFS) publication. Monetary and related data, including details of reserve assets, are published monthly by the CBM in a report entitled "Release of Monetary Aggregates and their Determinants". Detailed tables on monetary and related data are also published quarterly and annually in the CBM's publications.

- (ii) The *banking sector*: the definition of the banking sector in Malta comprises credit institutions and does not include money market funds. The current monthly and quarterly statements and schedules of credit and financial institutions received by the CBM are incorporated in a Banking Directive (BD 06) issued in terms of the Banking Act of 1994 and in a Financial Institutions Directive (DO2) issued in terms of the Financial Institutions Act of 1994. The documents submitted provide detailed information on the financial position of these institutions. They include a balance sheet, a profit and loss account and an

appropriation account. The statements and schedules show resident and non-resident stocks and flows separately. Financial account transactions are derived from end-of-period stock positions. Current account transactions are derived from the profit and loss accounts.

A new set of statistical returns is currently being designed, which would meet expected ECB requirements regarding money and banking statistics. These returns would be received directly by the Statistics office of the CBM. This project should be completed in the course of 2003.

- (iii) *General government*: general government is the central government for the purposes of b.o.p. and i.i.p. data collection. The Ministry of Finance is requested by the b.o.p. compiler to provide data on external loans and related interest payments. Moreover, the Ministry of Finance provides information on grants received from overseas by the Government, as well as on the acquisition of real estate by non-residents.
- (iv) *Other sectors*: the corporate sector is surveyed on a quarterly basis to provide data on financial and services transactions. The response rate for the top 100 companies surveyed, accounting for approximately 80% of total b.o.p. data, is 95%. The response rate for the remaining companies is somewhat lower.

3.3 Thresholds

There are no exemption thresholds stipulated by the b.o.p. compilers. However, the CBM does apply four simplification thresholds when collecting data from banking institutions in connection with its b.o.p. exercise based on banking transactions (partial settlements). These are:

- MTL 100,000 for merchandise trade transactions;

Table I
Reporting scheme for b.o.p. and i.i.p. data collection for Malta

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Enterprises	BOP 10 – Companies questionnaire	Financial account, services and income	Quarterly	1 month
Airline companies	Bop 20 – resident airlines companies questionnaire	Financial account, services and income	Quarterly	1 month
Airline companies	Bop 21 – non-resident airlines companies questionnaire	Services and income	Quarterly	1 month
Shipping companies	Bop 22 – resident shipping questionnaire	Financial account, services and income	Quarterly	1 month
Shipping companies	Bop 23 – non resident shipping questionnaire	Services and income	Quarterly	1 month
Insurance companies	Bop 30 – resident insurance questionnaire	Financial account, services and income	Quarterly	1 month
Insurance agents/brokers and branches	Bop 31 – insurance agents/brokers and branches questionnaire	Services and income	Quarterly	1 month
Shipbuilding and shiprepair companies	Bop 40 shipbuilding and shiprepair questionnaire	Financial account, services and income	Quarterly	1 month
Regulator of ship registration and related services	Bop 41 – Malta maritime authority questionnaire	Financial account, services and income	Quarterly	1 month

- MTL 10,000 for services transactions excluding travel;
- MTL 25,000 for travel transactions; and
- MTL 10,000 for financial account transactions.

For transactions below these thresholds, no information is required concerning the nature of the underlying transaction or the country of the non-resident counterpart.

No simplification thresholds are applied to other data sources.

3.4 Availability of data

B.o.p. data on a transaction basis in line with the BPM5 are available quarterly. However, work is currently under way to compile b.o.p.

data on a monthly DR basis. The quarterly b.o.p. data are available before the end of the three months following the end of that quarter. Classifications by sector and instrument are available. However, only in the case of the current account are data classified by region, i.e. the European Union (EU) and the rest of the world.

External reserves are compiled on a daily basis by the CBM and made available to the b.o.p. compilers both on a monthly basis and on a quarterly basis, in the latter case with additional information.

The i.i.p. data are currently compiled on an annual basis nine months after the end of the reporting period. The i.i.p. is currently classified by instrument and sector. The information submitted does not include a geographical or currency breakdown.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Malta ¹⁾	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split		
	Item	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
		credits/ assets	debits/ liabilities	credits/ assets			debits/ liabilities
Current account	n/a	n/a	n/a	n/a	-	-	
Goods	n/a	n/a	n/a	n/a	n/a	n/a	
Services	n/a	n/a	n/a	n/a	n/a	n/a	
Income	n/a	n/a	n/a	n/a	-	-	
Compensation of employees	n/a	n/a	n/a	n/a	n/a	n/a	
Investment income on direct	n/a	n/a	n/a	n/a	-	-	
investment on portfolio	n/a	n/a	n/a	n/a	n/a	n/a	
investment on other	n/a	n/a	n/a	n/a	n/a	-	
investment	n/a	n/a	n/a	n/a	n/a	n/a	
Current transfers	n/a	n/a	n/a	n/a	n/a	n/a	
Capital account	n/a	n/a	n/a	n/a	n/a	n/a	
Direct investment	n/a	n/a	n/a	n/a	n/a	n/a	
Equity capital	n/a	n/a	n/a	n/a	n/a	n/a	
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a	
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a	
Reinvested earnings	n/a	n/a	n/a	n/a	n/a	n/a	
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a	
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a	
Other capital	n/a	n/a	n/a	n/a	n/a	n/a	
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a	
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a	
Portfolio investment	n/a	n/a	n/a	n/a	n/a	-	
Equity securities	n/a	n/a	n/a	n/a	n/a	-	
Monetary authorities	n/a	n/a	n/a	n/a	n/a	-	
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	-	
Non-MFIs	n/a	n/a	n/a	n/a	n/a	-	
Debt securities	n/a	n/a	n/a	n/a	n/a	-	
Bonds and notes	n/a	n/a	n/a	n/a	n/a	-	
Monetary authorities	n/a	n/a	n/a	n/a	n/a	-	
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	-	
Non-MFIs	n/a	n/a	n/a	n/a	n/a	-	
Money market instruments	n/a	n/a	n/a	n/a	n/a	-	
Monetary authorities	n/a	n/a	n/a	n/a	n/a	-	
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	-	
Non-MFIs	n/a	n/a	n/a	n/a	n/a	-	
Financial derivatives	n/a	n/a	n/a	n/a	-	-	

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Other investment	n/a	n/a	n/a	n/a	n/a	n/a
Monetary authorities	n/a	n/a	n/a	n/a	n/a	n/a
General government	n/a	n/a	n/a	n/a	n/a	n/a
MFIs	n/a	n/a	n/a	n/a	n/a	n/a
long-term	n/a	n/a	n/a	n/a	n/a	n/a
short-term	n/a	n/a	n/a	n/a	n/a	n/a
Other sectors	n/a	n/a	n/a	n/a	n/a	n/a
Reserve assets	n/a	–	n/a	–	n/a	–

N/a: Information is currently not available.

–: *Not applicable (e.g. provision of this information is not a monthly ECB requirement).*

1) *The compilation of the monthly b.o.p. on the basis of direct reporting is currently under investigation. The implementation process is currently scheduled to be completed by January 2004.*

3.5 Data controls

Formal checking and vetting of enterprise survey responses is carried out on a regular basis. Data are verified using, inter alia, company balance sheets, permits issued by the Capital Flows Section of the CBM's BOP Office and newspaper clippings. Consistency checks of corporate data are built into the b.o.p. software program for enterprises.

The banking institutions' own financial transactions are derived from the change in their stock positions, adjusted for exchange rate changes. The CBM queries the reporting institutions about large movements in stock positions.

On an aggregate level, checks are also undertaken to ensure consistency between data received from enterprise survey questionnaires and data received from banking institutions covering transactions of the corporate sector. Particular attention is paid to the magnitude of the errors and omissions item and to large transactions that significantly depart from past trends. The compilers try their best to discover the underlying causes of such movements in the data.

3.6 Revision policy

Quarterly b.o.p. accruals data are revised on a quarterly basis. The previous year's data remain subject to revision. Data is considered

final once published in the annual publication of the NSO entitled "Balance of Payments". This is normally published one year after the end of the reporting period.

3.7 Dissemination

Users have access to b.o.p. data in regular publications issued by the NSO and the CBM. These include the NSO's news releases, national accounts publications and yearly economic surveys (issued by the Ministry of Economic Services), and the CBM's Quarterly Reviews and Annual Report. The b.o.p. data are published regularly in IMF and Eurostat publications. Data are also available on the NSO's website at www.nso.gov.mt. B.o.p. data are disseminated in accordance with the IMF's General Data Dissemination System (GDDS).

Data on external reserve assets are published regularly on a monthly basis and in the CBM's quarterly and annual publications. They are also available on the CBM's website at www.centralbankmalta.com. A detailed statement of external reserve assets is submitted to the ECB by the CBM.

I.i.p. data is published in the NSO's news releases, the publication entitled "Balance of Payments", the IFS of the IMF and the CBM's publications. It is also available on the NSO's website at www.nso.gov.mt. I.i.p. data is disseminated in accordance with the GDDS.

4 Goods

4.1 Specific features of data collection

- (i) *General merchandise*: the main source for merchandise trade data are the trade statistics compiled by the Trade Section of the NSO from records received from the Customs Department. Adjustments for coverage are subsequently made by the b.o.p. compiler to both imports (which are reported by Customs on a c.i.f. basis) and exports. Thus, merchandise trade data are reported on an f.o.b. basis.

The adjustments that are made to the customs data are also based on information obtained through the issuance of ad hoc letters to various respondents. In addition, deposits and advance payments made on large and exceptional items are also used to adjust the trade data.

- (ii) *Repairs on goods*: data on repairs on goods are collected from the quarterly survey of private and public entities. The data essentially include information about income earned on aircraft and ship repairs carried out locally, as well as expenditure on aircraft and ship repairs carried out abroad.
- (iii) *Goods procured in ports by carriers*: statistical data on goods sold in domestic ports to non-resident carriers are derived from trade statistics, whereas data on goods purchased by resident entities in foreign ports are compiled on the basis of the quarterly survey of resident shipping and airline companies.
- (iv) *Non-monetary gold*: data for non-monetary gold are derived from trade statistics.

4.2 Definition

Goods data conform with the definitions set out in the BPM5. Imports and exports are adjusted on an f.o.b. basis and merchandise trade statistics by country of destination are also compiled.

4.3 Deviation from agreed definitions

There are no serious deviations from the BPM5, except for transactions related to ship repairs and shipbuilding. These are included under general merchandise, whereas in the compilation of cash-based foreign transactions reported by banks, ship repairs are included under services.

4.4 Gaps

None.

4.5 Intended harmonisation

None.

4.6 Estimation methods

Where shipment data (insurance and freight) are not available separately, the shipment content is estimated at around 10% of the c.i.f. value of the merchandise imports. (see Sub-section 5.1 below).

5 Services

5.1 Specific features of data collection

- (i) *Transportation*: data for transportation services are subdivided into three identifiable categories, namely passenger, freight and other transportation.

Data on receipts and payments for passenger carriage are primarily retrieved from the quarterly b.o.p. enterprise survey carried out for both shipping and airline companies (including their representative agencies operating in Malta).

Data on revenue from freight are derived from the same survey. For freight payments, however, where shipment data (insurance and freight) are not available separately, an estimate of 10% of the c.i.f. value of imports is made. Of this estimate, 90% is allocated to freight and the remainder to the insurance payments item (which is included in the current transfers account). A statistical adjustment is made for freight on imports transported by domestic carriers.

Other transportation services are obtained from the quarterly b.o.p. enterprise survey, the monthly b.o.p. settlements-based statement prepared by the CBM and specific data requests sent to the Malta International Airport and the Maritime Authority.

- (ii) *Travel*: data on gross earnings from tourism and on gross expenditure by residents travelling abroad are derived mainly from foreign currency transactions reported by banking institutions and other authorised dealers to the CBM on a monthly basis.

During a joint exercise between the NSO and the CBM in 1989, it was found that there was a significant and persistent under-recording of tourism-related foreign exchange transactions reported

through the local banks. Subsequently, foreign consultants² carried out a study to identify the extent of the under-reporting. Consequently, an upward adjustment of 15% to gross travel receipts reported by the banks was recommended and is being implemented.

- (iii) *Other services*: the primary sources of data for other services are the quarterly and annual b.o.p. surveys of non-financial enterprises. The data sources for government transactions are the Ministry of Finance and the CBM's settlements-based system. The latter is also the source of data in respect of transactions of the personal sector. The services transactions of the banking sector are obtained from banks' profit and loss accounts.

5.2 Definition

The reporting of services transactions conforms to the definitions and guidelines set out in the BPM5.

5.3 Deviations from agreed definitions

There are no serious deviations from the BPM5, except for transactions in connection with financial services, which are currently classified under other services.

5.4 Gaps

Country data are not available.

5.5 Intended harmonisation

A more comprehensive classification of services on a country-by-country basis will be a feature of the proposed monthly DR data collection system.

² Howarth & Howarth (UK) Ltd. and P.A. Cambridge Ltd.

5.6 Estimation methods

Data from the annual International Transactions in Services Survey for enterprises are used as a benchmark for the further breakdown of services transactions.

Estimates for non-respondents are extrapolated from historical data.

As mentioned under Sub-section 5.1 above, the gross travel receipts reported by banks are inflated by 15%.

6 Income

6.1 Specific features of data collection and definitions

6.1.1 Compensation of employees

Data are obtained from the enterprise survey and from the CBM's monthly b.o.p. cash statement.

With regard to income on debt, income on inter-company loans is recorded as income on direct investment. The enterprise surveys indicate whether the income on loans is derived from a foreign parent company, a subsidiary or other non-resident sources. Income on debt securities between affiliates is recorded as income on direct investment. To qualify as an affiliate, and thus be recorded as income on direct investment, the criterion of a minimum 10% shareholding is applied (see Sub-section 9.2 below for a detailed explanation). If any income on debt is not yet paid/received, an offsetting entry is recorded in the receivables/payables item under direct investment.

6.1.2 Income on direct investment

There are two main sources of data on income from direct investment. The enterprise survey provides information on reinvested earnings, dividends and interest income. The investment income of credit and financial institutions is obtained from the banks' profit and loss accounts received by the CBM.

6.1.3 Income on portfolio investment

Income is classified by type of financial instrument. A limited geographical classification, i.e. the EU or the rest of the world, is also provided.

There are two main sources of data for income on portfolio investment. The enterprise survey provides information on interest on bonds, notes and money market instruments, as well as on dividends on equity. The investment income of credit and financial institutions is obtained from the banking institutions' profit and loss accounts received by the CBM. The income on portfolio investment reported by banking institutions is classified according to the type of portfolio investment instrument. Information on the sectoral classification is also available. The geographical classification is limited to two regions, i.e. the EU and the rest of the world. The criterion applied in this regard is the country of the issuer. A currency classification is not available.

Income on equity is recorded in accordance with BPM5 recommendations. Reinvested earnings of enterprises are reported on a quarterly basis in the b.o.p. questionnaire and are based on transactions reported in their management accounts. The reinvested earnings of banking institutions are based on stock statistics and are derived from their balance sheets every quarter.

When earnings are reinvested, an offsetting entry in the financial account is recorded under direct investment.

Income on equity and debt securities follows the definitions recommended in the BPM5,

except for the accrued interest of other sectors. Dividends are obtained from the enterprise survey and the profit and loss accounts of banking institutions.

6.1.4 Income on other investment

There are three main data sources for income on other investment. Non-financial enterprises provide information on interest income and expenditure through the b.o.p. enterprise survey, which also includes information on income from trade credits. Income on other investment of the banking institutions is obtained from their profit and loss accounts. The income of the personal sector is derived from the CBM's monthly b.o.p. settlements-based statement. The Ministry of Finance provides data on interest payments on the Government's external debt. Income on the external reserve assets of the CBM is provided by its Finance Office and is recorded monthly on an accruals basis.

The definitions of the BPM5 are followed, except in the case of accrued interest of other sectors.

7 Current transfers

See the following section on the capital account.

8 Capital account

8.1 Special features of data collection

Current transfers

- (i) *General government*: data on official transfers, which are shown under this account, are obtained from the CBM's monthly b.o.p. settlements-based statement.
- (ii) *Other sectors*: aggregated data on personal remittances, pensions and other transfers are also obtained from the CBM's

6.2 Deviations from agreed definitions

The accruals principle is not followed for all sectors of the economy.

6.3 Gaps

See Sub-section 6.2.

6.4 Intended harmonisation

The proposed DR data collection system will ensure that the accruals principle is applied to income transactions.

6.5 Estimation methods

In the absence of reliable statistics on the external financial assets and liabilities of the personal sector, estimates are made. An offsetting entry is recorded in portfolio investment and/or other investment.

banking data. Also included under this classification are non-life insurance premiums and claims reported by private and public entities in its quarterly enterprise survey; additional information is obtained through specific data requests.

As from 1995, following the recommendations set out in the BPM5, the data related to current and capital transfers were disaggregated. Hence, data on emigrants' capital transfers, debt forgiveness and

government grants are currently included in the capital account. Data on government grants are provided by the Ministry of Finance, while other related data are obtained from the CBM.

8.2 Definition

The definitions of the BPM5 are adhered to. For the data sources, see Sub-section 8.1.

8.3 Deviations from agreed definitions

None.

9 Direct investment

9.1 Specific features of data collection

The enterprise survey is used to collect foreign direct investment (FDI) data from the corporate sector. The enterprise questionnaires are designed in such a way as to identify all inter-company transactions, including loans and trade credits. Data on the banking institutions are obtained from their balance sheets submitted to the CBM. Information on the acquisition of real estate in Malta by non-residents is provided by the Ministry of Finance. Acquisition of real estate by Maltese abroad is derived from exchange control forms submitted to the Capital Flows Section of the CBM. Direct investment abroad by households is captured through the CBM's monthly b.o.p. settlements-based statement and exchange control forms submitted to the CBM's Capital Flows Section.

The business register for the largest companies in Malta has been constructed on the basis of detailed information obtained from the CBM's monthly b.o.p. settlements-based statement. In addition, further information is obtained from the exchange control forms submitted to the Capital Flows Section of the CBM, historical data from the enterprise survey, trade data, annual reports of companies and newspaper clippings.

8.4 Gaps

There are no gaps. Both migrants' transfers and the acquisition/disposal of non-produced non-financial assets are currently captured through the CBM's settlements-based system.

8.5 Intended harmonisation

None.

Data are available by sector and by instrument. A country breakdown is available for the banking sector. However, only limited regional breakdowns are available for non-financial enterprises.

9.2 Definition

The 10% ownership criterion is used to distinguish between direct and portfolio investment. This guideline is applied to identify types of investment (i.e. direct or portfolio) relationships in the corporate sector. The enterprise survey is structured in such a way as to indicate the direction of the FDI relationship, with the exception of trade credits and debits. Inter-company loans and trade credits/debits with related enterprises are included in FDI. For the banking sector, the direction of FDI is determined on a case-by-case basis by the b.o.p. compiler.

Special-purpose entities (SPEs) are currently considered non-residents and are included under other investment - currency and deposits.

All transactions between affiliated companies are included under direct investment.

Moreover, an offsetting entry for reinvested earnings is shown as part of income and included under FDI. As a general rule, direct investment transactions are recorded when the transactions occur. Geographical allocation of FDI is based on the country of residency of the parent, subsidiary or affiliate, as the case may be.

9.3 Deviations from agreed definitions

There are no serious deviations from the agreed definition, except for trade credits/debits with subsidiaries, which are currently included under direct investment in the reporting country. Furthermore, for certain FDI instruments, the accruals principle is not adhered to fully.

9.4 Gaps

Information on the switching of overseas assets between the FDI, portfolio investment

and other investment categories by households is not available (see Sub-section 9.3).

9.5 Intended harmonisation

The proposed monthly DR data collection system should ensure that FDI data are recorded by country. Furthermore, the direction of trade credits and debits should also be established. The DR system will also be based on the accruals principle. The statistical treatment of the residency of all SPEs is presently under consideration.

9.6 Estimation methods

Estimates for non-respondents are extrapolated from historical data.

10 Portfolio investment

10.1 Specific features of data collection

Data on portfolio investment are collected on an aggregated basis. Surveys are used to collect portfolio investment data on the corporate sector. Data on the banking sector are obtained from the balance sheets submitted by the banking institutions to the CBM. Information on the portfolio investment transactions of households is obtained from exchange control forms submitted to the Capital Flows Section of the CBM and supplemented by information obtained through the CBM's monthly b.o.p. settlements-based statements. Information on portfolio investment transactions of collective investment schemes is aggregated from balance sheets submitted to the MFSA, which forwards them on to the b.o.p. compiler. Purchases of domestic equity and debt securities by non-residents on the Malta

Stock Exchange (MSE) are reported directly to the b.o.p. compiler by the MSE.

Classifications by sector and instrument are available. No currency or country breakdowns are presently available.

10.2 Definition

The compilation of portfolio investment transactions is generally in line with the BPM5. However, the accruals principle is applied only to portfolio investment instruments held by the banking sector. Equity securities, bonds and notes as well as money market instruments are included in the definition. Service charges, fees and commissions are recorded separately under services. No geographical breakdown is available for the portfolio investment data of

the banking sector. A regional breakdown is however available for non-financial enterprises (through the enterprise survey) and households (through the CBM's monthly b.o.p. settlements-based statements).

10.3 Deviations from agreed definitions

The only deviation from the BPM5 is the limited application of the accruals principle.

10.4 Gaps

Information on the switching of overseas assets between the FDI, portfolio investment and other investment categories by households is not available. See also Sub-section 10.3 above in this regard.

11 Financial derivatives

11.1 Specific features of data collection

None.

11.2 Definitions

See Sub-section 11.1.

11.3 Deviations from agreed definitions

See Sub-section 11.1.

12 Other investment

12.1 Specific features of data collection

The enterprise survey is used to record the other investment transactions of companies. Data on the banking sector are derived from banks' balance sheets submitted to the CBM, while other investment holdings of collective investment schemes are aggregated from

10.5 Intended harmonisation

The proposed DR data collection system will ensure that the accruals principle is applied to portfolio investment transactions and will also provide for a country breakdown. Under this new reporting system, surveys of custodians and partial end-investors will also be conducted.

10.6 Estimation methods

Estimates of the value of transactions carried out by non-respondents are made. These are based on historical data where these are available.

11.4 Gaps

See Sub-section 11.1.

11.5 Intended harmonisation

The proposed direct reporting data collection system will have specific questions on financial derivatives.

11.6 Estimation methods

See Sub-section 11.1.

balance sheets submitted to the MFSA. The household sector is captured through the settlement system (see Sub-section 3.1) and exchange control forms submitted to the Capital Flows Section of the CBM.

Trade credits are reported in the quarterly b.o.p. enterprise survey. Other related

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information is obtained from the balance sheets of the banking institutions.

Breakdowns are available by sector and instrument. No currency breakdown is available. A regional breakdown is only available for non-financial enterprises.

12.2 Definitions

Other investment transactions are generally in line with the BPM5, but the accruals principle is only applied to banking sector transactions. Transactions related to repurchase agreements and trade credits are included under other investment.

12.3 Deviations from agreed definitions

See Sub-section 12.2 above.

13 Reserve assets

13.1 Specific features of data collection

The Accounting Department of the Finance Office of the CBM is the source of data on reserve assets. Reserve assets are available by instrument, maturity, country and currency. Changes in reserve assets are calculated by the b.o.p. compiler on a quarterly basis.

Reserve assets are compiled in accordance with the gross concept. Offsetting entries for accruals are limited to the amortisation of discount and premium securities. No reversible gold transactions are carried out. The CBM transacts in financial derivatives, but these are not shown separately.

13.2 Definitions

The definition of reserve assets is in line with the BPM5. Reserve assets are under the effective control of the CBM. Reserve assets

12.4 Gaps

Information on the switching of overseas assets between the FDI, portfolio investment and other investment categories by households is not available.

12.5 Intended harmonisation

The proposed monthly DR data collection system should cater for the country breakdown and the accruals principle. Under this new reporting system, surveys of custodians and partial end-investors will also be conducted.

12.6 Estimation methods

Estimates of the value of transactions carried out by non-respondents are made. These are based on historical data where these are available.

include highly liquid claims on non-residents in foreign currency. Positions in local currency are excluded. Other reserve assets include gold, special drawing rights (SDRs) and the reserve position in the IMF.

13.3 Deviations from agreed definitions

See Sub-section 13.2.

13.4 Gaps

See Sub-section 13.2.

13.5 Intended harmonisation

The proposed monthly DR data collection system should cater for the country breakdown. Moreover, financial derivatives will be shown separately.

14 International investment position

14. Specific features of data collection and definitions

14.1.1 General

The i.i.p. is compiled annually to show the position at the end of the calendar year (i.e. the reporting period). However, not all financial account items for each sector are compiled. The following is a breakdown by sector of the financial account items, which are compiled:

- (i) *banking sector*: compiled for all financial account items, except financial derivatives;
- (ii) *non-financial enterprises (including public companies)*: based on the top 700 companies, all financial account items are compiled, except financial derivatives;
- (iii) *households*: the only information available with regard to households is the amount of borrowing/lending with non-residents; and
- (iv) *central government*: all financial account items are available with the exception of trade credits and debits.

Reserve assets are included.

Assets and liabilities are compiled separately and Malta's i.i.p. is published annually in the NSO's news releases and in the IMF's IFS.

14.1.2 Direct investment

The i.i.p. of the banking sector is compiled by instrument and is also available by country. No currency breakdown is available. The main data sources are the banking schedules submitted to the CBM's Banking Supervision Office. Data are available approximately a fortnight after the end of the quarter and are based on real stock positions.

There are no significant deviations from BPM5 definitions. The valuation criteria used for equity securities are market values, but book values are used for the equity of those banks that are not listed on the MSE. However, all other direct investment instruments, such as inter-company loans, are recorded at the end-of-period exchange rates.

A reconciliation exercise is carried out taking into account the actual price movements in the equity of listed banks. The banks report a total revaluation amount due to exchange rate movements for all the financial accounts. An estimate is then made to allocate this amount to the different financial accounts and the various financial instruments.

The direct investment stock of the non-financial enterprises (including public companies) is compiled by instrument. No country or currency breakdowns are available. Data are compiled on the basis of the quarterly b.o.p. enterprise survey submitted to the NSO. Data are available approximately two months after the end of the quarter.

The stock of long-term financial instruments, with the exception of loans from abroad, is derived from accumulated flows. Short-term instruments are compiled from real stock positions. There are no deviations from BPM5 definitions.

Equity securities are given at book value, but all other direct investment instruments are recorded on the basis of market value. A reconciliation exercise is carried out for the loans of the public entities.

The government sector has no direct investment abroad and no data are available for the household sector.

14.1.3 Portfolio investment

The portfolio investment stocks of the banking sector are compiled by instrument. No maturity, country or currency breakdowns are available. As in the case of FDI stocks, the portfolio investment position is available from the banking returns submitted to the CBM's Banking Supervision Office. Similarly, data on real stock positions are available approximately a fortnight after the end of the quarter and follow BPM5 definitions.

Trading securities are recorded at the lower of book value and market value, but investment securities are based on book value. As already indicated for FDI stocks, an estimate to apportion the total revaluation amount is made.

The portfolio investment stock position of non-financial enterprises (including public companies) is compiled by instrument. No maturity, country or currency breakdowns are available. Data for this sector are compiled from the quarterly b.o.p. enterprise survey submitted to the NSO. These survey data are available approximately two months after the end of the reference period. The initial portfolio investment stock position is compiled in accordance with the BPM5. However, subsequent stock data are based on accumulated flows. No reconciliation exercise is carried out for portfolio investment.

Data on the government sector is made available by instrument, but there are no country, maturity or currency breakdowns. Real stock positions are collected using the Government's Annual Financial Report (available six months after the end of the year) and replies to quarterly data requests to the MSE on government securities held by non-residents. Market valuation criteria are used and the compilation of the Government's portfolio investment position is in line with the definitions of the BPM5. A reconciliation exercise is carried out taking price changes into consideration.

No data are available for the household sector.

14.1.4 Financial derivatives

Data on financial derivatives are not shown separately.

14.1.5 Other investment

The other investment stock position of the banking sector is compiled by instrument. No maturity, country or currency breakdowns are available. As in the case of FDI and portfolio investment stocks, the other investment position is available from the banking returns submitted to the CBM's Banking Supervision Office. Similarly, data on real stock positions are available approximately a fortnight after the end of the quarter and are compiled in accordance with the BPM5. Market valuation criteria are used. As already indicated for FDI and portfolio investment stocks, an estimate to apportion the total revaluation amount is made.

The other investment stock position of non-financial enterprises (including public companies) is compiled by instrument. No maturity, country or currency breakdowns are available. Data for this sector are compiled from the quarterly b.o.p. enterprise survey submitted to the NSO. These survey data are available approximately two months after the end of the reference period. The stock of long-term financial instruments, with the exception of loans from abroad of public enterprises, is derived from accumulated flows. However, short-term assets and liabilities are compiled from real stock positions. A reconciliation exercise is carried out for the loans of public sector enterprises.

The government sector is compiled by instrument, with the exception of trade credits and debits, which are not available. Data for loans by currency are available, but there are no country or maturity

classifications. Data on other investment are compiled from replies to specific data requests sent to the Ministry of Finance and information provided by the Statistics Office of the CBM. Data on real stock positions are available approximately two months after the end of the quarter. There are no deviations from BPM5 definitions. Market valuation criteria are used and a reconciliation exercise is carried out taking exchange rate movements into consideration.

The only data available for the household sector are for loans from non-residents. These are compiled on a quarterly basis and based on exchange control forms submitted to the Capital Flows Section of the CBM. The only breakdown available is by currency.

14.1.6 Reserve assets

The source for these data is the Finance Office of the CBM. Data are in line with the BPM5 and a reconciliation is performed on a quarterly basis for price and exchange rate movements.

15 Contacts

This country information was drafted by Malta in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Malta should be addressed to:

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14.2 Deviations from agreed definitions

See Sub-sections 14.1 to 14.1.5.

14.3 Gaps

See Sub-sections 14.1 to 14.1.5.

14.4 Intended harmonisation

A proposed DR data collection system should be implemented whereby the different sectors would report a full i.i.p. on a monthly basis, including a reconciliation for price and exchange rate movements. The statement should also include a country breakdown.

14.5 Estimation methods

See Sub-section 14.1 on the banking sector.

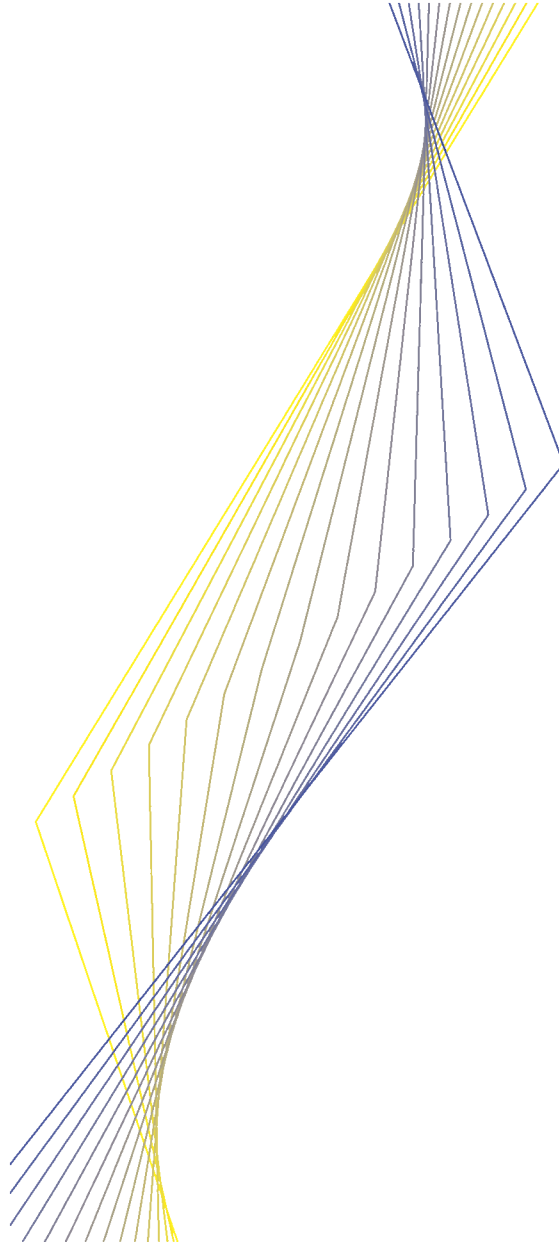
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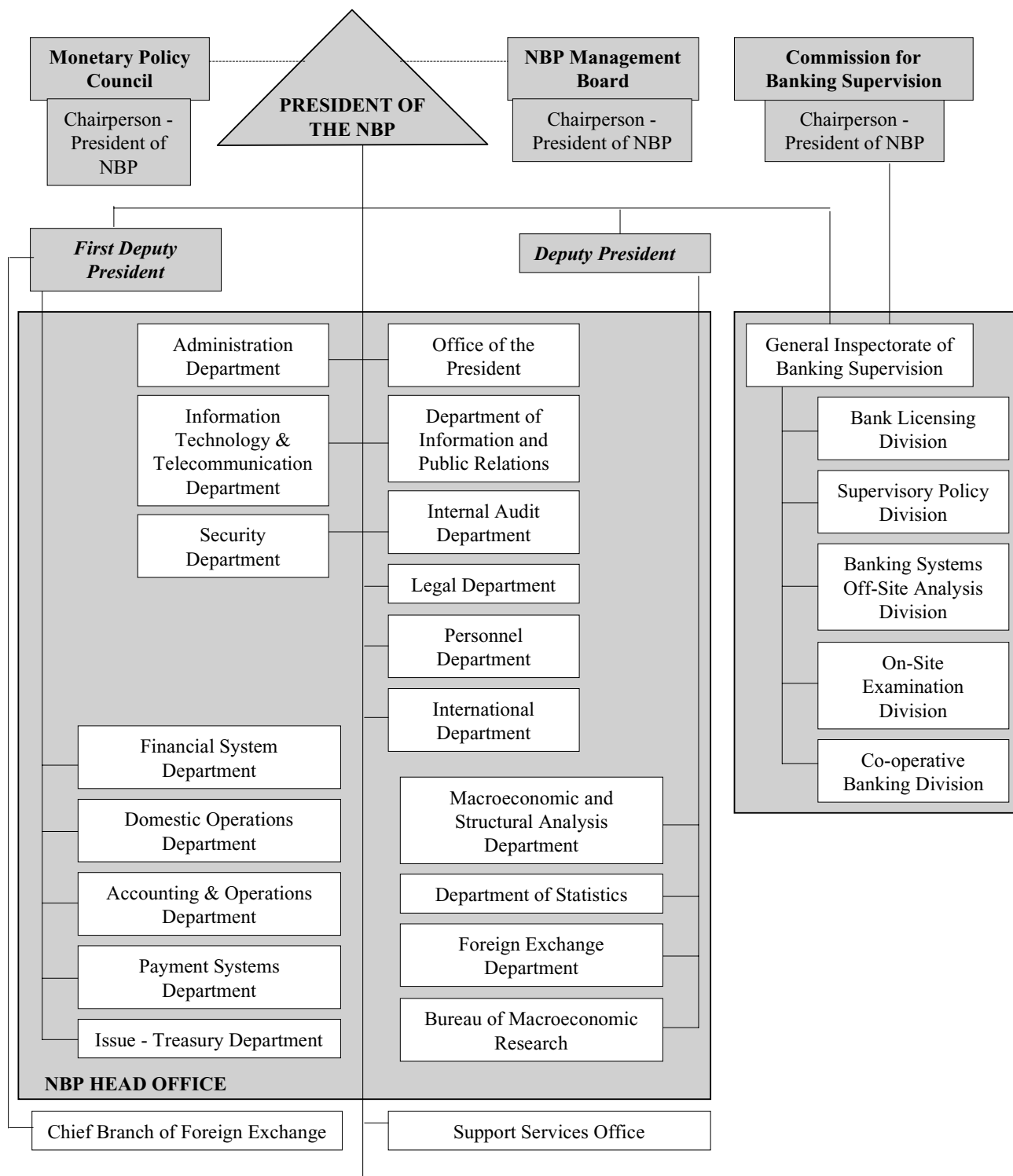
EUROPEAN CENTRAL BANK



Poland

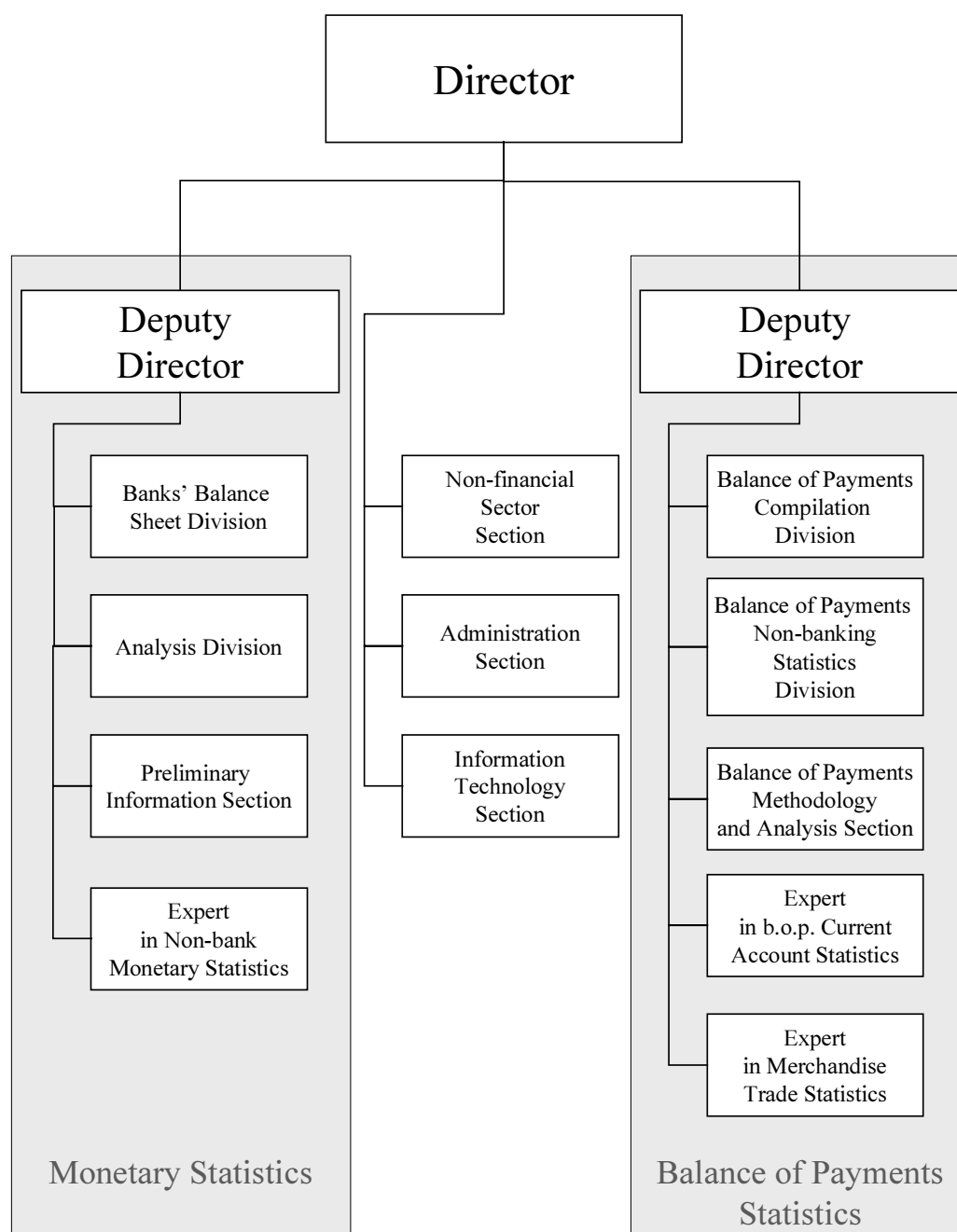
May 2003

I Organisation chart



Regional branch in:			Opole	
Białystok	Katowice	Lublin	Poznań	Warsaw
Bydgoszcz	Kielce	Łódź	Rzeszów	Wrocław
Gdańsk	Kraków	Olzşyn	Szczecin	Zielona Góra

Organisation chart of the Statistics Department of the National Bank of Poland (NBP)



2 Institutional aspects

2.1 Introduction

Narodowy Bank Polski, the National Bank of Poland (NBP), is responsible for compiling and publishing Poland's balance of payments (b.o.p.) and related statistics (e.g. the international investment position (i.i.p.), external debt, foreign direct investment (FDI) statistics, reserve assets).

The NBP is the central bank of the Republic of Poland. In line with its statute, the basic objective of the NBP's activity is to maintain price stability and to strengthen Poland's currency. This objective is pursued by:

- developing and implementing monetary policy;
- creating the institutional basis for ensuring the requisite level of financial safety and stability within the banking sector;
- regulating the relevant principles and mechanisms for guaranteeing the liquidity of monetary settlements within the economy.

Under the Constitution of the Republic of Poland of 2 April 1997 (Article 227), the NBP is the central bank of the State and has the exclusive right to issue legal tender as well as to develop and pursue monetary policy.

Responsibility for b.o.p. and related statistics lies with the Department of Statistics of the NBP.

The tasks performed involve:

- (i) maintaining statistical records on the basis of bank and non-bank reports (including collaboration with NBP regional branches in collecting and analysing the statistical data required);

- (ii) developing instructions and guidelines for, and providing ongoing guidance to, banks and other parties compiling statistical reports;

- (iii) conducting monthly analyses of movements and developments impacting particular items of b.o.p. and other related statistical statements,

- (iv) conducting methodological studies regarding the b.o.p. and related statistics,

- (v) preparing and publishing data on b.o.p. and related statistics,

- (vi) co-operating with domestic and foreign institutions in work on b.o.p. and related statistics.

2.2 Legislative provisions

According to the Act on the National Bank of Poland of 29 August 1997, as published in the *Dziennik Ustaw* (Journal of Laws) of 1997, No. 140, Item 938, the NBP is obligated to compile the b.o.p. and the i.i.p. and to report thereon to Parliament.

The Act on the National Bank of Poland and the *Prawo dewizowe* (Foreign Exchange Act), as published in the Journal of Laws of 2002, No.141, Item 1178, specifies the reporting requirements. Under these acts and other legal regulations, namely (i) the Government's Decree dated as published in the Journal of Laws of 2002 No. 218, Item 1835s and (ii) the Resolution of NBP's Management Board dated 29 March 1999, as published in the *Dziennik Urzędowy NBP* (Official Journal of the NBP) of 1999, No. 8, the NBP is authorised to request data from residents for the purposes of compiling b.o.p. statistics.

In cases of non-compliance with legal requirements sanctions are imposed on non-reporting agents in the form of a fine that is

regulated by the Kodeks Karny Skarbowy (Penal and Fiscal Code), as published in Journal of Laws of 1999, No. 83, Item 930.

2.3 Internal organisation

Within the Statistics Department of the NBP, three divisions are in charge of the methodology, compilation, publication and analysis of b.o.p and related statistics. These are the Balance of Payments Methodology and Analysis Division, the Balance of Payments Compilation Division and the Balance of Payments Non-banking Statistics Division. There are also two experts in charge of b.o.p. statistics: one for b.o.p. current account statistics and one for merchandise trade statistics.

The staff of NBP's regional branches are also involved in b.o.p. data collection and control.

2.4 External co-operation

The NBP co-operates with domestic organisations (mainly the Central Statistical Office (CSO) and the Ministry of Finance (MoF)) and foreign institutions in the exchange of data and other tasks related to b.o.p. statistics.

Several institutions provide the NBP with additional information on certain b.o.p. items. The CSO, as a result of co-operation in the methodology of statistical research, supplies trade figures corresponding to turnover for the goods item in b.o.p. on a transactions basis. The CSO uses NBP data for the production of national accounts, in particular data on income, current transfers and services for the compilation of the account for the rest of the world (ROW). The CSO also supplies the data on non-resident holdings of Polish securities registered on securities accounts with Polish brokerage houses and the information necessary to maintain a b.o.p. business register.

The Commission of Securities and Stock Exchanges (CSSE) supplies data on major non-resident shareholders in Polish public companies.

The MoF supplies data on external transactions of the government sector.

Furthermore, the NBP is co-operating with EU institutions (the ECB and Eurostat) and international organisations (the International Monetary Fund (IMF), the Organisation for Economic Development and Co-operation (OECD) and the World Bank) regarding the b.o.p. methodology and reporting.

2.5 Users

Data on the b.o.p. on a cash basis, the b.o.p. on a transactions basis, the international investment position (i.i.p.), the external debt, the official reserve assets, the international reserves and foreign currency liquidity are posted on the NBP's internet website and are thus made available to all users.

Moreover, data and publications are forwarded to Parliament, the Government, the CSO and to private and public research institutes, universities, rating agencies, etc.

Data on b.o.p statistics, the i.i.p. and direct investment statistics are supplied to the European Commission (Eurostat), the IMF, the OECD and the World Bank on a regular basis.

3 Statistical system

3.1 Type of collection system

The Polish b.o.p. system comprises:

- a system for the monthly b.o.p. on a cash/settlements basis;
- a system for the annual/quarterly b.o.p. on a transactions basis.

The system for the monthly b.o.p. on a cash/settlements basis relies on payments recorded by the Polish banking system. The settlements comprise transactions realised by the banks on their own and on behalf of their clients. It is a closed system, i.e. all changes in the level of external accounts are explained. The balance on external accounts at the beginning of the period plus transactions during the period equal the balance at the end of the period. Transactions in cash through bureaux de change of banks are also covered and, in majority, recorded as unclassified transactions.

Thresholds are not applicable in banking reporting. The system provides for the compilation of the b.o.p. with detailed instrument/category and sector breakdowns. The reports include the reporting of all credit and debit transactions as well as currency and country breakdowns.

The system for the annual/quarterly b.o.p. on a transactions basis incorporates data from the b.o.p. on a cash basis, with data derived from surveys of enterprises and other entities in goods, services, income, FDI, trade credits and loans. It also includes transactions on accounts held by Polish residents with banks abroad. The transactions in cash through bureaux de change of banks (recorded as unclassified transactions in the monthly b.o.p.) are reclassified for appropriate b.o.p. items, i.e. goods, travel and workers' remittances. In general, it is a full-coverage system with a limited application of exemption and simplification thresholds. The

system provides for the compilation of the b.o.p. with detailed breakdown by item. Credit and debit entries are available for all items except of workers' remittances in cash estimated on a net basis. Data on trade credit flows are derived from pure stock data. For portfolio investment, data are compiled in the b.o.p. on a transactions basis, using banking statistics data with adjustments based on the i.i.p (derived from stocks).

Currency and country breakdowns are available for selected items.

Flow data are reconciled with stocks. Other sources, such as information on relevant stocks, the central register of the Treasury bills database, the securities database, internet and press information and data on privatisation are used for cross-checking.

3.2 Reporting agents

(i) Banks:

- self-balancing decade reports on stocks and flows on current accounts (vostro and nostro);
- self-balancing decade reports on foreign borrowing/lending;
- self-balancing monthly reports on foreign currency cash transactions;
- monthly reports on assets/liabilities positions;
- individual reports of Polish banks issuing securities on foreign markets;
- quarterly reports on holdings of securities issued by non-residents;
- monthly reports on non-resident holdings of Polish equity securities registered on custody accounts;

- annual reports of enterprises with foreign participations on FDI to Poland; and
 - annual reports on Polish direct investment abroad.
- (ii) Enterprises and individuals:
- self-balancing quarterly reports on stocks and flows on accounts with banks abroad;
 - self-balancing quarterly reports on stocks and flows of foreign lending/borrowing;
 - annual reports of enterprises with foreign participation on FDI to Poland;
 - annual reports on Polish direct investment abroad;
 - quarterly reports on trade credits;
 - quarterly reports on netting;
 - individual reports of Polish non-bank companies issuing securities on foreign markets;
 - monthly reports on non-residents' holdings of Polish securities issued by entities other than the Treasury,
- registered on custody accounts with Polish brokers;
 - quarterly (for financial institutions other than banks) and annual (for non-financial institutions) reports on residents' holdings of securities issued by non-residents;
 - quarterly reports on the value of residents' positions in foreign exchange derivatives with non-residents; and
 - reports on real estate transactions of individuals with non-residents.
- (iii) NBP: reports on self-balancing documents like other banks. Being the central government agent, the NBP reports on government transactions/accounts.
- (iv) CSO: supplies trade figures corresponding to turnover of goods for the goods item in the b.o.p. on a transaction basis;
- (v) MoF: reports data on the external transactions of the government sector, local government transactions and non-resident holdings of Treasury securities.
- (vi) Commission of Securities and Stock Exchanges (CSSE): annual reports on major non-resident shareholders in Polish public companies (shareholdings of over 5%).

Table I
Reporting scheme for b.o.p. and i.i.p. data collection for Poland

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Banks		Payments on the nostro, vostro and other nonresidents' accounts made by banks on their own behalf and on behalf of their clients	10 days	5 working days
Banks		Sales and purchases of foreign banknotes	Monthly	3 working days
Banks	BIS (Money and banking statistics)	Balance sheets – stocks of assets and liabilities	Monthly	15 working days

Table I (cont'd)
Reporting scheme for b.o.p. and i.i.p. data collection for Poland

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Enterprises	ZO/Stany, ZU/Stany, OPE/stany, OPI/Stany	Trade credits	Quarterly	20 days
Enterprises, individuals, banks	IB-1, IBZ-1 IB/BANK, IBZ/BANK	Foreign direct investment in Poland and Polish direct investment abroad	Annually	135 days
Enterprises, individuals	NZ, NP	Real estate transactions	Declaration of transaction	20 days after transaction
Enterprises, individuals	KZ, KZ-1, KU, KU-1	Loans	Quarterly	20 days
Enterprises, individuals	URA, RACH	Accounts abroad	Quarterly	20 days
Enterprises	NET, UKO, KOM	Netting	Quarterly	20 days
Brokerage houses and banks as custodians	ZIP-MP, ZIP-D, ZIP-MNP	Securities issued on domestic market by residents, held by non-residents (public securities and private placements)	Monthly (publicly traded securities – banks) Monthly (publicly traded securities – non-banks) Annually (private placement – banks and non-banks)	5 working days 10 days 30 days
Issuers of securities on foreign markets	ZIP-INF, ZIP-RZ	Information on securities issued by residents (characteristics)	Monthly (banks) Quarterly (non banks)	14 working days 20 days
Residents holding securities issued by residents on foreign markets and by non-residents	AUD4 – PL, AUD4	Securities issued by residents on foreign markets held by reporting agent, securities issued by non-residents held by reporting agent	Quarterly (financial entities) Annually (non-financial entities)	20 days 30 days
Enterprises	D-WT, D-WT-B, D-WO, D-WO-B	Value of resident positions and underlying instrument in foreign exchange derivatives	Quarterly	20 days

3.3 Thresholds

Thresholds are only applied in direct reporting by enterprises and individuals.

Exemption thresholds: for trade credits, data are supplied for stocks above EUR 100,000 at the quarter end. For foreign lending/borrowing by enterprises, a threshold of EUR 10,000 is applied. In the case of compensation, the obligation to provide statistical data arises when turnover on compensation exceeds EUR 100,000. Above the threshold of EUR

10,000, real estate transactions made by individuals require statistical reporting. In FDI statistics, there is a reporting obligation when the value of foreign direct investment in Poland exceeds EUR 25,000. In the case of Polish direct investment abroad, a threshold of EUR 10,000 is applied.

With regard to portfolio assets held by non-financial entities, the obligation to report statistical data arises when the total value of foreign securities held at the end of the year exceeds EUR 10,000. A threshold of the same

value is applied to Polish non-financial entities' holdings of securities issued by Polish residents on foreign markets. For financial derivatives, a threshold of EUR 100,000 is applied to the value of the underlying instrument (potential claims or liabilities vis-à-vis non-residents resulting from the total position in financial derivatives held by Polish end-investors). This threshold is not applicable to Polish intermediaries.

Simplification thresholds: for foreign lending/borrowing by enterprises of an amount above EUR 10,000 but less than EUR 1,000,000, a simplified form is applied.

3.4 Availability of data

The b.o.p. on a cash basis is compiled monthly and published one month after the end of the reference period. Since 2003, the b.o.p. on a transactions basis has been compiled quarterly and distributed three months after the reference quarter. The series of quarterly data on a transaction basis is available as

from 2000. Until 2003, the b.o.p. on a transactions basis was compiled annually and published nine months after the reference year.

An advance release calendar, providing the precise release dates one quarter ahead, is available on the NBP's website (<http://www.nbp.pl>). A note to this effect is published in "Preliminary Information".

For the b.o.p. on a cash basis, a "detailed items" breakdown and a "sector breakdown" are available. The reports include all credit and debit transaction, as well as currency and country breakdowns. Information posted on the website covers limited breakdowns according to key items.

The b.o.p. on a transactions basis is available with detailed instrument/category and sector breakdowns. Currency and country breakdowns are available for selected items. Information posted on the website covers limited breakdowns.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Poland	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities
Current account	1 month	1 month	n/a	n/a	-	-
Goods	1 month	1 month	n/a	n/a	June 2004	June 2004
Services	1 month	1 month	n/a	n/a	June 2004	June 2004
Income	1 month	1 month	n/a	n/a	-	-
Compensation of employees	1 month	1 month	n/a	n/a	June 2004	June 2004
Investment income on direct investment	1 month	1 month	n/a	n/a	-	-
on portfolio investment	1 month	1 month	n/a	n/a	June 2004	June 2004
on other investment	1 month	1 month	n/a	n/a	June 2004	-
investment	1 month	1 month	n/a	n/a	June 2004	June 2004
Current transfers	1 month	1 month	n/a	n/a	June 2004	June 2004

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Capital account	1 month	1 month	n/a	n/a	June 2004	June 2004
Direct investment	1 month	1 month	n/a	n/a	June 2004	June 2004
Equity capital	1 month	1 month	n/a	n/a	June 2004	June 2004
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	June 2004	June 2004
Non-MFIs	n/a	n/a	n/a	n/a	June 2004	June 2004
Reinvested earnings	n/a	n/a	n/a	n/a	June 2004	June 2004
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	June 2004	June 2004
Non-MFIs	n/a	n/a	n/a	n/a	June 2004	June 2004
Other capital	1 month	1 month	n/a	n/a	June 2004	June 2004
MFIs (excluding central banks)	1 month	1 month	n/a	n/a	June 2004	June 2004
Non-MFIs	1 month	1 month	n/a	n/a	June 2004	June 2004
Portfolio investment	1 month	1 month	n/a	n/a	June 2004	-
Equity securities	1 month	1 month	n/a	n/a	June 2004	-
Monetary authorities	1 month	1 month	n/a	n/a	June 2004	-
MFIs (excluding central banks)	1 month	1 month	n/a	n/a	June 2004	-
Non-MFIs	1 month	1 month	n/a	n/a	June 2004	-
Debt securities	1 month	1 month	n/a	n/a	June 2004	-
Bonds and notes	1 month	1 month	n/a	n/a	June 2004	-
Monetary authorities	1 month	1 month	n/a	n/a	June 2004	-
MFIs (excluding central banks)	1 month	1 month	n/a	n/a	June 2004	-
Non-MFIs	1 month	1 month	n/a	n/a	June 2004	-
Money market instruments	1 month	1 month	n/a	n/a	June 2004	-
Monetary authorities	1 month	1 month	n/a	n/a	June 2004	-
MFIs (excluding central banks)	1 month	1 month	n/a	n/a	June 2004	-
Non-MFIs	1 month	1 month	n/a	n/a	June 2004	-
Financial derivatives ¹	1 month	1 month	n/a	n/a	-	-
Other investment	1 month	1 month	n/a	n/a	June 2004	June 2004
Monetary authorities	1 month	1 month	n/a	n/a	June 2004	June 2004
General government	1 month	1 month	n/a	n/a	June 2004	June 2004
MFIs	1 month	1 month	n/a	n/a	June 2004	June 2004
long-term	1 month	1 month	n/a	n/a	June 2004	June 2004
short-term	1 month	1 month	n/a	n/a	June 2004	June 2004
Other sectors	1 month	1 month	n/a	n/a	June 2004	June 2004
Reserve assets	1 month	-	n/a	-	June 2004	-

N/a: Information is currently not available.

-: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

1) Assets net of liabilities.

3.5 Data controls

At the level of individual information, the data are checked for errors by means of an automatic procedure for the data sent by file transfer and on a PC for data sent in paper form.

The data are also controlled at an aggregated level for validation of classification errors as well as for an evaluation of time series for specific items.

Flow data are reconciled with relevant stocks.

Data derived directly from enterprises' reports and information derived from banks'

reports on enterprises' transactions are cross-checked before being published in the b.o.p. on a transactions basis.

The data are cross-checked with other sources, e.g. information on relevant stocks from b.o.p and monetary statistics, the central register of Treasury bills database, the NBP's securities database, the internet, commercial data providers and press information, data on privatisation, etc.

3.6 Revision policy

Regarding the b.o.p. on a cash basis, the data are routinely revised. The first release of data (i.e. one month after the end of the reference month) is preliminary. Amendments are made in the next two disseminations when the data for the two following months are published. The second revision is considered to be final. However, in addition, once a year the data for the whole calendar year are revised.

Quarterly figures are revised when data for the next quarter are published. Further revisions are made after reconciliation with the i.i.p.

3.7 Dissemination

The data on the b.o.p. on a cash basis, the b.o.p. on a transaction basis, the international

investment position (i.i.p.), the external debt, the official reserve assets, the international reserves and foreign currency liquidity are released simultaneously to all interested parties by posting them on the NBP's website (<http://www.nbp.pl>). Publishing timetables are available on the website in advance.

More detailed data on the b.o.p., i.i.p., external debt, reserve assets, direct investment, etc. are published as separate publications at quarterly/annual intervals. Only Polish versions are disseminated. The titles of the publications are:

- *Bilans płatniczy Rzeczypospolitej Polskiej* (Balance of Payments of the Republic of Poland) - on a quarterly basis;
- *Zagraniczne inwestycje bezpośrednie w Polsce* (Foreign Direct Investment in Poland) - on an annual basis.

The titles of other publications (both in Polish and in English) produced by the NBP that include information on b.o.p. statistics are:

- Preliminary Information - on a monthly basis;
- Information Bulletin - on a monthly basis;
- NBP's Annual Report - on an annual basis.

4 Goods

4.1 Specific features of data collection

The goods item is compiled:

- in the monthly b.o.p. on a cash basis (banks records);
- in the quarterly b.o.p. on a transactions basis (custom statistics plus estimations).

The sources of data on goods for the monthly b.o.p. relate to settlements made through the Polish banking system.

Until the year 2000, the banking statistics data in the b.o.p. on a transactions basis were supplemented with surveys submitted by enterprises and estimations of non-recorded foreign trade turnovers and adjustments for an f.o.b. basis.

Chapter 3.9 Poland

The compilation methods of the b.o.p. on a transactions basis has changed since 2001. The main source of data on goods for an annual b.o.p. on a transactions basis is customs statistics (data from Single Administrative Documents, SAD), which is also used by the CSO for the compilation of the International Trade Statistics and for the rest-of-the-world (ROW) account in the national accounts. Data provided by the customs statistics are adjusted and converted in line with the definitions and methodology of the BPM5. The additional estimations are made by statisticians of national accounts (CSO) concerning foreign trade flows not recorded by the customs statistics. This method will also be used for the quarterly b.o.p. on a transaction basis compiled from 2003.

4.2 Definition

Data in the monthly b.o.p. include payments, which are recorded at invoice value. The appropriate estimates based on customs data are made in the quarterly b.o.p., so that the data are presented on an f.o.b. basis.

5 Services

5.1 Specific features of data collection

Data on services for the monthly b.o.p. are based on settlements made through the banking system. The detailed breakdown of services is consistent with BPM5 recommendations. However, some transactions are recorded as the net balance amounts.

For the b.o.p. on a transactions basis, the data are supplemented with information derived from surveys of enterprises' transactions in services with non-residents. The surveys include reports on trade credits, loans, accounts held with banks abroad and also data on foreign services redounded with technical assistance programmes.

4.3 Deviations from agreed definitions

Not all the transactions recorded as goods for processing may be made without a legal change of ownership.

4.4 Gaps

A geographical breakdown is not available for estimated data on goods.

4.5 Intended harmonisation

Development of data collection and estimation systems to enable a compilation of data with a geographical breakdown.

4.6 Estimation methods

Estimation of non-recorded foreign trade and adjustments for an f.o.b. basis are made.

(i) *Transportation*

Data provided by the banking system on payments for transportation services include services broken down by type (sea, air, railway and other). These data are not broken down by passenger transportation, freight and other forms. In the b.o.p. on a transactions basis, detailed data on transportation services also are obtained from domestic carriers. Adequate estimates are made for the reclassification of costs of foreign transport from goods items to services.

(ii) *Travel*

Foreign travel comprises data from the banking system on settlements between Polish travel offices and foreign counterparts on group and individual travel,

settlements with non-resident banks on travellers' cheques, settlement of payments made through credit cards and settlement on business, training and health trip costs. In the b.o.p. on a transactions basis, these data are supplemented with data and estimates of travel transactions not covered by the banking statistics system, using researches of the Tourism Institute. The transactions in cash through bureaux de change desks of banks (recorded as unclassified transactions in the b.o.p. on a cash basis) are reclassified for appropriate b.o.p. items, i.e. goods, travel and workers' remittances.

(iii) *Other services*

Data provided monthly by the banking system records, in b.o.p. on a transactions basis, supplemented with data from surveys of enterprises.

5.2 Definition

Definitions and the detailed breakdown of services are generally in line with the requirements of BPM5. However, in the case of the b.o.p. on a cash basis, the quality of

the services item classification by detailed category is questionable.

5.3 Deviations from agreed definitions

Some transactions concerning credit card payments are recorded as net balance amounts.

5.4 Gaps

The geographical breakdown of data on services is not published, because estimated data are not available in this format.

5.5 Intended harmonisation

The development of the estimations system would allow for a geographical reclassification of estimated data.

5.6 Estimation methods

Estimations of travel using border surveys and estimations connected with the changing of the basis from c.i.f. to f.o.b. are made.

6 Income

6.1 Specific features of data collection and definitions

6.1.1 Compensation of employees

Compensation of resident employees comprises wages, salaries and other benefits in cash, earned by individuals, paid by non-resident employers and transferred to Poland. Compensation of non-resident employees comprises wages, salaries and other benefits in cash, earned by individuals, paid by resident employers and transferred abroad. The data are derived from banking statistics.

6.1.2 Income on direct investment

The monthly b.o.p. includes information on settlements made through the domestic banks. The records cover data on interest and dividends paid. Income on reinvested earnings from direct investment is not covered in the banking system data.

In the b.o.p. on a transactions basis, investment income on direct investment, both for inward and for outward investment, includes interest on inter-company loans and on equity (dividends, remittances of branch profits, reinvested earnings and undistributed branch profit).

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The data on interest is collected from direct investors (outward investment) and direct investment enterprises (inward investment) in quarterly surveys and the information on income on equity through annual surveys.

Dividends and distributed branch earnings are recorded when payable, and reinvested earnings as well as undistributed profits are recorded in the period in which they are earned.

Reinvested earnings are calculated as profits earned (collected on an all-inclusive basis) during the period less dividends payable. The Fully Consolidated System is not applied: reinvested earnings are counted for directly-owned enterprises only. Since 1996, direct investors' shares of losses have been introduced as negative reinvested earnings. The flows equal to reinvested earnings are recorded as additional equity capital in the financial account.

Interest on inter-company loans is recorded for both directly and indirectly owned enterprises as of the date on which they are due for payment. Capitalised interest is offset on a directional basis under other capital. Income on debt securities between affiliates is considered to be insignificant for the moment, and is recorded - if any - as a portfolio investment income.

Data are broken down by country, by region and by economic zone. The income is allocated to the countries as a result of the debtor/creditor principle of foreign assets and liabilities.

6.1.3 Income on portfolio investment

Data on portfolio investment income are derived from banking statistics. The information is available in a breakdown by instrument (equity, bonds and notes, money market instruments). There is also breakdown by domestic sector available (monetary authorities, general government,

banks, other). For income on equity securities, only dividends are registered as income on portfolio investment; other gains on equity securities are classified as portfolio investment in the financial account.

No accrued interest (e.g. on zero-coupon bonds) is registered in the current account.

6.1.4 Income on other investment

Both in the b.o.p. on a cash basis and in the b.o.p. on a transactions basis, interest is recorded on a settlement or due-for-payment basis.

In the b.o.p. on a cash basis, income from other investment includes interest on credits extended and received and interest on bank account deposits and repos. Interest flows on loans, deposits, etc. are provided by banks engaged in foreign exchange operations abroad. Income on reserve assets is also included under other investment income.

For the b.o.p. on a transactions basis, the banking statistics data are supplemented by interest on loans unrecorded by the banking system, and interest received on deposits of non-banking institutions held with banks abroad.

6.2 Deviations from agreed definitions

Data on investment income is not recorded on an accruals basis. Income on debt securities between affiliates is considered to be insignificant for the moment, and is recorded - if any - as a portfolio investment income.

6.3 Gaps

Reinvested earnings are not covered in the monthly b.o.p.

6.4 Intended harmonisation

None.

6.5 Estimation methods

None.

7 Current transfers

In the b.o.p. on a cash basis, data on current transfers comprise mainly workers' remittances, measured as payments into and withdrawals from specialised foreign currency accounts that cannot be used for operations related to business activities. The item also includes transfers associated with pension allowances, membership contributions and financial assistance from abroad. The data are recorded by the banking system.

In the b.o.p. on a transactions basis, the information on workers' remittance credits also includes estimates for net workers' cash remittances. The various data sources and estimations used only provide for adjustments on a net basis. The bank data are also supplemented with information on grants received in kind.

8 Capital account**8.1 Specific features of data collection**

See Sub-sections 3.1 and 3.2. In the b.o.p. on a cash basis, data are derived from the banking statistics. For the b.o.p. on a transactions basis, the banking data are supplemented with information on debt forgiveness and grants in kind.

Capital transfers include donations and grants to finance fixed assets, debt forgiveness.

The acquisition/disposal of non-produced and non-financial assets refers to patents, copyrights, trademarks, etc. purchased by residents or sold to non-residents, and land sold to foreign embassies in Poland or purchased by Polish embassies abroad.

8.2 Definition

The capital account comprises:

- (i) capital transfers that include donations and grants to finance fixed assets, debt forgiveness;
- (ii) acquisition/disposal of non-produced and non-financial assets; and
- (iii) migrants transfers.

8.3 Deviations from agreed definitions

None.

8.4 Gaps

None.

8.5 Intended harmonisation

None.

9 Direct investment

9.1 Specific features of data collection

The monthly data on foreign direct investment are derived from the flows of international payments reported by the domestic banking sector. The data are broken down into equity and inter-company loans. Equity contributions without payment are not covered.

On a quarterly basis, the survey on external loans of more than EUR 10,000 to enterprises provides further details on inter-company loans in accordance with the directional principle.

Annual data on equity capital and reinvested earnings come from surveys of direct investment enterprises in Poland and from Polish direct investors. Equity contributions without payment are covered. Enterprise surveys are a unique source from which to compile the data. Information from additional sources, e.g. press reports, published company accounts, bilateral sources, exchange control authorities, are used only to update the business register.

The data on direct investment flows are available by country, region, economic zone and industrial sector (the NACE nomenclature on the level of class).

9.2 Definition

The criterion of 10% ownership of directly-owned enterprises is used to identify a direct investment relationship. The flows of direct investment are recorded on a directional basis. Reverse capital investments are observed, but are negligible for the moment.

Inter-company loans are broken down by maturity. Financial leasing is also included. Trade credits between affiliated enterprises are derived from stock data. The information

is collected, but recorded as trade credits under other investment.

Until now, special-purpose entities (SPEs) have not been established in the Polish economy, although resident enterprises establish enterprises abroad that have the sole purpose of serving as financial intermediaries. Only equity investments of these SPEs are included in the direct investment item.

For banks, only equity capital, reinvested earnings and permanent debt are included.

The debtor/creditor principle serves as a basis for the geographical allocation of direct investment flows.

9.3 Deviations from agreed definitions

Trade credits between affiliated enterprises are included in other investment. Transactions in securities between affiliates are not included under FDI, but are recorded in the portfolio investment item. Monthly data do not include equity contributions without payments and reinvested earnings.

9.4 Gaps

No information is available on financial derivatives between affiliates.

9.5 Intended harmonisation

The recording of all claims and liabilities between affiliated enterprises is planned under direct investment item.

9.6 Estimation methods

None.

10 Portfolio investment

10.1 Specific features of data collection

The source of data for the b.o.p. on a cash basis is the Polish banking sector. The data for the b.o.p. on a transactions basis are compiled using the banking statistics data with adjustments based on the stock data.

Data on flows and stocks of inward and outward portfolio investment are generally collected on an aggregated basis. Data on portfolio investment stocks (see the i.i.p. section) are collected on a security-by-security basis, using the ISIN codes for the assets and the major proportion of the liabilities (Polish securities issued on the domestic public market or abroad). The only exception with respect to adherence to the security-by-security principle are Polish securities issued as a private placements on the domestic market.

Breakdowns by domestic sector of the issuer for liabilities and of the holder for assets are available.

10.2 Definition

Equity securities include all types of tradable shares, and, as regards data on stocks for the i.i.p., other types of non-tradable equity securities which bear ISIN codes, however (e.g. nominative shares). Shares in investment funds are also treated as equity. Debt securities include all kinds of long and short-term securities. The one-year original maturity criterion is applied to classify securities as long or short-term. Included are Treasury bonds and notes, corporate bonds, Treasury bills, commercial paper, negotiable certificates of deposit. Debt securities with embedded financial derivatives (e.g. convertible bonds or bonds with a put option) are also included.

Financial derivatives (tradable separately) are excluded from portfolio investment and are recorded in a separate item of the b.o.p. Transactions in repurchase agreements and related operations are also excluded from portfolio investment and are presented as currency and deposits in the other investment category.

Data broken down geographically on the basis of the first known counterpart principle are collected, but not published.

10.3 Deviations from agreed definitions

Interest on debt securities is not accrued.

10.4 Gaps

Geographical and currency breakdowns - either of foreign issuers for assets or of foreign holders for liabilities - are available only for selected types of securities and data sources.

10.5 Intended harmonisation

The securities database and the security-by-security data compilation system are under construction.

10.6 Estimation methods

The data for the b.o.p. on a transactions basis are compiled using the banking statistics data with adjustments based on the stock data collected.

11 Financial derivatives

11.1 Specific features of data collection

The source of data on financial derivatives for both the b.o.p. on a cash basis and the b.o.p. on a transactions basis is the Polish banking system.

All financial flows caused by the settlement of the transactions (except for repayable initial margins) are registered as financial derivatives. This means that variation and option margins are classified as financial derivatives. The data are collected on a gross basis (except for foreign exchange options). For derivatives based on instruments other than foreign currencies, the data from Polish banks may not be of adequate quality. These data may not include flows resulting from forward-type transaction settlements. Compared with foreign exchange derivatives, registered financial flows on derivatives with other types of underlying instruments are very small.

Only a breakdown by underlying instrument (foreign exchange or other) is available.

11.2 Definitions

Financial derivatives constitute a separate category of financial account in the Polish b.o.p. statement. The definitions used by the NBP are generally in line with the BPM5 as regards foreign exchange derivatives (see

Sub-section 11.1). The financial derivatives category includes all symmetric risk instruments such as futures, forwards, swaps and asymmetric risk instruments such as options. Income on foreign exchange derivatives transactions is classified as financial derivatives.

The first-known counterpart criterion is used to identify the residency of counterparts.

11.3 Deviations from agreed definitions

See Sub-sections 11.1 and 11.2.

11.4 Gaps

Flows which are the result of the settlement of financial derivatives with underlying instruments other than foreign currencies are not fully captured.

11.5 Intended harmonisation

It is planned to construct more complete data collection systems.

11.6 Estimation methods

None.

12 Other investment

12.1 Specific features of data collection

Other investment covers trade credits, loans, currency and deposits and other assets and liabilities.

Trade credits are not covered in the b.o.p. on a cash basis. Data for trade credits are collected through quarterly surveys of major

exporters and importers. The surveys provide quarter-end information on assets (prepayments on imports and trade credit extended to exports separately) and liabilities (prepayments on exports and trade credits received on imports). Data on trade credits regard the other sectors, although the low amount of credit received by local governments are covered. Geographical

allocation is recorded. The breakdown of long-term and short-term trade credits by maturity is available as from 2003.

Data regarding the external loans and borrowings of the general government are provided by the NBP and Bank Gospodarstwa Krajowego (both play the role of government agents). For the banking sector (including the monetary authority), the flow data (settled transactions) are provided by banks that are engaged in operations with non-residents. These flows are checked and reconciled with stocks. These data are used in the b.o.p. both on a cash basis and on a transactions basis. A breakdown by maturity is available.

For the b.o.p. on a cash basis, the data on enterprises' loans are obtained from bank reports and are broken down by maturity. The data published in the b.o.p. on a transactions basis are derived from a survey conducted on a quarterly basis. The information regards loans extended and repaid in cash, goods or services as well as a cancellation of the loan amount or a reorganisation of debt through rescheduling, debt forgiveness, refinancing or payments. Data on financial leasing are recorded. Information reported by private individuals is also included. A breakdown by maturity is available.

Currency and deposits comprise transactions of Polish banks' assets and liabilities arising from current accounts and deposits as well as foreign currency banknotes and coins held in banks' vaults. The data are published in the b.o.p. on a cash basis. Quarterly, these data are supplemented with information on changes of stocks in accounts the Polish non-banking institutions hold with banks abroad and are presented in the b.o.p. on a transactions basis.

12.2 Definition

In principle, the definitions for other investment transactions are in line with the BPM5.

The other investment item in the monthly b.o.p. on a cash basis covers loans, currency and deposits and other assets and liabilities. Financial leasing is covered under loans. Foreign currency banknotes and coins, as well as repurchase agreements, are included under currency and deposits.

In the b.o.p. on a transactions basis, trade credits are also included.

12.3 Deviations from agreed definitions

Trade credits between affiliated enterprises are currently not recorded under direct investment but under other investment.

12.4 Gaps

In the monthly b.o.p., trade credits are not covered.

12.5 Intended harmonisation

The recording of trade credits between affiliated enterprises under direct investment is planned.

12.6 Estimation methods

None.

13 Reserve assets

13.1 Specific features of data collection

Data on transactions in reserve assets are obtained from the NBP's records on a monthly basis.

A breakdown by instrument is available, but not published. The data on reserve assets are collected in currencies in which particular transactions were settled.

13.2 Definition

The NBP is the holder of the official Polish international reserves. In principle, the recommendations of the BPM5 are applied for the recording of reserve assets. The reserve assets comprise monetary gold, special drawing rights (SDRs), the reserve

position in the IMF, foreign exchange (currency and deposits, securities and financial derivatives) and other claims (repurchase agreements). Transactions with residents are excluded.

13.3 Deviations from agreed definitions

None.

13.4 Gaps

The accruals principle is not applied.

13.5 Intended harmonisation

None.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.1 General

The i.i.p. is compiled for all financial account items (i.e. direct investment, portfolio investment, financial derivatives, other investment and reserve assets). Assets and liabilities are compiled separately.

The i.i.p. is compiled annually and published nine months after the end of the reference year. Components constituting external debt items are compiled quarterly. The information on external debt is published three months after the end of a reference quarter.

14.1.2 Direct investment

The data on direct investment stocks are derived from an annual survey among direct investors and direct investment enterprises

resident in Poland. Data from the surveys cover information on investment in equity, contribution in kind, reinvested earnings and inter-company loans. The data on equity refer to the balance sheet value based on an interim but not current revaluation. Data on stocks of loans are based on the face value. Only pure stock data are used. The reconciliation exercise includes adjustments for exchange rate changes and other adjustments. The market value is used for companies listed on Warsaw Stock Exchange.

A full geographical (by immediate country and ultimate beneficiary owner) and industrial allocation (NACE) can be provided.

14.1.3 Portfolio investment

Data on portfolio investment liabilities are generally supplied by intermediaries, i.e. custodian banks, brokerage houses and clearing houses. With regard to Treasury securities issued in either domestic or foreign

markets, data on non-resident holdings are supplied by the Ministry of Finance. Data on securities issued on foreign markets by banks and enterprises are reported individually to the NBP. The residual approach is applied. Data on non-resident holdings of Polish securities issued in foreign markets are adjusted with resident end-investor data on holdings of such securities.

Data on government portfolio investment assets in the form of securities are obtained from banks serving as settlement agents. Data on non-government portfolio investment assets are supplied directly by Polish end-investors.

For liabilities, the information on equity securities is based, in general, on the market value and information on debt securities is based, in general, on the face value. For assets, information on both equity securities and debt securities is based on the market value.

For data on portfolio investment assets, a geographical breakdown (by country of issuer) and a currency breakdown are available.

For the separation of direct and portfolio investment in liabilities, the value of non-resident direct investors' holdings of equity securities registered on custody accounts with Polish banks is estimated by the use of data on major shareholders in Polish companies, provided by the Polish Securities and Exchange Commission. The 10% holding criterion is applied. This is a company-by-company estimation rather than a security-by-security estimation based on the assumption that preferred, nominative and other types of non-tradable shares of each public company are priced as ordinary shares of this company. They are classified as portfolio investment in the i.i.p. Assets separation is carried out by the reporting entities (Polish end-investors). Holdings of non-resident equity securities that entitle the reporting entity to a share of 10% or more in the capital or voting power of a single

company are excluded from the reports. No separation is carried out for corporate debt securities, neither in the case of liabilities nor in that of assets.

The i.i.p. stocks and b.o.p. flows are reconciled (only for liabilities) with regard to exchange rate changes and with regard to price changes (for equities only; estimated with the WIG - Warsaw Stock Exchange Index).

14.1.4 Financial derivatives

Stock data on foreign assets and liabilities resulting from positions in foreign exchange derivatives between residents and non-residents, such as foreign exchange swaps, currency swaps, currency forwards and currency options are collected, on a quarterly basis, from Polish non-bank end-investors and financial intermediaries.

14.1.5 Other investment

Other investment covers trade credits, loans, currency and deposits, as well as other assets and liabilities.

Trade credits data are based on the answers to a quarterly survey of major exporters and importers. The information is based on the nominal value. The data refer mainly to other sectors.

Information on loans is broken down by sector. Data on central and local government's loans are provided by settlement agents and the MoF. Figures on banks' external loans are derived from money and banking statistics. Data on corporate loans are obtained from quarterly surveys and are compiled on a loan-by-loan basis, and in the original currency. Information on any changes to individual loans, such as a cancellation of the loan amount or a reorganisation of debt through rescheduling, debt forgiveness, refinancing or repayments, is compiled. The information is based on the face value.

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The data on currency and deposits are derived from the NBP's balance sheet for the NBP and from money and banking statistics for other banks. Data on assets of non-government and non-bank entities in the form of accounts with banks abroad are also included. The position covers repurchase agreement transactions. The data are based on the face value.

Other assets and liabilities cover data on assets and liabilities other than loans, debt securities, trade credits, currency and deposits.

14.1.6 Reserve assets

The NBP is the holder of the official Polish international reserves. The information on stocks of official reserve assets is derived from the NBP's balance sheet and is available on a monthly basis. The coverage and concepts are in line with the BPM5. Reserve assets are calculated at market or approximate-to-market value and cover only actually existing assets denominated in foreign currencies. Claims on residents are excluded.

A detailed instrument breakdown is published monthly in the Data Template on International Reserves and Foreign Currency Liquidity.

15 Contacts

This country information was drafted by Poland in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Poland should be addressed to:

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14.2 Deviations from agreed definitions

For direct investment, no other form of non-equity liabilities than those mentioned under Sub-section 14.1.2 are covered, i.e. neither debt securities nor trade credits between affiliated enterprises are included. These transactions are recorded under portfolio investment (debt securities) or under other investment (trade credits).

14.3 Gaps

No data of publishable quality and methodologically consistent with the BPM5 is available on stocks of financial derivatives. The data collected from Polish banks are insufficient for the proper valuation of positions in financial derivatives. They are a measure of risk exposure only.

14.4 Intended harmonisation

None.

14.5 Estimation methods

None.

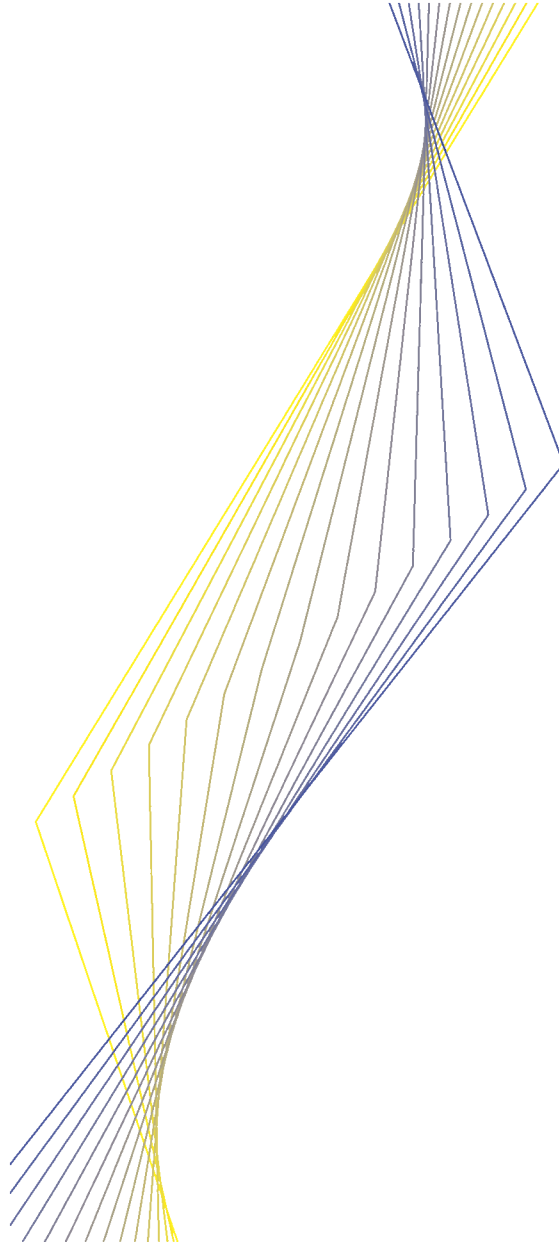
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EUROPEAN CENTRAL BANK

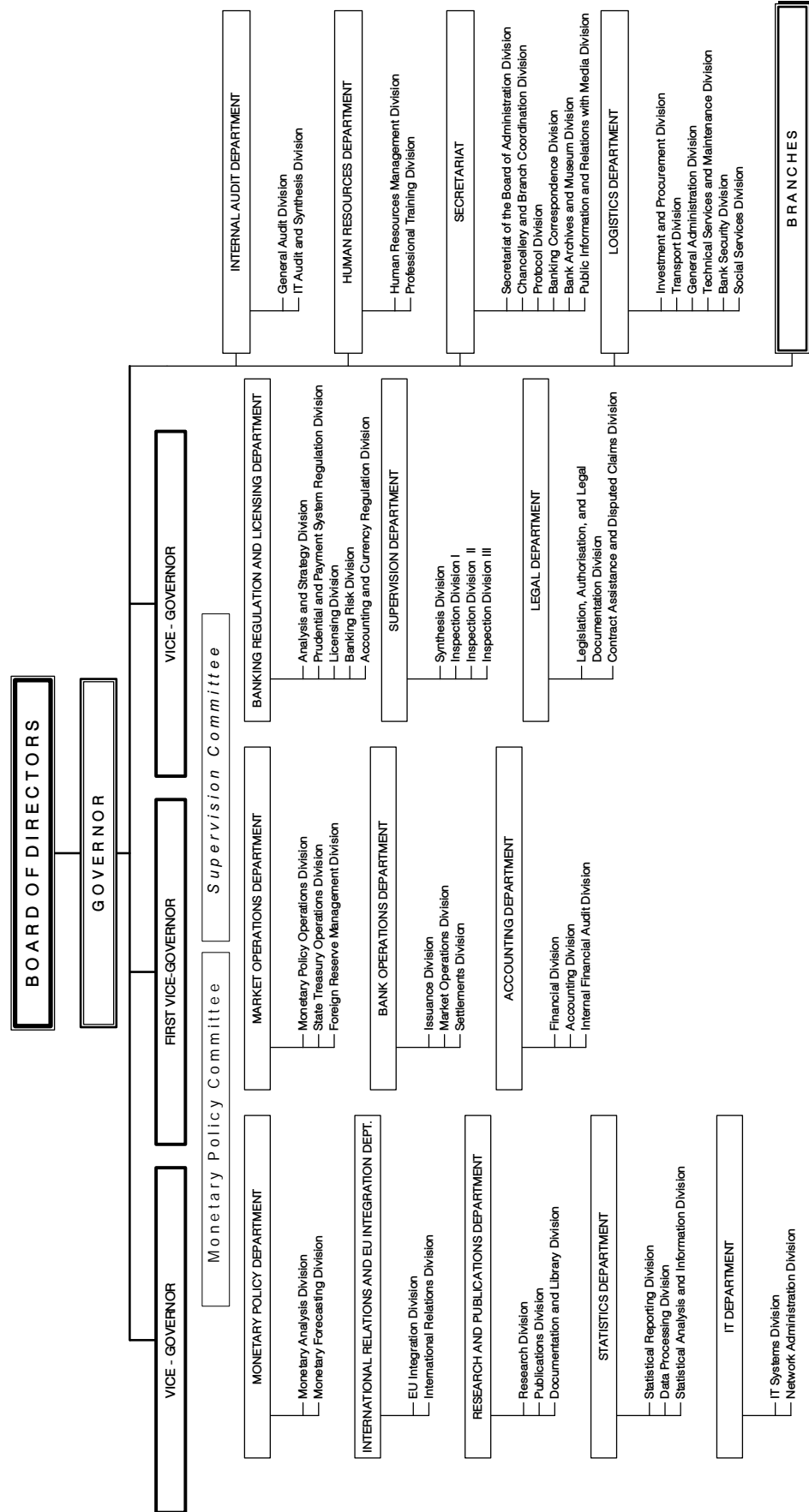


Romania

May 2003

I Organisation chart

Organisation Chart of the NATIONAL BANK OF ROMANIA – as of 1 December 2002



2 Institutional aspects

2.1 Introduction

The institution responsible for the compilation of balance of payments (b.o.p.) and international investment position (i.i.p.) statistics in Romania is the Banca Națională a României, the National Bank of Romania (NBR), through its Statistics Department. Monthly and annual data have been compiled since 1993, following the recommendation of the 5th edition of the IMF Balance of Payments Manual (BPM5). The NBR, which is the national central bank, may act independently from the Government and co-operates with the central and local public authorities to achieve its targets. The Board of the NBR is appointed by the Romanian Parliament.

2.2 Legislative provisions

The legal basis for the compilation of the b.o.p. is provided by Law No. 101/1998 regarding the Statute of the NBR, which empowers the NBR to require information needed for b.o.p. compilation, and Circular No. 7/1994, which enables the NBR to collect b.o.p. data from the commercial banks. According to this regulation, the commercial banks must record and report b.o.p. transactions, as they are defined in the circular, to the NBR on a monthly basis. In the case of non-compliance with the legal requirements, the NBR may issue written warnings to and impose fines on reporting agents.

2.3 Internal organisation

The statistical activities of the NBR are centralised in the Statistics Department, which comprises three divisions - the Statistical Reporting Division, the Processing Division and the Analysis and Statistical Information Division. Statistical information flows horizontally through these three divisions, i.e. data related to money, banking

and external sector statistics are collected by the first division, processed by the second and disseminated by the third. At present, 11 people are involved with b.o.p. statistics: six are involved in compilation, one in IT, and four in analysis, methodology, etc. The Reporting Division collects data from all reporting banks and other sources (customs, Government, agencies, etc.), maintains contact with the reporting community and is responsible for methodological issues. It should be noted that, within the reporting community, banks codify transactions on the basis of the b.o.p. principle, applying double-entry accounting. The Processing Division receives the data in electronic format and is responsible for aggregating the information (one person from this division supervises the process). The Analysis and Statistical Information Division is responsible for the final compilation of the b.o.p., produces tables and analyses, and disseminates the data in the required format to Eurostat, the International Monetary Fund (IMF), users within the NBR, etc.

2.4 External co-operation

The NBR co-operates with the General Directorate for Customs (GDC) and the National Institute for Statistics (NIS) in the area of foreign trade statistics. The trade data are published monthly in the NIS's Statistics Bulletin. The classification of accounts and definitions regarding foreign trade statistics are largely in line with the recommendations of the BPM5. In the area of national accounts, the principles of the System of National Accounts (SNA) 1993 are used. The implementation of the European System of Accounts (ESA) 1995 in the NIS's classification of goods is also envisaged.

The Government provides information for specific b.o.p. items, such as:

- expenses of Romania's diplomatic missions abroad, submitted once a year by the Ministry of Foreign Affairs;

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- some information on grants received, available from the Ministry of Public Finance (MoF);
- estimates of general government debt forgiveness; and
- information on public and publicly guaranteed external debt, available from the MoF.

The NBR co-operates with Eurostat, the European Central Bank (ECB) and the IMF in the b.o.p. methodology area by participating in international meetings, working parties, seminars and statistical missions in order to harmonise national standards with the international criteria.

3 Statistical system

3.1 Type of collection system

The collection system used to report b.o.p. data is an International Transaction Reporting System (ITRS) of a semi-open type based on the collection of settlement data. Statistics are compiled from forms submitted monthly by commercial banks and containing aggregate figures on the external transactions of their customers, as well as transactions made for their own account. For each of these external transactions, it is assumed that an entry is made in the financial account to offset the corresponding changes in the bank's foreign currency account.

The data are prepared monthly on a cumulative basis.

For some b.o.p. components, additional data sources are used:

- the GDC and NIS for trade data;
- bureaux de change for tourism;
- the Debt Management and Financial Analysis System (DMFAS): a database which is the joint responsibility of the

2.5 Users

The monthly b.o.p. is externally disseminated to the Government, the NIS, the Institute for Macroeconomic Studies and the branch offices of international organisations such as the International Bank for Reconstruction and Development (IBRD) and the IMF Mission in Bucharest. B.o.p. data are also provided on a regular basis to Eurostat and the ECB in GESMES/CB format and to the IMF via the internet.

Within the NBR, it is distributed to the Monetary Policy Department and to the Research (Economic Studies) and Publications Department.

MoF and the NBR, used for monitoring Romania's external debt. Borrowers report medium and long-term credits contracted from non-residents directly to the MoF and the NBR. While the MoF manages public and publicly guaranteed external debt, the NBR monitors the private sector's external debt. Information is keyed into the database on a transaction-by-transaction basis. Details regarding debt securities transactions and interest payable are also entered into the database. For b.o.p. purposes, real flow data are available. Transactions denominated in other currencies are converted into US dollars (USD) at the rates applicable at the time of transaction;

- the NBR balance sheet provided by the Accounting Department is used for estimated reserve asset transactions. Adjustments are made for changes in valuation due to exchange rate fluctuations; and
- the monetary balance sheets of commercial banks are used for short-term assets and liabilities of banks.

The b.o.p. data are compiled in US dollars (USD). Wherever possible, transactions denominated in other currencies are converted into USD at the exchange rates applicable at the time. For data derived from the balance sheets, the exchange rate applicable at the end of the period is used. A currency breakdown is only available for reserve assets and debt flows.

A geographical breakdown is available for exports and imports of general merchandise and for information obtained from the DMFAS (medium and long-term loans and credits received, income payable, debt securities, etc.).

3.2 Reporting agents

(i) *Banking sector*: the banks are required to report all external transactions undertaken on behalf of their customers and for their own account. The banks

themselves assess whether a transaction is a b.o.p. transaction or not, and allocate the operation by type of b.o.p. transaction. According to the double-entry principle, an entry should be made in the financial account for these external transactions in order to offset the corresponding changes in the bank's foreign currency account.

(ii) *Monetary authority sector*: the NBR provides data on reserve assets and other transactions involving the monetary authorities.

(iii) *General government sector*: data regarding the general government's medium and long-term liabilities are provided by the DMFAS (the primary source of these data is the MoF). An Aid Co-ordinating Unit was set up at the MoF with the aim of monitoring all the grants received by Romania.

Table I
Reporting scheme for b.o.p. and i.i.p. data collection for Romania

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
MFIs	Regulation No. 7/1994	- Goods - Services - Income - Current Transfers - Capital Transfers - Direct Investment - Portfolio Investment - Other Investment	Monthly	20 days
	Monetary balance sheets	Stocks of external assets and liabilities	Monthly	30 days
NIS	Monthly Bulletin	Trade Balance	Monthly	30 days
MoF	Monthly letter of submission	Financial Aid	Monthly	30 days
	Debt Management and Financial Analysis System (DMFAS)	Information on public and publicly guaranteed external debt	Monthly	35 days
	Letter of submission	Information on general government debt forgiveness	When applicable	–
Ministry of Foreign Affairs	Letter of submission	Expenses of Romania's diplomatic missions abroad	Annually	4 months
NBR	Changes in net international reserves	Reserve assets Monetary Authority income	Monthly	30 days

Table 1 (cont'd)**Reporting scheme for b.o.p. and i.i.p. data collection for Romania**

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
NBR (cont'd)	DMFAS	Information on private external debt (MLT loans, debt securities and income)	Monthly	35 days
Bureaux de change	The situation of the exchange transactions performed during the month per total authorised company	Foreign exchange transactions of residents and non-residents through bureaux de change	Monthly	30 days

3.3 Thresholds

For the time being, no thresholds are used in the Romanian data collection system.

3.4 Availability of data

Romania's b.o.p. data are compiled on a monthly basis by the Statistics Department of the NBR and are disseminated approximately 45 days after the end of the reference period. Data are published on a cumulative basis as each month's data are produced. Revised annual figures are available approximately six months after the year-end. To the extent allowed by the data collection methodology, the classification of accounts

and definitions used in Romania's b.o.p. follow the guidelines of the BPM5. While a geographical breakdown is available only for the trade balance and medium and long-term credits received, an institutional sector breakdown is available for all the components of the financial account.

Romania's i.i.p. is produced on a quarterly and annual basis by the NBR's Statistics Department. The quarterly i.i.p. is compiled approximately two months after the end of the reporting period and annual figures are available six months after the year-end.

The i.i.p. data are largely consistent with the corresponding financial account items in the b.o.p., in accordance with a recommendation of the BPM5.

Table 2**Monthly b.o.p.: data availability and implementation of the ECB's requirements**

Romania	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
Item	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities
Current account	45 days	45 days	n/a	n/a	-	-
Goods	35 days	35 days	35 days	35 days	n/a	n/a
Services	30 days	30 days	n/a	n/a	n/a	n/a

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Income	30 days	30 days	n/a	n/a	-	-
Compensation of employees	30 days	30 days	n/a	n/a	n/a	n/a
Investment income on direct investment on portfolio investment on other investment	30 days	30 days	n/a	n/a	-	-
Current transfers	30 days	30 days	n/a	n/a	n/a	n/a
Capital account	45 days	45 days	n/a	n/a	n/a	n/a
Direct investment	45 days	45 days	n/a	n/a	n/a	n/a
Equity capital	30 days	30 days	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	30 days	30 days	n/a	n/a	n/a	n/a
Non-MFIs	30 days	30 days	n/a	n/a	n/a	n/a
Reinvested earnings	n/a	n/a	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a
Other capital	30 days	40 days	n/a	45 days	n/a	n/a
MFIs (excluding central banks)	30 days	30 days	n/a	45 days	n/a	n/a
Non-MFIs	30 days	40 days	n/a	45 days	n/a	n/a
Portfolio investment	45 days	45 days	n/a	n/a	n/a	-
Equity securities	30 days	30 days	n/a ¹	n/a	n/a	-
Monetary authorities	30 days	30 days	n/a ¹	n/a	n/a	-
MFIs (excluding central banks)	30 days	30 days	n/a ¹	n/a	n/a	-
Non-MFIs	30 days	30 days	n/a ¹	n/a	n/a	-
Debt securities	30 days	40 days	n/a ¹	40 days	n/a	-
Bonds and notes	30 days	40 days	n/a ¹	40 days	n/a	-
Monetary authorities	30 days	40 days	n/a ¹	40 days	n/a	-
MFIs (excluding central banks)	30 days	40 days	n/a ¹	40 days	n/a	-
Non-MFIs	30 days	40 days	n/a ¹	40 days	n/a	-
Money market instruments	30 days	30 days	n/a ¹	n/a	n/a	-
Monetary authorities	30 days	30 days	n/a ¹	n/a	n/a	-
MFIs (excluding central banks)	30 days	30 days	n/a ¹	n/a	n/a	-
Non-MFIs	30 days	30 days	n/a ¹	n/a	n/a	-
Financial derivatives	n/a	n/a	n/a	n/a	-	-
Other investment	45 days	45 days	n/a	40 days	n/a	n/a
Monetary authorities	30 days	30 days	n/a	40 days	n/a	n/a
General government	30 days	40 days	n/a	40 days	n/a	n/a
MFIs	30 days	40 days	n/a	40 days	n/a	n/a
long-term	30 days	40 days	n/a	40 days	n/a	n/a
short-term	30 days	30 days	n/a	n/a	n/a	n/a
Other sectors	30 days	40 days	n/a	40 days	n/a	n/a
Reserve assets	30 days	-	n/a	-	n/a	-

N/A: Information is currently not available.

-: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

1) Available on an annual basis.

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3.5 Data controls

Banks report b.o.p. data on an aggregate basis, and it is therefore often difficult to check the data. Controls are carried out mainly on the items of the financial account; for example, it is possible to verify whether repayments of loans exceed disbursements. For some financial account transactions, such as transactions made by banks for their own account, monetary balance sheet data are compared with the information received from the banks, in accordance with the Romanian Balance of Payments Regulation.

3.6 Revision policy

If necessary, data are revised on a quarterly basis. Revised annual data, published in the

NBR's Annual Report, are disseminated after approval by Parliament.

3.7 Dissemination

Romania's b.o.p. data are disseminated through the NBR's website (<http://www.bnro.ro>) and are also published in the NBR's Monthly Bulletin, Annual Report, and Balance of Payments and International Investment Position Annual Report. The information is posted on the NBR's website approximately two weeks before publication.

Romania participates in the IMF's General Data Dissemination System (GDDS) and uses this system as a framework for statistical development.

4 Goods

4.1 Specific features of data collection

Exports and imports of goods are recorded in the b.o.p. based on customs data provided on a monthly basis by the GDC. The GDC processes customs declarations (made on the Single Administrative Document for Europe) and statistical reports drawn up for some categories of goods transported by cable or pipeline (such as crude oil, natural gas and electricity). Customs statistics are based on the foreign trade methodology of the NIS, which is aligned with that of Eurostat.

using a transformation coefficient (1.0834 at present) periodically calculated by the NIS (on the basis of a survey of key commercial companies).

The NIS groups the countries together by continent, according to Eurostat recommendations, and by the level of development, according to United Nations recommendations (developed countries, transition countries and developing countries).

4.2 Definition

The primary source of data is the foreign trade statistics, which is currently the only reliable data source. The data included in foreign trade statistics are classified according to the Combined Nomenclature of the European Union. The GDC passes these data on to the NIS for official dissemination.

Imports are available on a c.i.f. basis and are converted to an f.o.b. basis by the NBR,

4.3 Deviations from agreed definitions

With the entry into force of the Romanian Customs Code (approved by Law No. 141/1997) on 1 October 1997, which brought the country's customs statistics into line with European Community regulations and procedures, the problem of goods identification was resolved thanks to the alignment of customs and statistical procedures. Nevertheless, there are still some codification problems. Goods for processing, repairs on goods and financial

leasing can be derived from the general classification.

4.4 Gaps

None.

4.5 Intended harmonisation

None.

5 Services

5.1 Specific features of data collection

As a heterogeneous position, many data sources are implied, with the primary source being banking data flows. The items requiring the use of other sources are: merchandise transport, foreign exchange through bureaux de change, embassy and consulate-related services, other business services, and professional and technical services.

A special case is the travel item. Data reported by banks and bureaux de change have mainly been used for compiling the travel balance, although these two sources do not cover the whole range of transactions.

5.2 Definition

The current methodology for compiling services is largely in line with the BPM5. Data on financial services are collected through the banking system.

5.3 Deviations from agreed definitions

None.

5.4 Gaps

Receipts related to business travel and transactions with credit cards are not

4.6 Estimation methods

No estimation methods are used for the goods item. A commodity breakdown is available when trade data are released by the NIS. Estimates are used for forecasting only. Nevertheless, in current account projections, trade data are estimated for each goods item in accordance with the "Combined Nomenclature" of international standards for foreign trade statistics compilation.

covered by the data collection system. It is assumed that the travel debits estimate is overstated, as not all foreign exchange purchased by residents is used for travelling abroad.

5.5 Intended harmonisation

To improve the quality of the travel data, supplementary data sources (such as reporting on accounts held abroad by enterprises and the reporting of transactions with credit cards) are envisaged in order to create a mixed data collection system in this field. A better estimation method will be introduced for compiling the debit entries regarding amounts of foreign exchange spent abroad by Romanian travellers.

5.6 Estimation methods

An estimate is made so that the amounts of foreign exchange sold/purchased by residents through bureaux de change, which are not related to travel, do not have to be recorded in the travel balance. The method of estimation is basically as follows:

- credit entries are calculated as the difference between the amounts of foreign exchange sold and purchased by non-residents; and

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- for debit entries, an assumption is made on the amounts of foreign exchange spent by residents abroad, taking into account the number of residents' trips abroad,¹ the evolution of foreign currency purchases by individuals, seasonal influences, the purchasing power index.
- in the case of debits, assuming that the c.i.f. - f.o.b. difference refers to transportation and insurance expenses, it is important to assess what is the weight of the transportation services performed by non-residents in the total transportation payments (for the valuation of imports on an f.o.b. basis, see Section 4 on goods). Insurance costs are calculated applying an average insurance rate to the imports calculated on a c.i.f. basis. Furthermore, insurance costs are deducted from the c.i.f./f.o.b. difference. A breakdown of imports by carriers and by mode of transportation is available from the GDC. Therefore, it is possible to assess what part from the c.i.f./f.o.b. difference reflects freight performed by non-resident operators for residents.

Estimation methods are also used for export freight services provided by residents and for import freight provided by non-residents:

- since the ITRS does not cover the whole range of transactions related to export freight, an adjustment is made to data provided by banks, which are supposed to reflect freight paid on exports by non-residents to resident operators, by adding an estimated value of freight paid to resident operators on exports by exporters themselves;

6 Income

6.1 Specific features of data collection and definitions

Data regarding income balances are collected through banking and non-banking sources. Transactions involving compensation of employees, direct and portfolio investment income are covered by the data collection system.

Bank reporting is the main source for compiling income data. Data are submitted monthly on an aggregated basis and are cumulated from the beginning of the year.

A non-banking source is used for compiling other investment income in the form of interest paid on medium and long-term credits. This source is the DMFAS, which is based on direct reporting by companies.

6.1.1 Compensation of employees

Data are collected from banks and mainly concern compensation paid to Romanian residents by foreign employers for seasonal or short-term work.

6.1.2 Income on direct investment

Direct investment income is derived from the ITRS. Consequently, the data only include dividends and interest paid in cash. Data for direct investment income paid in kind are not available. Reinvested earnings are not included in this item as, for the time being, these data are not being estimated. Data supplied by banks concern both income on equity and income on debt.

Compilation of direct investment income complies partially with the principles set out in the BPM5.

¹ Provided quarterly by the NIS.

6.1.3 Income on portfolio investment

For income on equity, commercial bank reports are used. Dividends refer to shareholdings of less than 10% of an enterprise's total capital. The collection of data regarding income on debt is based on the ITRS, combined with information supplied by the DMFAS. This system measures actual interest payments to non-residents on medium and long-term debt securities during a specified period of time. In addition, the NBR provides information on its own receipts from the management of portfolio securities.

Data are available broken down by instrument and institutional sector.

6.1.4 Income on other investment

Data sources are in this case the ITRS, NBR reports and the DMFAS. The latter records income on both government debt (public and publicly guaranteed debt) and private sector debt. Further income flows are derived from reports submitted by commercial banks to the NBR and from the NBR's own records. Furthermore, interest on short-term trade credits is provided by bank reports and interest on long-term trade credits by the DMFAS.

6.2 Deviations from agreed definitions

Income receipts and payments are compiled on a cash basis. The data are derived from the ITRS, which does not allow data on interest to be compiled on an accruals basis.

6.3 Gaps

Direct investment income paid in kind and reinvested earnings (and other undistributed earnings) are not included.

It is not possible to check income data provided by commercial banks. In addition, Romania's ITRS has only limited coverage of transaction types.

6.4 Intended harmonisation

A foreign direct investment (FDI) survey will be introduced with the aim of monitoring FDI in Romania and Romanian direct investment abroad. Data regarding reinvested earnings stocks will be provided via this survey.

As soon as this survey is introduced, an estimation method will be devised to compile monthly flows related to reinvested earnings.

6.5 Estimation methods

No estimation methods are currently used for income.

7 Current transfers

(i) *General government*: data are obtained from bank reports and mainly cover subsidies granted by non-residents for current budget support, as well as the Government's contributions to the administrative budgets of international organisations.

(ii) *Other current transfers*: additional information concerning aid, donations, contributions and technical assistance (under the PHARE programme, etc.) is recorded under private transfers. The Statistics Department obtains these data from import statistics.

8 Capital account

8.1 Specific features of data collection

Capital transfers:

(i) *General government debt forgiveness*: this is estimated on the basis of the Government's budgetary documents and information from bank accounts. Debt forgiveness is not a regular occurrence in Romania.

(ii) *Private transfers*: monthly, the Statistics Department receives information from the MoF on financial aid. Depending on the nature of the assistance provided, transactions are assigned to capital transfers if, for example, equipment is acquired from abroad (with an offsetting entry under imports), or to current transfers (with an offsetting entry under services for the total value of the technical assistance).

the acquisition or disposal of a fixed asset by one or both parties to the transaction; and

– the forgiveness of a liability by a creditor is a capital transfer when no counterpart is received in return.

All other transfers are considered current transfers.

The definitions used for compiling current and capital transfers are theoretically in line with those recommended by the BPM5.

8.3 Deviations from agreed definitions

A distinction between current and capital transfers is not always possible; some capital transfers may be included in current transfers.

8.2 Definition

In Romania's b.o.p., current and capital transfers are compiled separately and they are recorded in the current and capital accounts, respectively. Following the recommendations of the BPM5, the criteria used to distinguish current transfers from capital transfers are linked to the definition of capital transfers:

- a transfer in kind is a capital transfer when it is related to the transfer of ownership of a fixed asset;
- a transfer in cash is a capital transfer when it is linked to, or conditional upon,

8.4 Gaps

At present, it appears that some grants and other aid flows related to capital projects are not being recorded.

Estimates of migrants' transfers are recorded in the b.o.p. to the extent allowed by the data collection system, which is a settlements-based ITRS.

8.5 Intended harmonisation

An Aid Co-ordinating Unit was set up at the MoF, with the aim of monitoring all grants received by Romania.

9 Direct investment

9.1 Specific features of data collection

As noted under income on direct investment above, data on FDI and Romanian investment

abroad are derived mainly from banking data collected through the ITRS. Therefore, these data measure only cash transactions by direct investment enterprises with parent

companies. In addition, in order to include non-cash direct investment (i.e. in kind), some adjusted customs data are taken into consideration. These data are to some extent approximate, as they cannot always be extracted from the general trade data. As for direct investment by the banking sector, some information about other capital is derived from bank balance sheets.

Data are available broken down into two of the three major components of direct investment: equity capital and other capital. However, the accuracy of the data, especially for other capital, is limited by two factors: the inadequate coverage of the ITRS and the sometimes inaccurate assessments by compilers at commercial banks. Some other information is captured through the mass media. Regarding the liabilities side of other capital, accurate data on medium and long-term borrowings are obtained from the DMFAS.

The collection system does not, for the time being, allow for any breakdowns, whether by region or by economic sector.

9.2 Definition

The 10% ownership rule for distinguishing direct from portfolio investment is observed by the Romanian methodology. The directional principle for recording transactions is also followed, with the exception of other capital, which is only included on a net basis for investment abroad and investment in Romania. Coverage of inter-company loans is limited to parent-subsidiary transactions. Furthermore, the current collection system is unable to capture intra-group transactions.

10 Portfolio investment

10.1 Specific features of data collection

Several complementary sources are used to compile portfolio investment in order to

As mentioned in Sub-section 7.1.2, reinvested earnings are not included because no data source is available.

All transactions in cash effected through the banking system are included in the b.o.p. when payments are made.

9.3 Deviations from agreed definitions

As explained in Sub-sections 9.1 and 9.2, there are some deviations from BPM5 recommendations. For example, data on reinvested earnings are missing, only partial records exist in respect of the assets/liabilities principle for other capital, trade credits are not included in other capital, and securities between affiliates are not captured under direct investment.

9.4 Gaps

See Sub-section 9.3.

9.5 Intended harmonisation

The NBR is planning to conduct an annual survey in 2003 to measure direct investment more accurately. Furthermore, planned co-operation with the Trade Register and the NIS is expected to yield more complete information on direct investment in Romania.

9.6 Estimation methods

None.

obtain a more realistic picture of these transactions. Data on portfolio investment are derived from the ITRS, especially for transactions in equity shares on the assets

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side. These data are supplemented by data transmitted by the domestic financial market and the DMFAS, the main source for data on medium and long-term debt securities, including the NBR's own portfolio investments. For some items (e.g. portfolio securities held by banks), data are derived from asset holdings recorded in banks' balance sheets. At the same time, in the case of bank liabilities, the bank balance sheets and the DMFAS are cross-checked. With the exception of the DMFAS, all other sources provide data on an aggregated basis.

The present collection system allows for a full institutional sector breakdown and an instrument breakdown, the main distinction being between equity securities and debt securities.

A breakdown by country is available only for other sectors' medium and long-term debt securities.

10.2 Definition

The compilation of portfolio investment data by the NBR complies with the general guidelines of the BPM5. Both equity securities and debt securities are recorded under portfolio investment. While equity securities are limited to equity shares, debt securities include various instruments such as bonds and notes, and money market instruments.

Service charges, fees and commissions are excluded from portfolio investment. Information on these items is obtained from

the banking settlement system and is recorded under financial services.

The accruals principle for interest income is not applied to the compilation of portfolio income, meaning that no offsetting entry is recorded under portfolio investment.

No geographical allocation of assets is available.

10.3 Deviations from agreed definitions

There are no major deviations from the BPM5 with regard to portfolio investment, other than the neglect of the accruals principle and the inclusion of some financial derivatives.

10.4 Gaps

The collection system does not allow recording on a security-by-security basis.

10.5 Intended harmonisation

In the new data collection system, an annual survey will be conducted. Banks will submit detailed reports to the NBR on transactions for their own account.

10.6 Estimation methods

None.

11 Financial derivatives

11.1 Specific features of data collection

Financial derivatives are not recorded separately in the financial account, as very few options and/or futures contracts are effected on the Romanian market.

11.2 Definitions

See Sub-section 11.1.

11.3 Deviations from agreed definitions

See Sub-section 11.1.

11.4 Gaps

For the time being, it is not possible to separately identify transactions involving options contracts and futures (flows and margins), or to record them under financial derivatives.

11.5 Intended harmonisation

A new data collection system is to be set up in order to meet IMF, Eurostat and ECB

12 Other investment**12.1 Specific features of data collection**

Information regarding other investment is available by sector (monetary authority, general government, banking system and other), by maturity and by instrument (loans, trade credits, currency and deposits, and other).

Transactions in other assets and liabilities by banks cover medium and long-term credits extended or received by the banking system and trade-related credits; for assets the data are obtained from banking flows and for liabilities from the DMFAS.

In the case of commercial banks, the stocks of liabilities reported by the DMFAS are reconciled with balance sheet information on a monthly basis.

Short-term liabilities of commercial banks are derived from balance sheet data. They are recorded on a net basis, and the data are calculated as differences between opening and closing stocks.

For the monetary authority and banks, a reconciliation of the balance sheets of the

criteria. Under the new system, banks will report transactions with non-residents for their own account on special forms, including a specific one for recording financial derivative transactions. The form will gather details allowing a geographical breakdown.

The approach for recording financial derivatives intended to be used in the new system is that presented in the Supplement to the BPM5.

11.6 Estimation methods

None.

commercial banks and the NBR with the transactions shown in the b.o.p. is carried out periodically.

General government assets cover the medium and long-term credits extended to the former centrally planned economies (which are now mainly residual). These data are obtained from the banking system. Data on the Government's medium and long-term liabilities are provided by the DMFAS.

Other sector assets and liabilities mainly comprise medium and long-term commercial credits contracted by the private sector. Private sector external debt is monitored on a loan-by-loan basis by the NBR using the DMFAS. This item also includes outstanding export and import bills, such as letters of credits, cash against documents, letters of guarantee, etc., which reflect a claim on or a liability to an importer or an exporter (taking into account the maturity distinction between medium and long-term and short-term), as well as other assets and liabilities not included elsewhere.

The Romanian b.o.p. contains a specific item recording changes in the clearing and barter

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accounts. The clearing and barter agreements were concluded by the Romanian Government before 1989 and most of these accounts have now been liquidated. Clearing and barter transactions are denominated in non-convertible currencies and transferable roubles. For b.o.p. purposes, they are converted into USD. The gross changes are adjusted for exchange rate variations.

12.2 Definition

The definitions used for other investment are in line with the recommendations of the BPM5. For trade credits, see Sub-section 12.1.

13 Reserve assets

13.1 Specific features of data collection

Reserve asset data are compiled and disseminated by the NBR on a monthly basis. The data are provided by the NBR's Accounting Department and appear in the Bank's balance sheet structured by instrument. Market Operations Department provides the breakdown of the reserve assets by currency. The monthly flows are obtained from the difference between the position at the end of the current period and the position at the end of the previous year. For b.o.p. requirements, exchange rate influences are deducted from the gross. The exchange rate changes are obtained from the currency structure of the assets.

13.2 Definition

In principle, the definitions are in line with the BPM5. Reserve assets comprise monetary gold, special drawing rights (SDRs), currency and deposits abroad, treasury bills and foreign securities. Foreign exchange assets with domestic banks are excluded.

12.3 Deviations from agreed definitions

None.

12.4 Gaps

None.

12.5 Intended harmonisation

None.

12.6 Estimation methods

None.

The stock of monetary gold is valued using the price of an ounce gold on the London gold bullion market at the end of the month. Flows related to monetary gold include financial transactions only. Other reserve asset components are recorded on a net basis.

13.3 Deviations from agreed definitions

None.

13.4 Gaps

None.

13.5 Intended harmonisation

None.

13.6 Estimation methods

None.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.1 General

The compilation of i.i.p. statistics follows, to the extent allowed by the data collection methodology, the guidelines of the BPM5, which was introduced as the framework for Romanian statistics in 1994.

The NBR's Statistics Department compiles the i.i.p. in USD on a quarterly basis. Selected i.i.p. items (international reserves, external debt and other) are published in the NBR's Monthly Bulletin. The i.i.p. data are sent electronically to the IMF via the internet with a time-lag of two months. Revised annual i.i.p. data are published six months after the year-end. Sectoral and instrumental breakdowns are possible. The i.i.p. includes the stocks of direct investment, portfolio investment, other investment and reserves.

The Balance of Payments and International Investment Position Annual Report published by the Statistics Department includes stocks, flows, changes in prices and exchange rates, and other adjustments of financial external assets and liabilities vis-à-vis the rest of the world. A reconciliation between i.i.p. stocks and b.o.p. flows (including exchange rate and other adjustments) is carried out.

The data collected is a combination of pure stocks of external assets and liabilities and cumulative flows. The main statistical sources for compiling the i.i.p. are:

- commercial bank and NBR balance sheets;
- commercial bank reports; and
- the DMFAS.

Cumulative b.o.p. flows are recorded for direct investment and for some items in the other investment category.

14.1.2 Direct investment

The Statistics Department separately compiles asset and liability stocks of direct investment on a quarterly basis. The asset position includes resident investment and contributions to banks abroad, while the liability position includes FDI in the banking and non-banking sectors and private parent-subsidiary loans.

Breakdowns by instrument, country and currency are not available for the non-banking sector, which are mainly enabled by the cumulative b.o.p. flows. Direct investment stock data for the banking sector are obtained from commercial bank balance sheets. The DMFAS is the main source of data on private parent-subsidiary loans, both for banks and non-banks. Breakdowns by instrument, currency and country are possible using the DMFAS.

The commercial bank balance sheet data are available one month after the end of the reference period and the cumulative b.o.p. flows are available two months after the reference period. The coverage and concepts are in line with the definition used in the financial account of the b.o.p.

The valuation of direct investment (both assets and liabilities) of commercial banks is based on the relevant end-of-period exchange rates.

14.1.3 Portfolio investment

Portfolio investment data are compiled and disseminated on a quarterly basis, separately for both external assets and liabilities. The asset position includes capital subscriptions to international bodies (such as the IMF, the IBRD, the European Bank for Reconstruction and Development, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the Bank for International Settlements) and debt securities

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held by commercial banks. The liability position includes capital subscriptions to international bodies in domestic currency, equity securities, and bonds and notes issued by all sectors.

Data on capital subscriptions to international bodies are provided by the NBR's Monetary Policy Department and the MoF. Breakdowns by instrument, currency and sector are available. Data for debt securities held by commercial banks are derived from their balance sheets.

Pure stocks of external liabilities in the form of bonds and notes are compiled using the DMFAS. Breakdowns by currency, sector, instrument, country, maturity and creditor are also available. Cumulative b.o.p. flows provided by the National Securities Commission are used for equity securities.

Balance sheet data are available one month after the end of the reference period and the cumulative b.o.p. figures are available two months after the reference period. DMFAS data are provided two to three months after the end of the reference period.

The coverage and concepts are in line with the definition used in the financial account of the b.o.p.

The valuation criterion used for individual portfolio investment instruments is book value for equity securities and nominal value for debt securities.

14.1.4 Financial derivatives

At present, the i.i.p. does not include data on financial derivatives, which are only used on a very small scale.

14.1.5 Other investment

The other investment position is compiled on a quarterly basis, including Romanian investment abroad and foreign investment in

Romania. Residents' assets include external medium and long-term claims, accounts receivable related to exports, credits extended by banks to non-residents, residents' deposits abroad, the value of embassy buildings, and the balance on clearing accounts. Residents' liabilities comprise short, medium and long-term commercial credits and loans, accounts payable related to imports, non-residents' deposits, and the balance on clearing accounts.

External asset data are provided mainly by commercial banks, which record short, medium and long-term claims, accounts receivable related to exports, and the balance on clearing accounts. Breakdowns by country and maturity for external claims and by instrument for accounts receivable related to exports are also available. The pure stocks of currency and deposits of the banking sector abroad are derived from the balance sheets of commercial banks and the value of embassy buildings is recorded by the Ministry of External Affairs. Breakdowns by instrument and currency for commercial bank deposits and by country for the embassies are available.

Data on medium and long-term external loans and commercial credits received from non-residents are provided by the DMFAS. Breakdowns by currency, maturity, creditor, interest rate type and economic sector of the debtor are compiled on a monthly basis. Short-term liabilities of commercial banks are derived from balance sheet data.

Cumulative b.o.p. flows are used to obtain data for long-term export and import bills, such as letters of credit, cash against documents, letters of guarantee, etc., which reflect a claim on or a liability to an importer or an exporter of the non-banking sector, and credits extended by banks abroad.

The short-term external assets and liabilities of the banking sector, the value of embassy buildings and medium and long-term external loans are converted into USD at the end-of-period exchange rate. External claims are recorded at nominal value.

The analytical accounts of commercial banks are generally available one month after the end of the reference period, while medium and long-term external debt and external claims data are available two months after the reference period.

The coverage and concepts are in line with the definitions used in the financial account of the b.o.p.

14.1.6 Reserve assets

Reserve assets are defined as gross claims on non-residents and comprise holdings of SDRs and foreign exchange, deposits at foreign banks and holdings of securities and Treasury bills issued by foreign governments.

Reserve assets are compiled and disseminated on a monthly basis. Breakdowns by currency and instrument are available.

The source of statistical data on reserve assets is the NBR's balance sheet. The analytical accounts of the NBR and the monetary survey are generally available one month after the end of the reference month. The coverage and concepts are in line with

the definitions used in the b.o.p. financial account.

In i.i.p., end-of-period market price valuation is used for the NBR's gold holdings and the valuation of foreign exchange is based on the relevant end-of-period exchange rate. Foreign securities held by the NBR are recorded at the original purchase price and holdings of SDRs are valued at the end-of-period USD/SDR exchange rate.

14.2 Deviations from agreed definitions

None.

14.3 Gaps

None.

14.4 Intended harmonisation

None.

14.5 Estimation methods

None.

15 Contacts

This country information was drafted by Romania in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Romania should be addressed to:

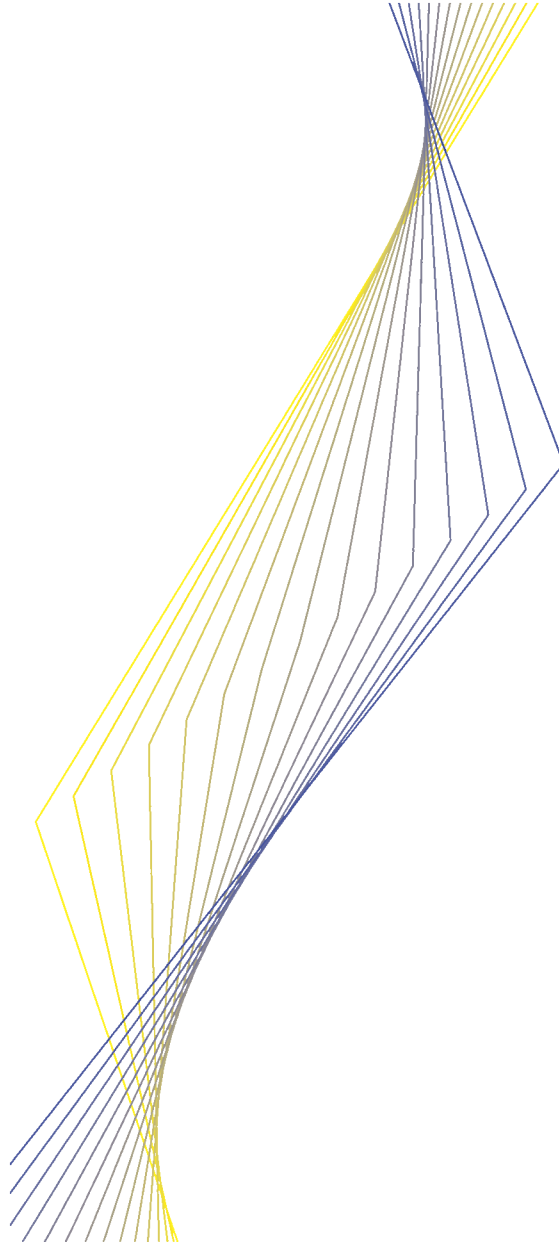
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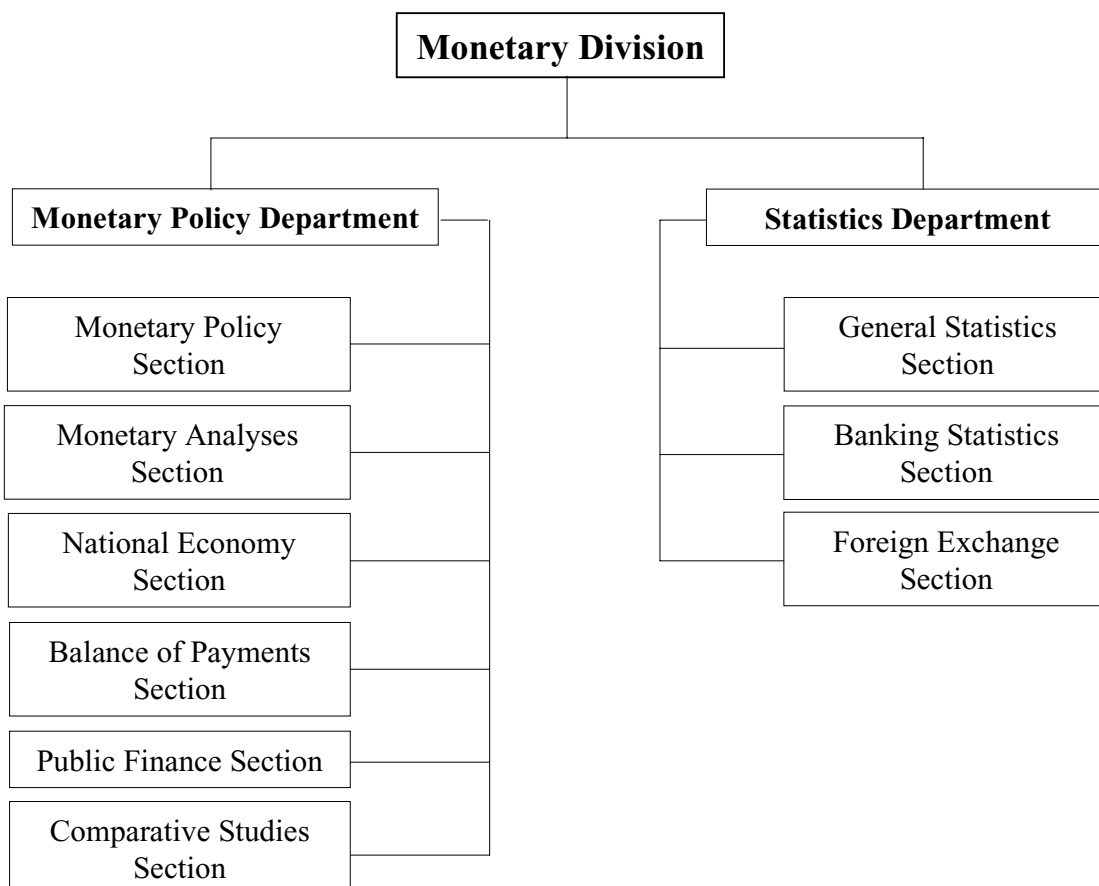
EUROPEAN CENTRAL BANK



Slovakia

May 2003

I Organisation chart



2 Institutional aspects

2.1 Introduction

Since 1 January 1993, Národná banka Slovenska, the National Bank of Slovakia (NBS) - as the central bank of the Slovak Republic - has been the institution responsible for compiling balance of payments (b.o.p.) and international investment position (i.i.p.) statistics. The Balance of Payments (BOP) Section of the NBS's Monetary Policy Department collects data from a variety of sources, including the banking sector, the Statistical Office of the Slovak Republic (SOSR), government ministries (such as the Ministry of Finance and the Ministry of the Economy), government agencies (such as the National Property Fund), stock market brokers and a large number of Slovak enterprises.

The b.o.p. is compiled monthly on a cumulative basis and is published in hard copy. Data are also disseminated through the NBS's website (www.nbs.sk) with a three-month lag. Reports are submitted to the Slovak Parliament twice a year. The data are compiled in Slovak koruna (SKK) and also published in US dollars (USD). The collection and compilation methods are being adjusted to bring them into line with the recommendations of the 5th edition of the Balance of Payments Manual (BPM5) of the International Monetary Fund (IMF). The i.i.p. is compiled on a yearly basis.

The b.o.p., i.i.p. and reserve asset data are compiled and published according to various Acts of the NBS, independently of the general government.

2.2 Legislative provisions

The data are compiled under the terms and conditions of the NBS Act (No. 566/1992), with subsequent amendments, the Banking Act (No. 21/1992), the Foreign Exchange Act (No. 202/1995) and the internal NBS Rule No. 34, amended in 1997.

- (i) NBS Act No. 566/1992
The NBS Act defines the independence of the NBS in deciding on methodology and the form and timing of data dissemination.
- (ii) Banking Act No. 21/1992
The Banking Act defines the reporting requirements of commercial banks vis-à-vis the NBS.
- (iii) NBS Rule No. 34
NBS Rule No. 34 ensures the confidentiality of individual banks' data and requires that only aggregate information be made available to the public.

2.3 Internal organisation

The BOP Section is responsible for conceiving, developing, compiling and analysing b.o.p. and i.i.p. statistics. The section is also responsible for providing data to international institutions, such as the IMF, Eurostat and the Organisation for Economic Co-operation and Development (OECD). The BOP Section operates within the Monetary Policy Department.

The *Statistics Department* consists of three sections, all of which co-operate in the task of collecting and processing accurate and comprehensive data.

- (i) The *Banking Statistics Section* is responsible for the collection, control and processing of money and banking statistics statements from commercial banks related to transactions in domestic currency.
- (ii) The *Foreign Exchange Statistics Section* is in charge of the collection, control and processing of money and banking statistics statements from commercial banks related to transactions in foreign currency.

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(iii) The *General Statistics Section* is responsible for methodological management and for the collection, control and processing of data from the Slovak corporate sector.

The *International Relations Department* is in charge of providing data on some of the NBS's liabilities (e.g. those to the IMF and the European Investment Bank).

The *Treasury Department* is responsible for compiling, controlling and processing data on the reserve assets of the NBS.

The *Banking Transactions Department* is in charge of providing stock and flow data on part of the NBS's liabilities (e.g. the portfolio investment of the NBS) and on government liabilities.

2.4 External co-operation

The SOSR provides the NBS with monthly data on foreign trade. These data are compiled in accordance with the BPM5 and individual data are obtained with geographical and commodity breakdowns according to the Standard International Trade Classification (SITC). Foreign trade figures are based on information from customs declaration forms.

The *Ministry of Finance* provides the NBS with data on the assets and liabilities of the general government sector.

The *National Property Fund* provides the NBS with data on non-resident investment in the

Slovak Republic (for state-owned enterprises only).

The BOP Section of the NBS maintains regular contacts and addresses methodological, collection and compilation issues with other central banks (e.g. in Austria, Germany and the Czech Republic).

The BOP Section's staff take part in several of Eurostat's b.o.p. technical groups and have close contacts with the European Central Bank (ECB) and the OECD. B.o.p. methodological issues are discussed regularly with the Statistics Department of the IMF and, on the basis of these discussions, the BOP Section continually develops its system.

2.5 Users

Data are first disseminated to the public via the NBS's website. The public are informed of this practice by a note in the NBS's monthly publication "Monetary Survey". The data are published a few weeks later in the relevant issue of the monthly "Monetary Survey", as well as in the "Statistical Information" publications and the "Annual Report of the NBS".

Internally, the data are used and analysed within the Monetary Policy Department and the Foreign Exchange Division of the NBS.

B.o.p. and i.i.p. figures are sent regularly to the IMF, Eurostat, the OECD and other institutions, according to their particular requirements.

3 Statistical system

3.1 Type of collection system

B.o.p. compilation is based on a mixed system, which uses a combination of settlement data and surveys. The reporting by the banking system does not include a full explanation of the changes in the level of external positions. The banking system

settlements are complemented with surveys from the Government, the Ministry of Finance, the SOSR, the Customs Office (for trade balance purposes) and a large number of Slovak enterprises. Flows are derived from stock statistics for the operations conducted by banks' on their own account.

3.2 Reporting agents

- (i) The *SOSR* reports data on Slovak exports and imports of goods, which are derived from customs declarations. The external trade data record the physical movement of goods, which are valued at market prices and recorded at the time they cross the frontier of the Slovak Republic.
- (ii) All *commercial banks* submit data to the NBS in the required format and time. For the purposes of b.o.p. compilation, commercial banks submit statements on foreign exchange income and payments to and from non-residents in foreign and domestic currency, statements on their foreign exchange and SKK positions, and statistics on non-residents' holdings of securities in their custody departments.
- (iii) The *NBS* reports data on reserve assets and the liabilities of monetary authorities and government (flow and stock data are available).

- (iv) *Slovak enterprises* are direct reporting institutions. Each enterprise with foreign assets or liabilities exceeding SKK 1 million at the reference date is required by Slovak law (the Foreign Exchange Act) to provide the NBS with a monthly report on those foreign assets and liabilities. Currently, the NBS obtains data from approximately 3,500 enterprises. In the area of portfolio investment, all securities traders are obliged to submit data on their transactions with non-residents.
- v) The *Ministry of Finance* provides the NBS with data on the assets and liabilities of the general government sector.

3.3 Thresholds

Generally, no threshold has been applied to the transactions of commercial banks. For the corporate sector, a threshold of SKK 1 million has been set, above which enterprises must submit a monthly report on foreign assets and liabilities.

Table I
Reporting scheme for b.o.p. and i.i.p. data collection for Slovakia

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Statistical Office of SR/Customs	Customs declarations and foreign trade statistics	Foreign trade items	Monthly	T+20
Commercial banks	Report on foreign exchange income and payments	Services, income, current transfers, capital account items	Monthly	T+15
	Report on income and payments on non-resident account in Slovak koruna	Services, income, current transfers, capital account items	Monthly	T+15
	Report on foreign exchange positions	Other investment items, direct investment, portfolio investment	Monthly	T+15
	Report on portfolio investment	Portfolio investment liabilities	Monthly	T+15
Enterprises	Report on foreign assets and liabilities	Inputs for the financial account, direct investment	Monthly	T+60
National Bank of Slovakia	Internal reports	Range of sources for compiling the financial account items and foreign exchange reserves	Daily	0

3.4 Availability of data

B.o.p. data are compiled monthly in a cumulative form. Data are disseminated to the public no later than three months after the reporting period.

I.i.p. data are compiled yearly and published no later than six months after the end of the reference year. Since 2001, the BOP Section has been compiling the i.i.p. on a quarterly basis. These data are disseminated no later than six months after the reference period.

Reserve assets are compiled on a weekly basis and the reference day is always Wednesday, or the preceding working day if the Wednesday is a public holiday. Data are published on the following Monday, or the next working day if the Monday is a public holiday. On a monthly basis, data are structured according to the new IMF Data Template on International Reserves and Foreign Currency Liquidity (the IMF Data Template) and disseminated no later than one month after the reference period.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Slovakia	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis ¹⁾			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities
Current account	3 months	3 months	n/a	n/a	-	-
Goods	3 months	3 months	n/a	n/a	n/a	n/a
Services	3 months	3 months	n/a	n/a	n/a	n/a
Income	3 months	3 months	n/a	n/a	-	-
Compensation of employees	3 months	3 months	n/a	n/a	n/a	n/a
Investment income	3 months	3 months	n/a	n/a	-	-
on direct investment	3 months	3 months	n/a	n/a	n/a	n/a
on portfolio investment	3 months	3 months	n/a	n/a	n/a	-
on other investment	3 months	3 months	n/a	n/a	n/a	n/a
Current transfers	3 months	3 months	n/a	n/a	n/a	n/a
Capital account	3 months	3 months	n/a	n/a	n/a	n/a
Direct investment	3 months	3 months	n/a	n/a	n/a	n/a
Equity capital	3 months	3 months	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	3 months	3 months	n/a	n/a	n/a	n/a
Non-MFIs	3 months	3 months	n/a	n/a	n/a	n/a
Reinvested earnings	3 months	3 months	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	3 months	3 months	n/a	n/a	n/a	n/a
Non-MFIs	3 months	3 months	n/a	n/a	n/a	n/a
Other capital	3 months	3 months	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	3 months	3 months	n/a	n/a	n/a	n/a
Non-MFIs	3 months	3 months	n/a	n/a	n/a	n/a
Portfolio investment	3 months	3 months	n/a	n/a	n/a	-
Equity securities	3 months	3 months	n/a	n/a	n/a	-
Monetary authorities	3 months	3 months	n/a	n/a	n/a	-

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

MFI (excluding central banks)	3 months	3 months	n/a	n/a	n/a	–
Non-MFI	3 months	3 months	n/a	n/a	n/a	–
Debt securities	3 months	3 months	n/a	n/a	n/a	–
Bonds and notes	3 months	3 months	n/a	n/a	n/a	–
Monetary authorities	3 months	3 months	n/a	n/a	n/a	–
MFI (excluding central banks)	3 months	3 months	n/a	n/a	n/a	–
Non-MFI	3 months	3 months	n/a	n/a	n/a	–
Money market instruments	3 months	3 months	n/a	n/a	n/a	–
Monetary authorities	3 months	3 months	n/a	n/a	n/a	–
MFI (excluding central banks)	3 months	3 months	n/a	n/a	n/a	–
Non-MFI	3 months	3 months	n/a	n/a	n/a	–
Financial derivatives	3 months	3 months	n/a	n/a	–	–
Other investment	3 months	3 months	n/a	n/a	n/a	n/a
Monetary authorities	3 months	3 months	n/a	n/a	n/a	n/a
General government	3 months	3 months	n/a	n/a	n/a	n/a
MFI	3 months	3 months	n/a	n/a	n/a	n/a
long-term	3 months	3 months	n/a	n/a	n/a	n/a
short-term	3 months	3 months	n/a	n/a	n/a	n/a
Other sectors	3 months	3 months	n/a	n/a	n/a	n/a
Reserve assets	3 months	–	n/a	–	n/a	–

N/a Information is currently not available.

– Not applicable (e.g. provision of information is not a monthly ECB requirement).

¹⁾ A monthly geographical breakdown is available only for the goods item. For the other items of the current account and for direct investment, a geographical breakdown is available on a quarterly basis.

3.5 Data controls

Commercial banks return their data in electronic form. A closed control system is used to check individual reports and inter-report controls are also carried out.

Checks are also performed at the aggregate level to verify consistency with other statistics. For example, commercial bank statements are checked against enterprise surveys for selected items.

The NBS also checks that time series data are logical.

3.6 Revision policy

The b.o.p. and i.i.p. data are revised every time new information becomes available. Owing to the eight-month lag in obtaining

final data, the trade balance is revised periodically. Commercial banks and enterprises revise their end-of-year data four months later after an internal audit has been performed).

3.7 Dissemination

Data are first disseminated to the public via the NBS's website. The public is informed of this practice by a note in the NBS's monthly publication "Monetary Survey". The data are disseminated a few weeks later in the relevant issue of the monthly "Monetary Survey", as well as in the "Statistical Information" publications and the "Annual Report of the NBS".

Internally, the data are used and analysed by the Monetary Policy Department and the Foreign Exchange Division of the NBS.

B.o.p. and i.i.p. figures are sent regularly to the IMF, Eurostat, the OECD and other institutions, according to their specific requirements. The Slovak Republic is a subscriber to the IMF's Special Data

Dissemination Standard (SDDS) and disseminates metadata on the IMF's Data Dissemination Bulletin Board with a hyperlink to the original data.

4 Goods

4.1 Specific features of data collection

The international trade statistics in Slovakia are based on a special trade system. The statistics refer to all merchandise entering or leaving the Slovak Republic free circulation area and premises for inward processing. Included are non-monetary gold, oil, electricity, military goods, goods bought under financial leasing arrangements, barter trade, postal consignments subject to customs formalities and, as of January 1998, goods for processing. The main exclusion is migrants' effects. Estimates are not made for unrecorded trade (e.g. smuggling and non-reported trade).

The Directorate of Customs of the Slovak Republic compiles monthly international trade statistics on a cumulative basis. Exports and imports are published on an f.o.b. basis. However, it is also possible to calculate trade data on a c.i.f. basis.

4.2 Definition

Slovak foreign trade statistics on goods are compiled according to the BPM5, which means that data are divided into:

- general merchandise;
- goods for processing;
- repairs on goods; and
- non-monetary gold.

Data on Slovak exports and imports of goods are derived from customs declarations. The

external trade data record the physical movement of goods, which are valued at market prices and recorded at the time they cross the frontier of the Slovak Republic.

A geographical breakdown of figures is available, as well as a commodity breakdown according to the SITC.

4.3 Deviations from agreed definitions

The current system records the data at the time the border is crossed, and not at the time of the change of ownership.

4.4 Gaps

International trade statistics do not fully capture goods (e.g. fuels, including bunker fuel) procured abroad by resident carriers and those procured in the Slovak Republic by non-resident carriers. These relate mainly to purchases of fuel by trucks.

4.5 Intended harmonisation

The gap mentioned in Sub-section 4.4 will be closed when the planned methodological changes are introduced.

4.6 Estimation methods

The NBS does not make any estimates of trade statistics data, which are obtained from the SOSR.

5 Services

5.1 Specific features of data collection

Generally, data for services are obtained from the “Monthly report on foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents”. The first report contains transactions in foreign exchange, while the latter covers transactions in domestic currency. These reports are prepared by all commercial banks on the basis of the methodology prepared by the BOP Section. The commercial banks return the data electronically to the Statistical Department of the NBS. The reporting forms are designed on the basis of the BPM5 and also contain information needed by the compilers.

The data are collected on the basis of a system using specific transaction codes, under which income and payments have to be assigned the relevant code from a list.

5.2 Definition

Data are compiled according to the BPM5.

- (i) Transportation: data for transportation are generally obtained from the “Monthly report on foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents”, and several items are directly reported by pipeline operators.
- (ii) Travel: data for travel are obtained from the “Monthly report on foreign exchange

income and payments” and the “Monthly report on receipts and payments for the account of non-residents”. The collection system covers purchases and sales of foreign exchange and cashless payments (i.e. transfers from one account to another), as well as transactions via credit cards.

- (iii) Other services: data for this item are obtained from the “Monthly report on foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents”.

5.3 Deviations from agreed definitions

None.

5.4 Gaps

None.

5.5 Intended harmonisation

The NBS is planning to approve and implement a survey system for non-banking entities covering selected services items to complement the current banking statement system.

5.6 Estimation methods

None.

6 Income

6.1 Specific features of data collection and definitions

6.1.1 Compensation of employees

Data for compensation of employees are obtained from the “Monthly report on

foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents”.

6.1.2 Income on direct investment

Income on direct investment is recorded in the b.o.p., broken down into income on equity securities and income on debt securities (interest on credits between direct investors and direct investment enterprises). Reinvested earnings data are also available.

The NBS obtains data on direct investment income from the “Monthly report on foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents” returned by banks, and from the monthly enterprise survey “Monthly report on foreign assets and liabilities”.

A breakdown by sector is available for income on direct investment.

6.1.3 Income on portfolio investment

Income on portfolio investment is recorded in the b.o.p., broken down into income on equity securities (dividends) and income on debt securities (interest). Data for income on debt securities are divided into bonds and notes and money market instruments.

Data are obtained from the “Monthly report on foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents”. Data on income received by general government and the NBS are obtained from the External Debt Management Section and the International Relations and Treasury Departments of the NBS.

Data are recorded on a cash basis.

A geographical breakdown is not available for income on direct investment or income on portfolio investment. A breakdown by sector is available for income on portfolio investment.

6.1.4 Income on other investment

Data on income on other investment are available in a sectoral breakdown. Data are obtained from the “Monthly report on foreign exchange income and payments”, the “Monthly report on receipts and payments for the account of non-residents” and the monthly enterprise survey “Monthly report on foreign assets and liabilities”. Data on interest received and paid by the NBS and general government are obtained from the External Debt Management Section and the International Relations and Treasury Departments of the NBS.

6.2 Deviations from agreed definitions

Interest is recorded on a cash basis.

6.3 Gaps

A geographical breakdown is not available for income on direct investment or income on portfolio investment.

6.4 Intended harmonisation

The NBS is planning to improve the coverage of compensation of employees by implementing new estimation methods in order to complement current banking statements.

6.5 Estimation methods

None.

7 Current transfers

Data for current transfers are obtained from the “Monthly report on foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents”. The credit entries for general government cover amounts received under foreign technical assistance

projects and humanitarian aid. Debit entries cover contributions to the administrative budgets of international organisations. The entries for other sectors include workers’ remittances, inheritances, alimony payments, gifts and pensions.

8 Capital account

8.1 Specific features of data collection

Data for capital transfers are derived from the same sources as data for current transfers and mainly include migrants’ transfers and investment grants received and extended. Transfers are broken down into government and other according to the institutional sector of the resident. Transactions under the PHARE technical assistance programme are included.

8.2 Definition

Capital transfers are compiled according to the BPM5.

Data are obtained from the “Monthly report on foreign exchange income and payments” and the “Monthly report on receipts and payments for the account of non-residents”.

9 Direct investment

9.1 Specific features of data collection

Direct investment data are collected through a two-survey system. The first survey is based on monthly reporting and the second is the quarterly survey. The NBS has a list of approximately 1,500 respondents, which regularly return the required questionnaires to the NBS.

In addition to both these surveys, the NBS uses supplementary sources of information,

8.3 Deviations from agreed definitions

In some cases, the banking foreign exchange statistics lead to inconsistencies between current and capital transfers (e.g. gifts in the form of capital are included in current transfers together with other gifts).

8.4 Gaps

Non-financial transfers are not recorded.

8.5 Intended harmonisation

The NBS is planning to introduce a new survey for non-financial transfers.

such as commercial banking statements, the National Property Fund, company reports and the press for information on new investors.

In both surveys, the column structure includes:

- the position of assets/liabilities at the beginning of the period;
- credits and debits for assets/liabilities;

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- exchange rate changes, price changes and other adjustments; and
- the position of assets/liabilities at the end of the period.

The row structure of both surveys contains direct investment abroad and direct investment in the reporting economy. The assets and liabilities under foreign direct investment (FDI) are broken down into:

- equity capital (claims/liabilities);
- reinvested earnings; and
- other capital (claims/liabilities).

The quarterly survey provides the NBS with country and economic activity breakdowns. The economic activity breakdown is in line with the International Standard Industrial Classification (ISIC).

The data on FDI are disseminated monthly via the NBS's website.

9.2 Definition

The definition of FDI is in line with the BPM5 and with the recommendations of Eurostat and the OECD. This means that the principles listed below are followed in the recording of FDI:

- the 10% ownership criterion;

- the directional principle for FDI;
- the inclusion of inter-company financial transactions (borrowing and lending - loans and trade credits, securities and financial derivatives);
- data for special-purpose entities are not compiled separately; and
- reinvested earnings are included in FDI.

When recording direct investment transactions, the actual operation concept is applied.

9.3 Deviations from agreed definitions

None.

9.4 Gaps

Some gaps may occur in connection with the identification of branch/subsidiary relationships.

9.5 Intended harmonisation

None.

9.6 Estimation methods

None.

10 Portfolio investment

10.1 Specific features of data collection

The data on inward and outward portfolio investment are published monthly, broken down by instrument (into equity securities and debt securities). On the assets side, a breakdown by creditor sector is available for foreign securities owned by residents. On

the liabilities side, a breakdown by issuer sector is available for Slovak securities held by non-residents. Data on portfolio investment are collected on an aggregated basis.

Portfolio investment figures are collected mainly from monthly banking statements. This

data collection system is complemented with a survey of Slovak securities held by non-residents. Commercial banks are the respondents in this survey, since they provide custody services for domestic securities held by non-residents. They therefore provide the NBS with monthly information on flows and stocks with the required breakdowns. This custody survey system combines with the monthly enterprise survey "Monthly report on foreign assets and liabilities". The combination of these different collection systems enables the BOP Section to obtain all the items of equity securities and debt securities at market prices, broken down by sector and instrument. Currency and geographical breakdowns are not available at present.

10.2 Definition

The NBS defines portfolio investment in accordance with the BPM5. Portfolio investment includes equity securities (shares, participation certificates and interim certificates) and debt securities (bonds and notes and money market instruments). Neither financial derivatives nor repurchase

agreements (repos) are included in portfolio investment. Service charges and brokerage fees are recorded as services.

10.3 Deviations from agreed definitions

None.

10.4 Gaps

If a resident's assets are sold directly by a non-resident custodian or bank, the portfolio investment collection system is unable to record such information.

10.5 Intended harmonisation

The BOP Section is planning to approve and implement a new statement, which will enable it to obtain a geographical breakdown of portfolio investment.

10.6 Estimation methods

None.

11 Financial derivatives

11.1 Specific features of data collection

Data on financial derivatives are compiled using commercial banking statements and the enterprise survey. Only monthly banking data are used for compilation purposes, because transactions in the corporate sector have not yet been liberalised, i.e. no company data are available because the corporate sector is not yet allowed to carry out such transactions. Statements are based on transactions on a net basis.

Geographical and sectoral breakdowns of financial derivative transactions are not yet available. Financial derivatives are recorded at market values.

11.2 Definitions

Financial derivatives are recorded as a separate item of the financial account. Financial derivative transactions are treated in line with the BPM5, which means that transactions relating to options, futures, swaps and forwards are recorded.

11.3 Deviations from agreed definitions

None.

11.4 Gaps

The collection system covers transactions made by residents via domestic banks only. The transactions effected via foreign banks are not covered by the collection system.

11.5 Intended harmonisation

The NBS is planning to implement a breakdown of financial derivatives by type of instrument. The methodology for this will be developed in coming years.

11.6 Estimation methods

None.

12 Other investment

12.1 Specific features of data collection

Other investment data is collected according to the definitions of the BPM5 and is broken down primarily into assets and liabilities. Furthermore, a breakdown by sector (monetary authorities, general government, commercial banks and other sectors) and a breakdown by maturity (short versus long-term investment) are available.

For each sector, other investment is broken down into the following instruments:

- trade credits;
- loans;
- currency and deposits; and
- other assets/liabilities.

A breakdown by currency is available for the NBS, general government and the banking sector.

The data sources are as follows:

- (i) the *NBS*: the Treasury Department of the NBS provides the Bank's foreign exchange position. Information on the Bank's liabilities is provided by the relevant units of the NBS;
- (ii) the *Government*: information is provided by the relevant units of the NBS, which

is the fiscal agent of the Government in the area of debt service. The NBS also receives supplementary information on assets from the Ministry of Finance;

(iii) *commercial banks*: these return statements on foreign and domestic currency positions vis-à-vis non-residents (assets/liabilities); and

(iv) *other sectors*: data from domestic enterprises is obtained from the monthly survey of foreign assets and liabilities.

12.2 Definition

The other investment item is basically in line with the BPM5. Trade credits and repos are also included.

12.3 Deviations from agreed definitions

None.

12.4 Gaps

A breakdown by country is not available.

12.5 Intended harmonisation

None.

12.6 Estimation methods

Transaction data from the banking sector are not available. Currently the transactions are estimated from stock data, but the NBS

will introduce a new banking sector statement containing both stock and transaction data in coming years.

13 Reserve assets

13.1 Specific features of data collection

The source of the data for reserve assets is the Treasury Department (Operations) of the NBS, which compiles and provides data on a daily basis. However, the data are disseminated to the international institutions and the public on a weekly basis and daily data are used only for internal analysis. The Treasury Department also provides breakdowns of reserve assets by type of instrument and currency.

13.2 Definition

Reserve assets are those external assets that are readily available to and controlled by monetary authorities for the direct financing of payments imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange markets to affect the exchange rate and/or for other purposes. This definition is fully consistent with the BPM5.

The reserve assets are under the effective control of the NBS and the position of central government is excluded from these assets.

The reserve assets consist of:

- foreign exchange: highly liquid, marketable and creditworthy foreign currency-denominated claims (consisting of currency and deposits and securities) on non-residents. Positions vis-à-vis residents and positions in domestic currency are excluded from the reserve asset data;

- gold: total gold held by the NBS including reversible gold transactions (gold swaps). The total volume of gold is valued at its historical price (i.e. USD 42.22/oz.);
- special drawing rights;
- the reserve position in the IMF; and
- other reserve assets

Reserve asset data are compiled in accordance with the gross concept (i.e. no netting with monetary authorities' liabilities) and published according to the structure of the IMF Data Template.

13.3 Deviations from agreed definitions

There are some methodological discrepancies relative to the IMF Data Template in the areas of gold valuation, reporting of some transactions involving securities (e.g. repos and reverse repos) and gold swaps.

13.4 Gaps

All transactions in reserve assets are covered by the BOP Section's reporting system.

13.5 Intended harmonisation

The NBS is currently planning to change the methodology for reserve asset data to bring it fully into line with IMF Data Template and ECB requirements.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.1 General

The classification of the i.i.p. follows the recommendation of the BPM5 and corresponds to the standard presentation of b.o.p. statistics. The i.i.p. includes the stocks of financial assets and liabilities vis-à-vis non-residents. Data for assets and liabilities are recorded separately.

The i.i.p. is compiled on a yearly basis and is published on the NBS's website no later than six months after the end of the reference year. In 2001, the NBS started to compile the i.i.p. on a quarterly basis.

14.1.2 Direct investment

Direct investment stock data (on equity capital) are compiled on a monthly basis and published on the NBS's website. The breakdown by instrument is currently available on a monthly basis, but published on a yearly basis. Breakdowns by sector, country and economic activity are also available on a quarterly basis.

The data sources are as follows:

- (i) the banking sector: banks send in monthly statements on foreign and domestic currency positions vis-à-vis non-residents (assets/liabilities). A geographical breakdown for this sector is also available on a quarterly basis; and
- (ii) other sectors: the monthly survey of the foreign assets and liabilities of approximately 1,500 domestic enterprises provides direct investment data. From this survey, the NBS obtains both transaction and stock data for all direct investment items (e.g. equity capital, reinvested earnings and other capital) according to the BPM5. The

country and economic activity breakdowns of FDI are available through a separate quarterly survey, which has the same structure as a monthly report. The column structure of both enterprise surveys is as follows:

- the position of assets/liabilities at the beginning of the period;
- credits and debits for assets/liabilities;
- exchange rate changes, price changes and other adjustments; and
- the position of assets/liabilities at the end of the period.

Coverage and concepts are in line with the definitions used in the financial account of the b.o.p. Valuation approaches depend on the availability of market values.

14.1.3 Portfolio investment

Data on portfolio investment stocks are compiled and disseminated quarterly, broken down by instrument (into equity securities and debt securities). On the assets side, a breakdown by creditor sector is available for foreign securities owned by residents. On the liabilities side, a breakdown by issuer sector is available for Slovak securities held by non-residents. Currency and geographical breakdowns are not available at present.

The data sources are as follows:

- (i) the *banking sector*: banks send in monthly statements on foreign and domestic currency positions vis-à-vis non-residents (assets). The NBS obtains supplementary information on Slovak securities held by non-residents (liabilities) from a special survey of commercial banks, which provide custody services to non-resident holders of Slovak securities; and

- (ii) *other sectors*: the monthly survey of the foreign assets and liabilities of domestic enterprises is used as an additional source of information on portfolio investment stocks.

The NBS defines portfolio investment according to the methodology of the BPM5. Portfolio investment includes equity securities and debt securities (which include bonds and notes and money market instruments).

The stock figures in all the breakdowns are given at market values.

14.1.4 Financial derivatives

Data on financial derivatives are compiled on the basis of commercial banking statements and the enterprise survey. Only monthly banking data are used for compilation purposes, because transactions in the corporate sector are not yet liberalised.

The data sources are as follows:

- (i) the *banking sector*: banks send in monthly statements on foreign and domestic currency positions vis-à-vis non-residents; and
- (ii) *other sectors*: the monthly survey of the foreign assets and liabilities of domestic enterprises is used as an additional source of information on financial derivatives.

Geographical and sector breakdowns of these stocks are not yet available.

Financial derivative stocks are recorded at their real values and are treated in accordance with the BPM5.

14.1.5 Other investment

Data on other investment are collected according to the definitions of the BPM5.

Other investment is primarily broken down into assets and liabilities. In addition, a breakdown by sector (monetary authorities, general government, commercial banks and other sectors) and a breakdown by maturity (short versus long-term maturity) are available.

For each sector, other investment is broken down into the following instruments:

- trade credits;
- loans;
- currency and deposits; and
- other assets/liabilities.

Breakdowns by currency are available for the NBS, general government and the banking sector.

The data sources are as follows:

- (i) the *NBS*: the Treasury Department of the NBS provides the Bank's foreign exchange position. Information on NBS liabilities is provided by the relevant units of the Bank;
- (ii) the *Government*: information is provided by the relevant units of the NBS, which is the fiscal agent of Government in the area of debt service. The NBS also receives supplementary information on assets from the Ministry of Finance;
- (iii) *commercial banks*: these return statements on foreign and domestic currency positions vis-à-vis non-residents (assets/liabilities); and
- (iv) *other sectors*: data from domestic enterprises is obtained from the monthly survey of foreign assets and liabilities.

The column structure of all statements (except those from commercial banks) and surveys contains:

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- the position of assets/liabilities at the beginning of the period;
- credits and debits for assets/liabilities;
- exchange rate changes, price changes and other adjustments; and
- the position of assets/liabilities at the end of the period.

Coverage and concepts are in line with the definitions used in the financial account of the b.o.p.

14.1.6 Reserve assets

The source of reserve asset data is the Treasury Department (Operations) of the NBS, which compiles and provides data on a daily basis. However, the data are disseminated to the international institutions and the public on a weekly basis and daily data are used only for internal analysis. The Treasury Department also provides the breakdowns of reserve asset data by type of instrument and currency.

15 Contacts

This country information was drafted by Slovakia in agreement with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Slovakia should be addressed to:

The definition of reserve assets is fully consistent with the BPM5.

The reserve asset data are published according to the structure of the IMF Data Template.

14.2 Deviations from agreed definitions

None.

14.3 Gaps

Currently, coverage of the household sector is insufficient.

14.4 Intended harmonisation

The NBS is planning to compile and disseminate the i.i.p. on a quarterly basis.

14.5 Estimation methods

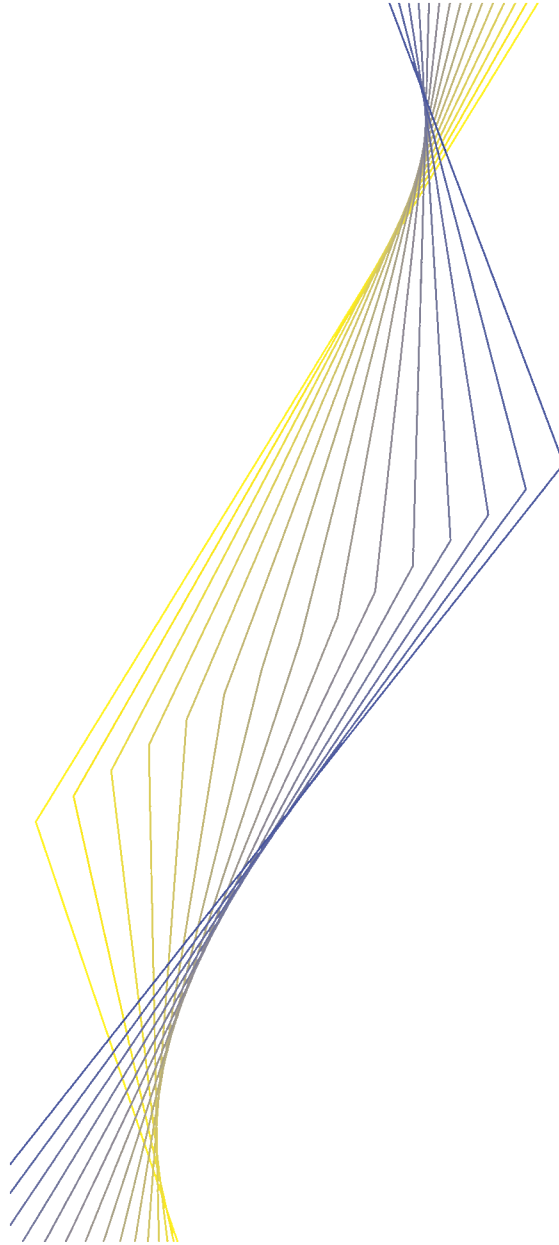
None.

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EUROPEAN CENTRAL BANK

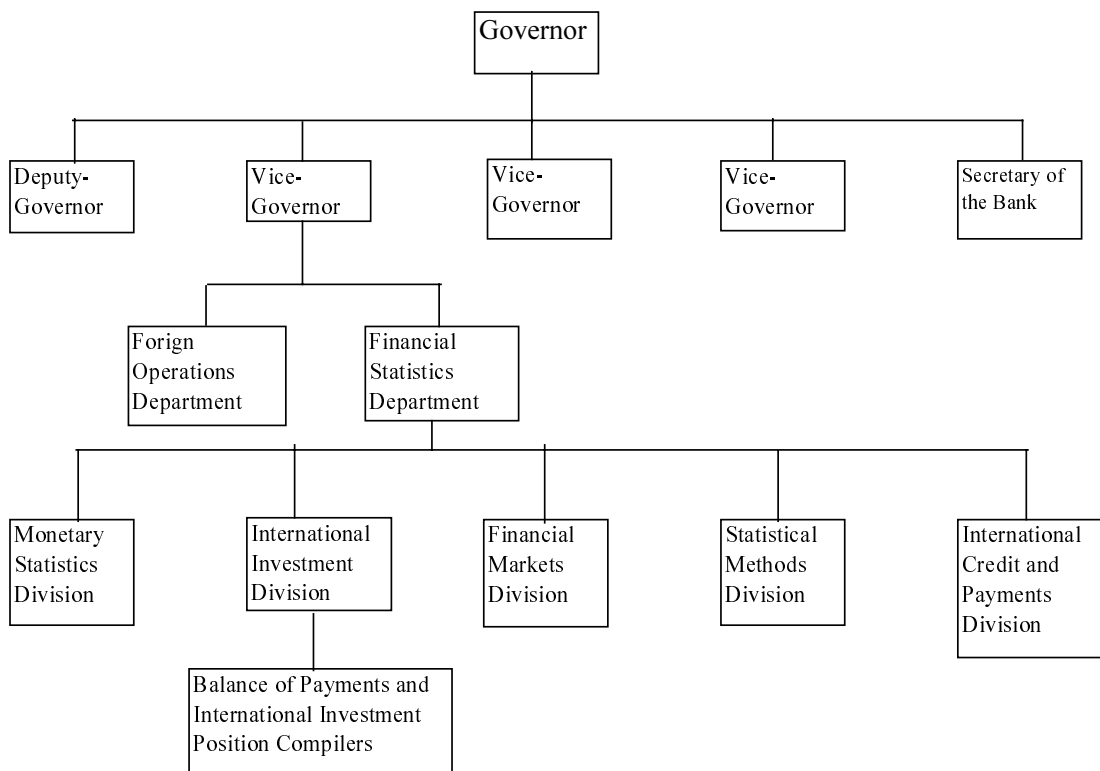


Slovenia

May 2003

I Organisation chart

Bank of Slovenia departments, divisions and units involved in b.o.p. and i.i.p. compilation



2 Institutional aspects

2.1 Introduction

In accordance with the National Programme of Statistical Surveys and the Foreign Exchange Act, the official compiler of the Slovenian balance of payments (b.o.p.) is the Banka Slovenije, the Bank of Slovenia (BS).

The BS has been responsible for compiling the b.o.p. since 1991. Before then, Slovenia was part of Yugoslavia and its b.o.p. was compiled using a different methodology.

Slovenia's b.o.p. is compiled by the BS on the basis of the recommendations of the 5th edition of the IMF Balance of Payments Manual (BPM5) and under limitations as regards the availability of data.

Responsibility for the collection of the data necessary for b.o.p. compilation is shared between the Statistical Office of the Republic of Slovenia (SORS) and the BS. Such data is collected through Slovenia's International Transaction Reporting System (ITRS). Within the framework of the ITRS, the SORS is responsible for collecting trade statistics from customs declarations, while the BS collects reports on other transactions between residents and non-residents. Stock data for the international investment position (i.i.p.) are collected exclusively by the BS.

2.2 Legislative provisions

The compilation and publication of b.o.p. and i.i.p. data are governed by the Law of 1991 on the Bank of Slovenia and subsequent amendments (Official Gazette Nos. 1/1991, 17/1991 and 13/1993), the Law of 1995 on National Statistics (Official Gazette Nos. 45/1995 and 9/2001) and the Decree of 1992 on the Obligation of Residents to Report Data on the Stock of Claims and Liabilities and Transactions with Non-residents (Official Gazette No. 60/1992), which came into effect on 1 January 1993. The data are also affected by the BS's Guidelines on Payment Transfers

with Foreign Countries, which came into force in November 1991.

- (i) The *Law on the Bank of Slovenia* and subsequent amendments established the Bank's independence and provide for it to collect the data needed for its operations.
- (ii) The *Law on National Statistics* guarantees the confidentiality of individuals' personal data and established the annual National Programme of Statistical Surveys, under the terms of which the BS is obliged to publish b.o.p. data.
- (iii) The *Decree on the Obligation of Residents to Report Data on the Stock of Claims and Liabilities and Transactions with Non-residents* provides for the confidentiality of individuals' personal data.

2.3 Internal organisation

The BS is responsible for several sets of statistics provided by the Financial Statistics Department, which in turn comprises the following five divisions: the Monetary Statistics Division, the International Investment Division, the Financial Markets Division, the Statistical Methods Division and the International Credit and Payments Division. This last division is responsible for collecting data on transactions with non-residents settled via commercial banks. It also collects data on long-term loans and trade credits to and from non-residents, as well as short-term loans to and from non-residents. The International Investment Division, for its part, collects data on direct investment, short-term trade credits and accounts held by non-bank residents with foreign banks, as well as inter-company accounts with non-residents.

The Financial Statistics Department has a total of 53 staff, while the International Credit and Payments Division has 23. The International Investment Division has 17 staff,

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four of whom are responsible for compiling b.o.p. and i.i.p. reports.

2.4 External co-operation

The SORS is an important external partner of the Financial Statistics Department. It provides the b.o.p. compilers with foreign trade statistics that are used to derive data for transactions in goods for the Slovenian b.o.p.

Sources for some estimates are the SORS and institutions in neighbouring countries.

3 Statistical system

3.1 Type of collection system

The reporting system for the b.o.p. is the ITRS, which is a closed system. There is integrated reporting of the positions on non-resident accounts (these explain the changes in the assets or liabilities in the b.o.p.'s capital and financial accounts) and the transactions settled through these accounts (these principally explain the changes in the b.o.p.'s current account). In the reporting form, the position on each non-resident account at the end of the reporting period should equal the position at the beginning, plus the credit transactions minus the debit transactions. The transactions are classified on the basis of their description, as provided by the banks' customers, and the assignment of a transaction code. There are more than 300 of these transaction codes and a list of them is available from the BS on request. They form the basis of the methodology that allows banking forms (e.g. payment orders and forms relating to incoming payments) to be used in the compilation of b.o.p. statistics.

The main reporting pillars of the ITRS are:

- (i) Reports on transactions settled between residents and non-residents via bank accounts (so-called non-resident accounts). These accounts comprise:

2.5 Users

B.o.p. and i.i.p. statistics are sent to internal users at the BS and external users in Slovenia. The external users include the SORS, the Chamber of Commerce, the Ministry of Finance and some commercial banks.

The b.o.p. and i.i.p. data are also sent to the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and Eurostat according to their respective standards.

- the banks' foreign correspondent accounts (nostro and loro accounts, including the central bank); and
- non-bank resident accounts abroad.

Transactions are classified using descriptions provided by the banks' customers.

- (ii) Customs declarations as the main source for recording merchandise (compiled by the SORS).
- (iii) Reports to the BS on registered credits granted and disbursed abroad.
- (iv) BS accounting data.
- (v) Commercial bank balance sheet data.
- (vi) Data on direct investment (reinvested earnings).
- (vii) Reports on goods sold to non-residents in duty-free and border shops.

Some estimates are used in the b.o.p. and i.i.p. for the valuation of data on imports, incoming travel, labour income, short-term trade credits, foreign exchange and deposits of resident households in foreign banks.

For the i.i.p., data are collected from residents' reports on inward and outward direct investment, reports of enterprises on short-term trade credits and some of the other above-mentioned sources.

3.2 Reporting agents

The b.o.p. and i.i.p. are compiled on the basis of reports from the following agents:

(i) *commercial banks*, which report transactions between resident and non-resident entities (banks, enterprises, individuals, etc.) as well as transactions for their own account;

(ii) *non-bank residents* report data on their accounts held abroad, on inter-company accounts with foreign partners and on the sale of goods in duty free shops. They also report short-term trade credits to and from non-residents;

(iii) *residents* report inward and outward direct investment stocks and transactions;

(iv) *the SORS* provides data derived from customs declarations;

(v) *the BS* provides its accounting data; and

(vi) *residents* report data on loans and long-term trade credits to and from non-residents.

Table I
Reporting scheme for b.o.p. and i.i.p. data collection in Slovenia

Target respondent population (e.g. MFIs, enterprises, etc.)	Name of reporting form	Contents of reporting form	Frequency of reporting	Timeliness (number of days for submission after the end of the reference period)
Entire population	Customs declaration	Exports and imports of goods	Monthly	T + 6 weeks
Legal entities with accounts abroad	Form C	Foreign accounts abroad	Monthly	T + 3 weeks
Central bank	RBS	Central bank's accounting data	Every 10 days	T + 10 days
Enterprises	SKV	Short term trade credits	Monthly	T + 4 weeks
Banks	Form KNB	Detailed balance sheet data	Monthly	T + 6 days
	Form PPV	Detailed balance sheet data	Every 10 days	T + 10 days
Entire population	Form SN	Assets and liabilities between affiliated companies	Yearly	T + 3 months
Entire population	Credit reports - report on contract - report on payments	Reports to the central bank on registered credits granted and disbursed abroad	When a contract is made	T + 10 days (after the contract is made)
Banks	Reports on payment settlements: - report on inflows from abroad - orders for payment abroad	Transactions settled between residents and non-residents via bank accounts	Every 10 days	T + 10 days

3.3 Thresholds

There is no special threshold for ITRS data.

the period 1988-1993. Figures for the period 1988-1991 exclude transactions with the former Yugoslavia.

3.4 Availability of data

The b.o.p. is compiled monthly and disseminated no later than seven weeks after the end of the reference month. Although the data have been available since 1988, only data for the key b.o.p. items are available for

The i.i.p. is compiled yearly and disseminated no later than six months after the end of the reference year. Data have been available since 1994.

An advance release calendar is published on the BS's website (www.bsi.si) and in its Monthly Bulletin.

Table 2
Monthly b.o.p.: data availability and implementation of the ECB's requirements

Slovenia	Current data availability (after the reference month)				Timetable for implementing the euro area/non-euro area split	
	Timeliness for national data		Timeliness for geographical breakdown on a country-by-country basis			
	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities	credits/ assets	debits/ liabilities
Current account	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	–	–
Goods	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	n/a	n/a
Services	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	n/a	n/a
Income	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	–	–
Compensation of employees	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	n/a	n/a
Investment income	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	–	–
on direct investment	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	n/a	n/a
on portfolio investment	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	n/a	–
on other investment	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	n/a	n/a
Current transfers	7 weeks	7 weeks	n/a ¹⁾	n/a ¹⁾	n/a	n/a
Capital account	7 weeks	7 weeks	n/a	n/a	n/a	n/a
Direct investment	7 weeks	7 weeks	n/a	n/a	n/a	n/a
Equity capital	7 weeks	7 weeks	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a
Reinvested earnings	7 weeks	7 weeks	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a
Other capital	7 weeks	7 weeks	n/a	n/a	n/a	n/a
MFIs (excluding central banks)	n/a	n/a	n/a	n/a	n/a	n/a
Non-MFIs	n/a	n/a	n/a	n/a	n/a	n/a
Portfolio investment	7 weeks	7 weeks	n/a	n/a	n/a	–
Equity securities	7 weeks	7 weeks	n/a	n/a	n/a	–
Monetary authorities	n/a	n/a	n/a	n/a	n/a	–

Table 2 (cont'd)
Monthly b.o.p.: data availability and implementation of the ECB's requirements

MFI (excluding central banks)	7 weeks	7 weeks	n/a	n/a	n/a	–
Non-MFI	7 weeks	7 weeks	n/a	n/a	n/a	–
Debt securities	7 weeks	7 weeks	n/a	n/a	n/a	–
Bonds and notes	7 weeks	7 weeks	n/a	n/a	n/a	–
Monetary authorities	n/a	n/a	n/a	n/a	n/a	–
MFI (excluding central banks)	7 weeks	7 weeks	n/a	n/a	n/a	–
Non-MFI	7 weeks	7 weeks	n/a	n/a	n/a	–
Money market instruments	7 weeks	7 weeks	n/a	n/a	n/a	–
Monetary authorities	n/a	n/a	n/a	n/a	n/a	–
MFI (excluding central banks)	7 weeks	7 weeks	n/a	n/a	n/a	–
Non-MFI	7 weeks	7 weeks	n/a	n/a	n/a	–
Financial derivatives	n/a	n/a	n/a	n/a	–	–
Other investment	7 weeks	7 weeks	n/a	n/a	n/a	n/a
Monetary authorities	7 weeks	7 weeks	n/a	n/a	n/a	n/a
General government	7 weeks	7 weeks	n/a	n/a	n/a	n/a
MFI	7 weeks	7 weeks	n/a	n/a	n/a	n/a
long-term	7 weeks	7 weeks	n/a	n/a	n/a	n/a
short-term	7 weeks	7 weeks	n/a	n/a	n/a	n/a
Other sectors	7 weeks	7 weeks	n/a	n/a	n/a	n/a
Reserve assets	7 weeks	–	n/a	–	n/a	–

N/a: Information is currently not available.

–: Not applicable (e.g. provision of this information is not a monthly ECB requirement).

¹⁾ Currently available only on an annual basis with a timeliness of 3 months after the reference year.

3.5 Data controls

The first type of controls are computerised. They are installed on the reporting programs used by the reporting agents. These controls warn the agents of processing errors.

The second type of controls are performed within the BS. They check the completeness of reports and their plausibility. If any data are missing from or incorrect in the reports, the reporting agents are contacted and the mistakes corrected. All discrepancies are checked directly with the reporting agent concerned.

The reports on flows are also compared with the external position of the reporting bank. With high-value transactions, a manual check is carried out.

The coding of data is also checked so that the flows and stocks are included under the correct item of the b.o.p.

3.6 Revision policy

For the current year, preliminary monthly b.o.p. data are revised each month.

In future, the Bank of Slovenia intends to revise the annual b.o.p. data (for the year t-1) when the i.i.p. data and the final goods data for the corresponding year (t-1) become available (at the end of August). At the same time, data for the period t-2 will be revised. In the case of major methodological changes or discrepancies between data sources, data for the period t-3 will be revised as well.

The i.i.p. data are revised yearly.

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3.7 Dissemination

The data are first released on the BS's website (at http://www.bsi.si/html/financni_podatki for the Slovenian version and at http://www.bsi.si/html/eng/financial_data for the English version). They are subsequently distributed to all interested parties by fax or e-mail and are also published

in the BS's Monthly Bulletin approximately one week later.

Detailed data on direct investment are published in the BS's annual publication "Direct Investment".

Details of data users are given in Sub-section 2.5.

4 Goods

4.1 Specific features of data collection

As explained in Sub-sections 3.1 and 3.2, the main data source for imports and exports of goods are customs declarations. However, some goods cross the border without customs declarations. The data on these goods are collected through transaction reporting systems and questionnaires returned by duty-free shops.

imports on a c.i.f. basis. Import data are therefore converted from a c.i.f. to an f.o.b. basis using a coefficient equal to the weighted average of coefficients between the c.i.f. and f.o.b. values of imported goods (for the available sample) and are calculated separately for each type of merchandise, means of transport and exporting country.

4.2 Definition

The definition of goods in the Slovenian b.o.p. complies with that given in the BPM5. Goods are classified as:

- general merchandise;
- goods for processing;
- repairs on goods;
- goods procured in ports by carriers; and
- non-monetary gold.

Coverage adjustments (for goods crossing the border without customs declarations) and valuation adjustments are made. A valuation adjustment is necessary because exports are valued on an f.o.b. basis and

4.3 Deviations from agreed definitions

None.

4.4 Gaps

The most significant gap is in the b.o.p. coverage of free-trading zones.

4.5 Intended harmonisation

None.

4.6 Estimation methods

Besides valuation adjustment (see Sub-section 4.2), there are no estimation methods used for the goods component of the b.o.p. current account.

5 Services

5.1 Specific features of data collection

As explained in Sub-sections 3.1 and 3.2, the main data source for services is the transaction reporting in the ITRS. Some estimates are also included when compiling the services component of the current account.

5.2 Definition

The definition of services in the Slovenian b.o.p. complies with that stated in the BPM5. Services are divided into:

- transportation;
- travel;
- communications services;
- construction services;
- insurance services;
- financial services;
- computer and information services;
- royalties and licence fees;
- other business services;
- personal, cultural and recreational services; and
- government services (only for imports).

Each of these items is subdivided further.

5.3 Deviations from agreed definitions

There are some deviations in the services section of the current account.

Business travel exports are not recorded separately, but are included in the personal travel component.

Short and long-term construction work is recorded under services. Long-term construction work is therefore not recorded as direct investment.

Exports of government services are included in other services.

Transaction reporting does not provide detailed enough data on transportation services. Therefore, in some cases, transportation services are overestimated, whilst in others they are underestimated.

5.4 Gaps

There are gaps in the coverage of exports of government services (e.g. expenditure of foreign embassies in Slovenia).

Similarly, coverage of transportation services is insufficient (see Sub-section 5.3).

5.5 Intended harmonisation

None.

5.6 Estimation methods

An estimate of net sales of Slovene tolar (SIT) to non-residents in bureaux de change is used in the travel exports item, while estimates of the expenditure of Slovenian residents abroad are included in travel imports.

6 Income

6.1 Specific features of data collection and definitions

A breakdown by sector is available for income on debt. This breakdown has four components: the BS, government, banks and other.

6.1.1 Compensation of employees

As explained in Sub-sections 3.1 and 3.2, the ITRS is the main source of data on the compensation of employees. Since wages for seasonal and cross-border workers are not paid through domestic banks, an additional estimate is made for these receipts from neighbouring countries (Austria and Italy).

6.1.4 Income on other investment

As mentioned in Sub-sections 3.1 and 3.2, the ITRS is the main data source for income on other investment.

Income on other investment is broken down by sector into the BS, government, banks and other.

6.1.2 Income on direct investment

As mentioned in Sub-sections 3.1 and 3.2, the ITRS is the main data source covering income on direct investment.

Reinvested earnings are derived from residents' reports on direct investment and an offsetting entry is made for them under direct investment in the financial account. The reinvested earnings are included in the b.o.p. on monthly basis.

Income on equity and reinvested earnings are included in direct investment income, whereas income on debt (e.g. inter-company loans) is not.

6.2 Deviations from agreed definitions

As explained in Sub-section 6.1, the most significant deviation from the BPM5 in the Slovenian b.o.p. is for income on direct investment and income on portfolio investment. In income on direct investment, only total income on equity is included and therefore income on debt is missing. In income on portfolio investment, only total income on debt is included, meaning that income on equity is not covered.

6.1.3 Income on portfolio investment

As explained in Sub-sections 3.1 and 3.2, the ITRS is the main data source covering income on portfolio investment.

Income on debt is included in portfolio investment income, whereas income on equity is not.

6.3 Gaps

None.

6.4 Intended harmonisation

None.

6.5 Estimation methods

An estimation of workers' income is made on the basis of data provided by neighbouring countries (Austria and Italy).

7 Current transfers

See Section 8 on the capital account.

8 Capital account

8.1 Specific features of data collection

The ITRS is the main source for data on capital account transactions.

8.2 Definition

The definition of the b.o.p. capital account complies with that given in the BPM5. Capital account transfers are classified under two sectoral components:

- government; and
- other sectors.

Current transfers, like capital transfers, are subdivided into two sectoral components:

- government; and
- other sectors.

Under other sectors, there are three groups of current transfers: first there are workers'

remittances, then there is insurance, and last there are other transfers. The main source for current transfers is also the ITRS.

8.3 Deviations from agreed definitions

None.

8.4 Gaps

Although included in the definition, capital transfers in the form of debt forgiveness are not covered. Debt forgiveness is not covered in the other sectors component of capital transfers abroad either. Furthermore, other sectors/other transfers are not covered in capital transfers.

8.5 Intended harmonisation

None.

9 Direct investment

9.1 Specific features of data collection

The ITRS is the main source for collecting data on direct investment. Direct investment is therefore recorded on the basis of transaction reporting and data from customs declarations.

The source for reinvested earnings is yearly resident reports on direct investment.

9.2 Definition

The definition of direct investment is in line with the recommendations set out in the BPM5. It is classified as:

- equity capital;

- reinvested earnings; and

- other capital.

The 10% ownership criterion is applied to distinguish direct investment from portfolio investment.

Reinvested earnings are derived from the yearly reports and are entered in the b.o.p. on a monthly basis (1/12 of the yearly value per month).

Inter-company debt transactions between affiliated enterprises (a capital share of 10% or more) are recorded as other capital transactions under direct investment in accordance with the BPM5. Until 2001, such transactions were recorded as loans and

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could not be recorded separately as direct investment when there was a direct affiliation between residents and non-residents. There is thus a break in series in the foreign direct investment and loan items of the b.o.p. as from 2001. However, short-term trade credits between affiliated residents and non-residents are not included in this item - see Sub-section 12.3.

9.3 Deviations from agreed definitions

See Sub-section 9.4.

10 Portfolio investment

10.1 Specific features of data collection

The ITRS is the main source for data on portfolio investment. Therefore, portfolio investment is recorded on the basis of data reported on payments made through domestic banks.

For portfolio investment, two types of breakdown are available: one by sector and one by instrument.

Until 1997 only data on sales and purchases of debt securities through banks were included in this item. Since February 1997, equity securities without the characteristics described in Section 9 on direct investment have also been included in portfolio investment.

10.2 Definition

The definition of portfolio investment complies with the recommendations set out in the BPM5. Portfolio investment in the b.o.p. is classified as:

- equity securities;

9.4 Gaps

Financial derivatives are not included in the direct investment item, although they are recorded according to the underlying instrument.

9.5 Intended harmonisation

The possibility of collecting data on financial derivatives is currently being explored.

9.6 Estimation methods

Before the results of the annual surveys become available, reinvested earnings are estimated on the basis of the previous annual survey data.

- debt securities; and

- money market instruments.

All of the categories listed above are also subdivided into sectors (government, banks and other).

10.3 Deviations from agreed definitions

None.

10.4 Gaps

None.

10.5 Intended harmonisation

None.

10.6 Estimation methods

None.

11 Financial derivatives

11.1 Specific features of data collection

In Slovenia, data for financial derivatives are not collected and are thus not included in the b.o.p.

11.2 Definitions

See 11.1.

11.3 Deviations from agreed definitions

See 11.1.

11.4 Gaps

See 11.1.

11.5 Intended harmonisation

The possibility of collecting data on financial derivatives is currently being considered.

11.6 Estimation methods

See 11.1.

12 Other investment

12.1 Specific features of data collection

The ITRS is the main source for data on other investment. Other investment is therefore recorded on the basis of transaction reporting, commercial bank balance sheets, registered credits, BS accounting data, data from customs declarations and some estimates.

Loans are recorded on a gross basis and are broken down by sector and maturity.

Foreign exchange and deposits and other assets and liabilities are broken down by sector, while those of the banking sector are also broken down by maturity.

12.2 Definition

The definition of other investment complies with the recommendations set out in the BPM5. Other investment in the b.o.p. is classified as:

- trade credits;
- loans;
- currency and deposits; and
- other assets and liabilities.

Furthermore, trade credits are subdivided into short-term and long-term credits. Short-term trade credits are recorded on a net basis, including transactions between affiliated residents and non-residents.

12.3 Deviations from agreed definitions

See Sub-section 12.4. Short term trade credits also include transactions between affiliated residents and non-residents. Data on repurchase agreements are recorded according to the underlying instrument.

12.4 Gaps

None.

12.5 Intended harmonisation

Estimates of short-term trade credits will be replaced by data from new monthly reports.

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12.6 Estimation methods

Short-term trade credits are estimated and recorded on a net basis.

Estimates of net sales of foreign exchange to residents in bureaux de change are used in the other assets/other sectors item.

13 Reserve assets

13.1 Specific features of data collection

– foreign exchange assets.

Reserve assets are recorded on the basis of BS accounting data. As a monetary authority, the BS is the only source for data on reserve assets.

Foreign exchange assets are subdivided into foreign currency and deposits and securities. Transactions with residents are excluded.

13.2 Definition

The definition of reserve assets is in accordance with the recommendations set out in the BPM5. Reserve assets in the b.o.p. are classified as:

- monetary gold;
- special drawing rights (SDRs);
- the reserve position in the IMF; and

13.3 Deviations from agreed definitions

None.

13.4 Gaps

None.

13.5 Intended harmonisation

None.

14 International investment position

14.1 Specific features of data collection and definitions

14.1.2 Direct investment

14.1.1 General

The i.i.p. methodology is based on the BPM5 recommendations.

The i.i.p. is compiled for all financial account items (direct investment, portfolio investment, other investment and reserve assets), except for financial derivatives. Assets and liabilities are compiled separately.

Data on direct investment are collected from residents' reports on inward and outward direct investment. In accordance with the recommendations of the BPM5, this item comprises investment where direct investors own 10% or more of the equity capital of an enterprise. All claims on and liabilities to affiliated enterprises are included under direct investment in the i.i.p., except for short-term claims and liabilities of affiliated banks.

Data sources for the i.i.p. and b.o.p. are different for some items. For most items, the i.i.p. and b.o.p. can be reconciled.

Data on investment by Slovenian enterprises in indirectly affiliated enterprises abroad have, since 1996, been included in the direct investment abroad item (in cases where enterprises abroad with Slovenian direct

investment hold 10% or more of equity in other foreign enterprises). In the direct investment in Slovenia item, data on investment by foreign enterprises in indirectly affiliated enterprises in Slovenia are included (in cases where Slovenian enterprises with foreign direct investment hold 10% or more of equity in other Slovenian enterprises).

Direct investment data are recorded at book value.

14.1.3 Portfolio investment

The definition of the portfolio investment component of the i.i.p. is principally that recommended in the BPM5. Portfolio investment is classified as equity securities and debt securities. Money market instruments and financial derivatives are not included in the portfolio investment component of the i.i.p.

Data on equity securities and other equity shares are available (as are data on direct investment) from residents' reports on direct investment. However, these reports only include data where investors own less than 10% of an enterprise's equity.

Data on debt securities are available from credit registration forms and commercial bank balance sheets.

In the portfolio investment component of the i.i.p., two types of breakdown are available: one by instrument and one by sector.

Portfolio investment data on equity are recorded at book value.

14.1.4 Financial derivatives

Data on financial derivatives are recorded according to the underlying instrument.

14.1.5 Other investment

The definition of the other investment component of the i.i.p. is in line with that recommended in the BPM5. The other investment component is subdivided into trade credits, loans, foreign exchange and deposits, and other assets and liabilities.

The sources for short-term trade credits are reports of enterprises on short-term trade credits and inter-company accounts between residents and non-residents.

The sources for long-term trade credits and loans are credit registration forms and are the same for the i.i.p. and the b.o.p. In the i.i.p., claims and liabilities between affiliated enterprises are recorded under direct investment and are excluded from the items trade credits and loans.

Data sources for currency and deposits, other assets and other liabilities are bank reports and BS accounting data and are the same as those for the b.o.p.

The assets/foreign exchange and deposits/other sectors sub-item of the i.i.p. also includes estimates based on data from the Bank for International Settlements (BIS) on deposits of Slovenian households in banks in BIS member countries.

The other liabilities/other sectors sub-item of the i.i.p. includes data on contractual joint ventures.

Other investment is broken down by instrument, sector and maturity.

14.1.6 Reserve assets

The definition of the reserve assets component of the i.i.p. is in line with that recommended in the BPM5. They are classified as: monetary gold, SDRs, the reserve position in the IMF and foreign exchange assets. Claims on residents are excluded.

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The only source of data for the reserve assets item is BS accounting data.

14.2 Deviations from agreed definitions

See Sub-section 14.3.

14.3 Gaps

Neither financial derivatives nor money market instruments are covered by the Slovenian reporting system.

15 Contacts

This country information was drafted by Slovenia and subsequently amended and agreed with the ECB's Balance of Payments and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. Enquiries specific to Slovenia should be addressed to:

14.4 Intended harmonisation

At present, the possibility of collecting data on financial derivatives is being explored.

A full reconciliation of the i.i.p. and the b.o.p. is planned.

14.5 Estimation methods

See Sub-section 14.1.5.

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4 Annex

4.1 Glossary

The definitions of the terms included in this section are mainly taken from the IMF Balance of Payments Manual (5th edition). The terms are shown in alphabetical order.

Accruals principle – a continuous method of recording that matches the cost of capital with the provision of capital. This concept, which is broader than the actual payment of dividends and interests (on a cash or settlement basis), covers dividends due for payment, interest accrued, and unremitted profits (reinvested earnings) of direct investment enterprises.

Balance of payments (b.o.p.) – the statistical statement that systematically summarises for a specific time period (usually monthly, quarterly and/or annually) the economic transactions of an economy with the rest of the world. Transactions between residents and non-residents consist of those involving goods, services and income; those involving financial claims on and liabilities to the rest of the world; and those classified as transfers (such as gifts) which involve offsetting entries to balance – in an accounting sense – one-sided transactions.

Bonds and notes – these are securities issued with an initial maturity of more than one year which usually give the holder: (i) the unconditional right to a fixed monetary income or contractually determined variable monetary income (payment of interest being independent of the earnings of the debtor); and (ii) the unconditional right to a fixed sum in repayment of the principal on a specified date or dates.

Capital and financial account – the capital account covers all transactions that involve the receipt or payment of capital transfers and the acquisition or disposal of non-produced, non-financial assets, while the financial account covers all transactions associated with changes of ownership in the

foreign financial assets and liabilities of an economy, including the creation and liquidation of claims on or by the rest of the world.

Cash basis – see accruals principle.

C.i.f. (cost, insurance and freight at the importer's border) – valuation of the goods at the market value at the customs border of the economy into which they are imported, including in the import value the insurance and transportation costs.

Credits and debits – a credit in the b.o.p. records the provision of goods or services, a decrease in holdings of a financial asset or an increase in liabilities. Credits and debits form the two elements in the simple double-entry system used for recording the b.o.p.

Current account – the b.o.p. current account covers all transactions (other than those in financial items) between resident and non-resident entities that involve economic values. Also covered are offsets to current economic values provided or acquired without a reciprocal exchange (however some transactions of this kind are recorded in the capital account). The major classifications are goods and services, income and current transfers.

Debtor/creditor principle – foreign assets are geographically allocated to the country of the debtor (issuer), while liabilities are allocated to the country of the creditor (holder). This principle is the most appropriate choice if the interest concerns a change in the geographical distribution of the items on the nation's balance sheet.

Direct investment – the category of international investment that reflects a lasting interest of a resident entity in one economy in an enterprise resident in another economy. The resident entity is the direct investor and the enterprise is the direct investment enterprise. The lasting interest implies the existence of a long-term relationship between

the direct investor and the enterprise and a significant degree of influence by the investor on the management of the enterprise.

Direct investment enterprises – an incorporated or unincorporated enterprise in which a direct investor, who is resident in another economy, owns 10% or more of the ordinary shares or voting power (of the incorporated enterprise) or the equivalent (of the unincorporated enterprise).

Direct investors – these may be individuals, incorporated or unincorporated private or public enterprises, associated groups of individuals or enterprises, governments or government agencies, or estates, trusts, or other organisations that individually own 10% or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise in economies other than those in which the direct investors reside.

Directional principle – the recording of direct investment flows according to the directional principle means, in general, that all capital transactions with foreign direct investment enterprises are recorded by the country of the direct investor as direct investment abroad; all capital transactions of resident direct investment enterprises with foreign direct investors are recorded by the country of the direct investment enterprise as direct investment in the reporting country. The status of the resident enterprise (i.e. direct investor or direct investment enterprise) in relation to its counterpart in the transaction is essential for the recording of direct investment flows.

Equity – covers all instruments and records acknowledging, after the claims of all creditors have been met, claims on the residual value of incorporated enterprises. Shares, stocks, preference stock or shares, participation, or similar documents usually denote ownership of equity. Transactions in shares of collective investment institutions, e.g. investment funds, are also included.

Euro area – the area encompassing those Member States in which the euro has been adopted as the single currency in accordance with the Treaty establishing the European Community and in which a single monetary policy is conducted under the responsibility of the ECB. The euro area comprises Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, and for statistical purposes, the ECB.

European Central Bank (ECB) – the ECB is the centre of the European System of Central Banks (ESCB – composed of the ECB and NCBs of all EU Member States) and the Eurosystem, and has legal personality under Community law. It ensures that the tasks conferred upon the Eurosystem and the ESCB are implemented either by its own activities pursuant to its Statute or through the national central banks.

European System of National and Regional Accounts (ESA 95) – this is an internationally compatible accounting framework for a systematic and detailed description of a total economy (that is a region, country or group of countries), its components and its relations with other total economies. The ESA 95 is fully consistent with the SNA 93 (see below), but focuses more on the circumstances and data needs in the European Union. The ESA 95 was adopted in the form of a Council Regulation dated 25 June 1996.

European Union (EU) – comprises the Member States of the EU and the EU institutions. All EU institutions besides the ECB are considered non-euro area resident units.

Eurosystem – comprises the ECB and the national central banks of the Member States which have adopted the euro in Stage Three of EMU (see also euro area). There are currently 12 national central banks in the Eurosystem. The Eurosystem is governed by the Governing Council and the Executive Board of the ECB.

Financial derivatives – financial instruments that are linked to a specific financial instrument, indicator or commodity, and through which specific financial risks can be traded in financial markets in their own right.

F.o.b. (free on board at the exporter's border) – valuation at the market value of the goods at the customs border of the economy from which they are exported, excluding the respective insurance and transportation services incurred.

Goods – covers general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers and non-monetary gold.

International investment position (i.i.p.) – the statistical statement of the value and composition of the stock of an economy's financial assets or financial claims on the rest of the world, and of an economy's financial liabilities to the rest of the world.

Investment income – incorporates income derived from a resident entity's ownership of a foreign financial asset (credits) and, symmetrically, income derived from a non-resident entity's ownership of a domestic financial asset (debits).

Loans/currency and deposits – comprise transactions in the following financial instruments: loans, i.e. those financial assets created through the direct lending of funds by a creditor (lender) to a debtor (borrower) through an arrangement in which the lender either receives no security evidencing the transactions or receives a non-negotiable document or instrument; deposits; repo-type operations; and currency (notes and coins that are in circulation and commonly used to make payments). Included are, inter alia, loans to finance trade, and other loans and advances (including mortgages). In addition, financial leases are covered.

Money market instruments (MMIs) – securities issued with an original maturity of one year or less. They generally give the

holder the unconditional right to receive a stated, fixed sum of money on a specified date. These instruments are usually traded, at a discount, in organised markets; the discount is dependent upon the interest rate and the time remaining to maturity.

Other assets/other liabilities – sub-item of other investment which covers all items other than trade credits, loans and currency and deposits.

Other investment – the residual category of the b.o.p. which therefore includes all financial transactions with non-residents not covered in direct investment, portfolio investment, financial derivatives or reserve assets. It is subdivided into trade credits, loans/currency and deposits, and other assets/other liabilities.

Other services – those service transactions with non-residents which are not covered under transportation and travel, such as communications services, construction services, insurance or financial services.

Portfolio investment – this covers investment in equity securities (quoted shares) and debt securities (bonds and notes, and money market instruments). Excluded are any of these instruments which are included in direct investment or reserve assets.

Reinvested earnings – appear in the context of income on direct investment. They are defined as the direct investor's share of the total consolidated profits earned by the affiliated company in a certain period (after allowing for tax, interest and depreciation) less dividends due for payment in the relevant period, even if these dividends relate to profits earned in earlier periods.

Reserve assets – consist of external assets that are readily available to and controlled by monetary authorities for the direct financing of payment imbalances, for the indirect regulation of the magnitude of such imbalances through intervention in exchange

markets which affects the currency exchange rate and/or for other purposes. Reserve assets of the euro area are foreign currency-denominated claims on non-euro area residents which are held by the Eurosystem.

Residents – these comprise the general government, individuals, private non-profit making bodies serving households, and enterprises, whose centre of economic interest lies within the territory of a given economy.

Services – consists of transportation, travel and other services.

Settlement basis – the recording of flows according to payments.

System of National Accounts of the United Nations (SNA 93) – this is the international standard for a comprehensive and systematic framework for the collection and presentation of the economic statistics of an economy. It encompasses transactions, other flows, stocks, and other changes affecting the level of assets and liabilities from one accounting period to another. These guidelines have been produced under the joint responsibility of the United Nations, the IMF, the Commission of the European Communities, the OECD and the World Bank.

Trade credits – consist in claims or liabilities arising from the direct extension of credit by resident suppliers or buyers, respectively, for transactions in goods and services and advance payments for work in progress (or to be undertaken) that is associated with such transactions.

Transaction – an economic flow that reflects the creation, transformation, exchange, transfer or extinction of economic value and involves changes in ownership of goods and/or financial assets, the provision of services, or the provision of labour and capital.

Transaction basis – the recording of flows according to the change in ownership and

not according to settlements. In the context of securities, the term “transactions basis” is identical to “accruals” principle.

Transactor principle – this principle allocates a transaction between a resident and a non-resident to the country of the direct counterparty to the transaction. The transactor principle provides information on the immediate direction of flows resulting from international settlements.

Transportation – covers all international transportation services (sea, air and other - including land, internal waterway, space and pipeline) that are performed by residents of one economy for residents of another economy and that involve the carriage of passengers, the movement of goods (freight), rentals (charters) of carriers with crew, and related supporting and auxiliary services. Excluded are passenger services provided to non-euro area residents by euro area carriers within the euro area economies, or vice versa (these are included under travel).

Travel – comprises the goods and services that travellers consume from one economy during visits of less than one year to that economy. It differs from other components of services in that it is a demand-oriented activity. Thus, unlike other services, travel is not a specific type of service, but an assortment of services consumed by travellers.

4.2 Contributors

The individual country information was drafted by the country concerned and agreed with the ECB's Balance of Payments Statistics and External Reserves Division. Enquiries of a general nature should be addressed to the Press Division of the ECB. The following list of points of contact within the central banks/compiling institutions is included to help readers direct their country-specific enquiries in the most appropriate way.

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Annex