

Economic and Finance statistics



BoP current and capital accounts

P. Sola

Jointly organised by

European Statistical System (ESS)



EMOS core module on economic and finance statistics

European System of Central Bank (ESCB)



EMOS labelled programmes



Overview

- 1 Overview: current and capital accounts in the BoP/IIP framework
- 2 Main components of the current account
 - 2.1 General principles
 - 2.2 Goods and services
 - 2.3 Primary income
 - 2.4 Secondary income
- 3 Components of the capital account



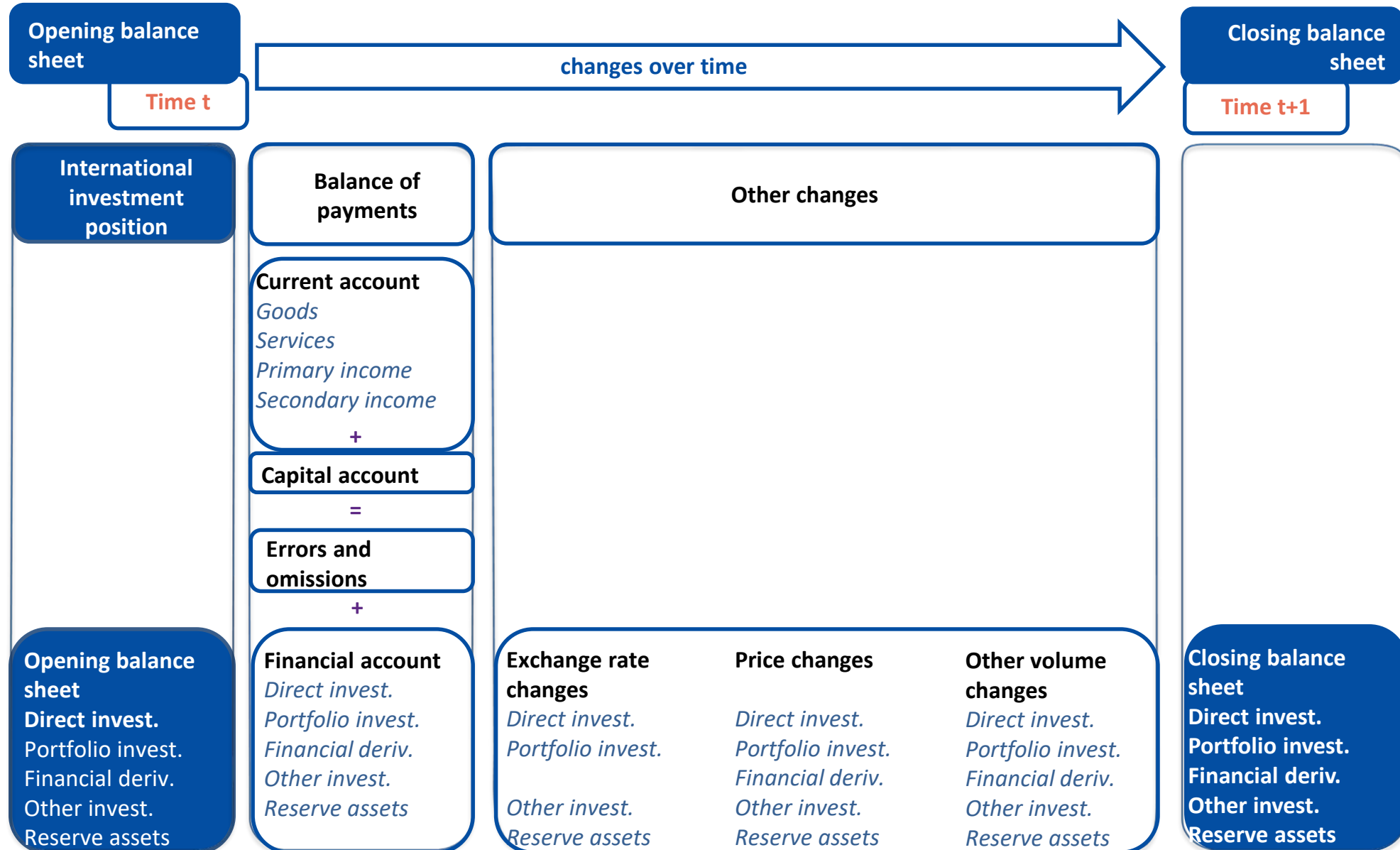
Part 1: overview



EMOS core module on economic and finance statistics



1. Overview – current and capital accounts



1. Overview – current and capital accounts

7.2.1 Summary current and capital accounts

(EUR billions, unless otherwise indicated; transactions)

	Current account												Capital account			
	Total			Goods		Services		Primary income				Secondary income		Credit	Debit	
	Credit	Debit	Balance	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit			
1	2	3	4	5	6	7	8	Compensation of employees	9	10	Compensation of employees	11	12	13	14	15
2016	3,714.8	3,363.2	351.6	2,117.4	1,755.5	816.2	773.2	678.7	38.0	593.0	20.7	102.5	241.5	34.7	33.2	
2017	3,975.2	3,622.7	352.5	2,265.0	1,918.1	881.4	808.9	720.4	38.4	651.8	22.5	108.4	243.9	35.3	55.0	
2018	4,148.0	3,789.4	358.7	2,341.5	2,047.1	921.2	806.3	770.2	39.2	670.5	23.9	115.1	265.4	51.7	85.3	
2019 Q1	1,020.4	952.6	67.7	594.0	522.4	216.9	193.8	182.2	9.9	155.7	5.2	27.3	80.8	10.7	14.9	
Q2	1,075.1	1,032.8	42.3	601.4	517.0	242.3	241.1	202.0	9.9	217.1	6.5	29.4	57.7	8.7	24.0	
Q3	1,049.9	955.6	94.3	596.7	514.4	251.6	221.7	178.3	9.8	160.1	6.5	23.3	59.4	9.1	6.9	
2019 May	366.8	362.0	4.8	208.2	178.1	79.7	79.3	67.7	3.3	87.4	2.1	11.1	17.2	3.0	8.0	
June	358.5	338.6	19.9	194.5	166.1	85.7	83.3	68.5	3.3	67.7	2.2	9.8	21.6	3.4	8.2	
July	366.8	335.8	30.9	211.3	177.2	86.3	81.8	60.8	3.3	56.1	2.2	8.3	20.7	3.5	2.4	
Aug.	328.9	301.4	27.6	182.1	161.3	82.7	72.8	57.0	3.3	48.2	2.1	7.1	19.0	3.1	1.9	
Sep.	354.2	318.4	35.8	203.3	175.9	82.7	67.1	60.4	3.3	55.8	2.1	7.9	19.6	2.5	2.6	
<i>12-month cumulated transactions</i>																
2018 Sep.	4,098.8	3,722.5	376.3	2,315.4	2,004.1	912.5	792.8	756.3	38.9	674.3	23.7	114.5	251.3	42.3	30.4	
2019 Sep.	4,241.6	3,926.0	315.6	2,408.0	2,088.3	952.0	876.7	771.6	39.8	690.3	24.3	110.0	270.7	50.6	110.2	
<i>12-month cumulated transactions as a percentage of GDP</i>																
2018 Sep.	35.7	32.4	3.3	20.2	17.5	8.0	6.9	6.6	0.3	5.9	0.2	1.0	2.2	0.4	0.3	
2019 Sep.	36.2	33.5	2.7	20.5	17.8	8.1	7.5	6.6	0.3	5.9	0.2	0.9	2.3	0.4	0.9	
<i>Year-on-year percentage changes</i>																
2018 Sep.	1.7	9.3	-43.0	-1.3	7.8	3.8	3.8	9.5	2.6	22.5	4.3	0.5	7.3	14.2	-39.5	
2019 Sep.	3.2	0.9	29.6	6.5	2.8	3.9	1.8	-4.7	1.8	-2.2	-2.0	-16.1	-8.7	-2.2	17.0	



Part 2: current account



2.1 Goods and services - principles

Transactions in items that are the outcome of production activities.

Goods are *physical produced* items over which *ownership rights* can be established and whose economic ownership can be passed from one institutional unit to another.

Services are the result of a production activity that *changes the condition of the consuming units*, or *facilitates the exchange of products or financial assets*.

Goods

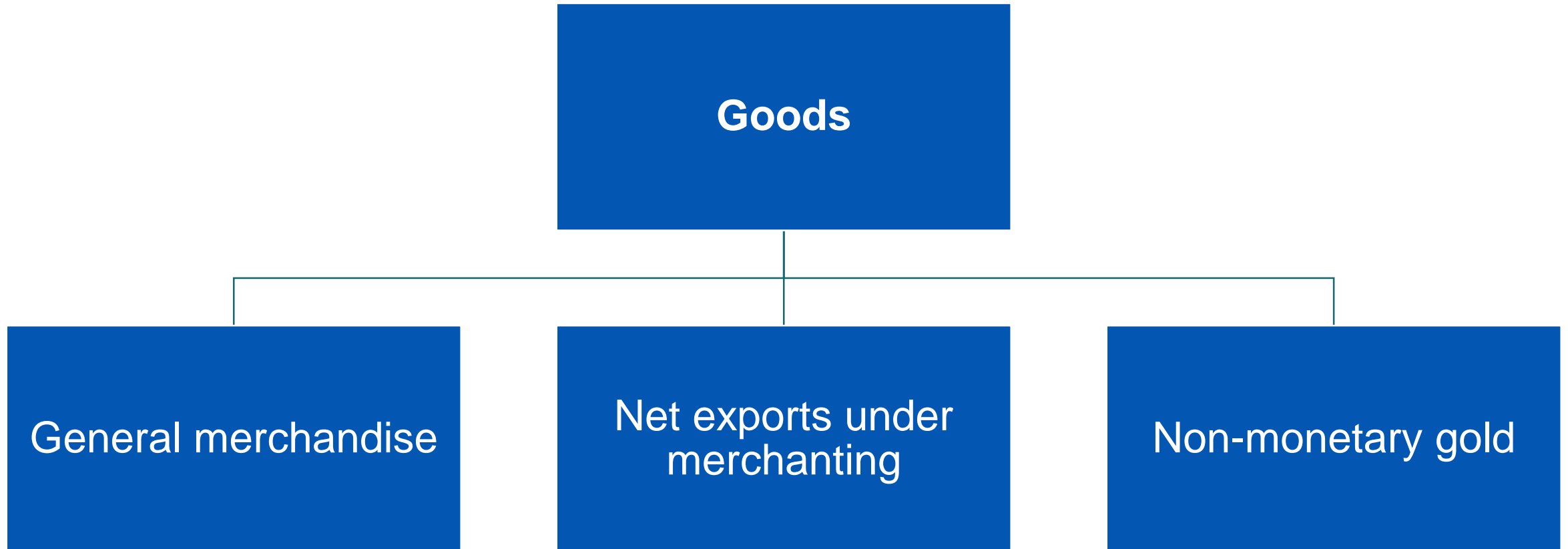
Time of recording: **change of economic ownership**; Valuation: market value

Services

Time of recording: **when services are provided**; Valuation: market value



2.2 Goods – sources by component



2.2.a Goods – general merchandise trade

Main component of b.o.p. goods

By definition: includes any goods where there is change of ownership between residents and non-residents, with strict application of the change of ownership principle in BPM6

Data source in all EU Member States: Intrastat and Extrastat Regulations (ITGS).

ITGS is based on different concepts than b.o.p., so that adjustments have to be made.



2.2.a Goods – general merchandise trade

Foreign Trade Statistics (FTS)

- **Coverage & time:**
when borders are crossed
- **Valuation:**
FOB exports/CIF imports

B.o.p.

- **Coverage & time:**
change of ownership
- **Valuation:**
FOB exports/FOB imports

Main adjustments needed when using FTS in b.o.p.:

- 1) Goods that change ownership without crossing borders, or goods that cross borders, but do not change ownership
- 2) CIF/FOB adjustment



2.2.a Goods – general merchandise trade

ITGS data

(-) goods sent abroad for processing or returned after processing

(-) (only for imports): the value of the CIF/FOB adjustment

(+) goods in customs warehouses

(+) goods imported/exported illegally

= General merchandise on b.o.p. basis



2.2.a Goods – general merchandise trade

CIF = value at the border of the importing country.

(Includes transportation and insurance services from the exporting country)

FOB = value at the border of the exporting country

(Includes ancillary costs up to the border)

Invoice Value = cost of goods + ancillary costs

France

Cost of Goods	8000
Ancillary Cost (FR)	100
FOB	8100

Germany

Insurance	50
Freight	150
	200

Poland

CIF	8300
Within Poland	150
DDU	8450



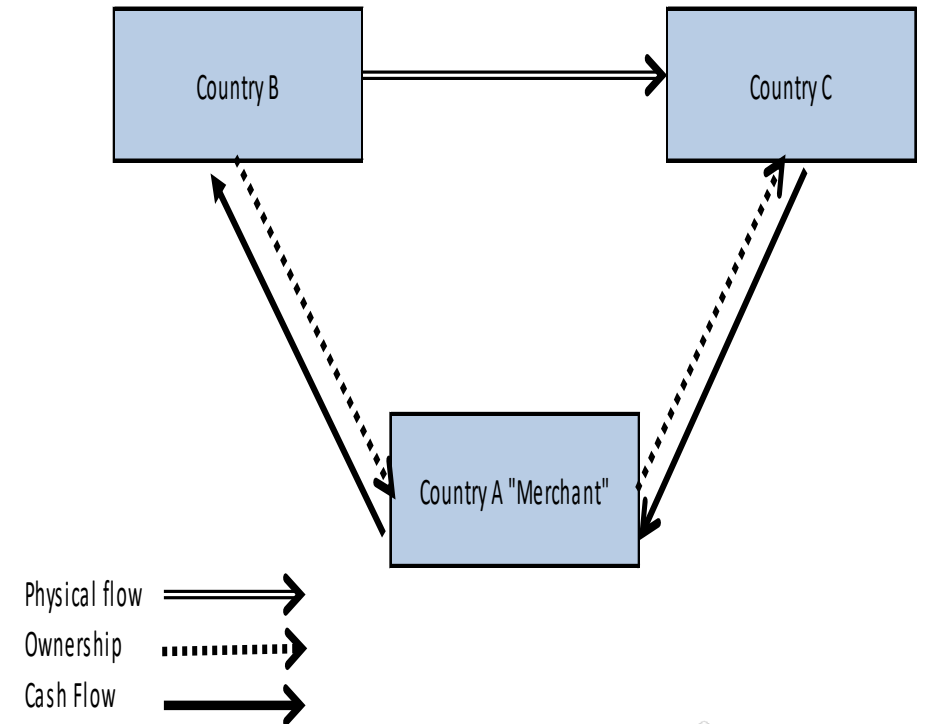
2.2.b Goods under merchanting

Merchanting is the purchase of goods (by a resident from a non resident) combined by a subsequent resale (to a nonresident) without the goods being present in the compiling economy.

- Only net amounts included in the goods aggregate
- Gross values are recorded, always as credits/exports. In case of the **acquisition** of goods under merchanting = **negative credits (export)**.
- Valued at transaction prices as agreed by the parties; not FOB.

Data source cannot be Intrastat and Extrastat

- In case of global manufacturing, very subtle distinction between merchanting and processing



2.2.c Services

Main categories

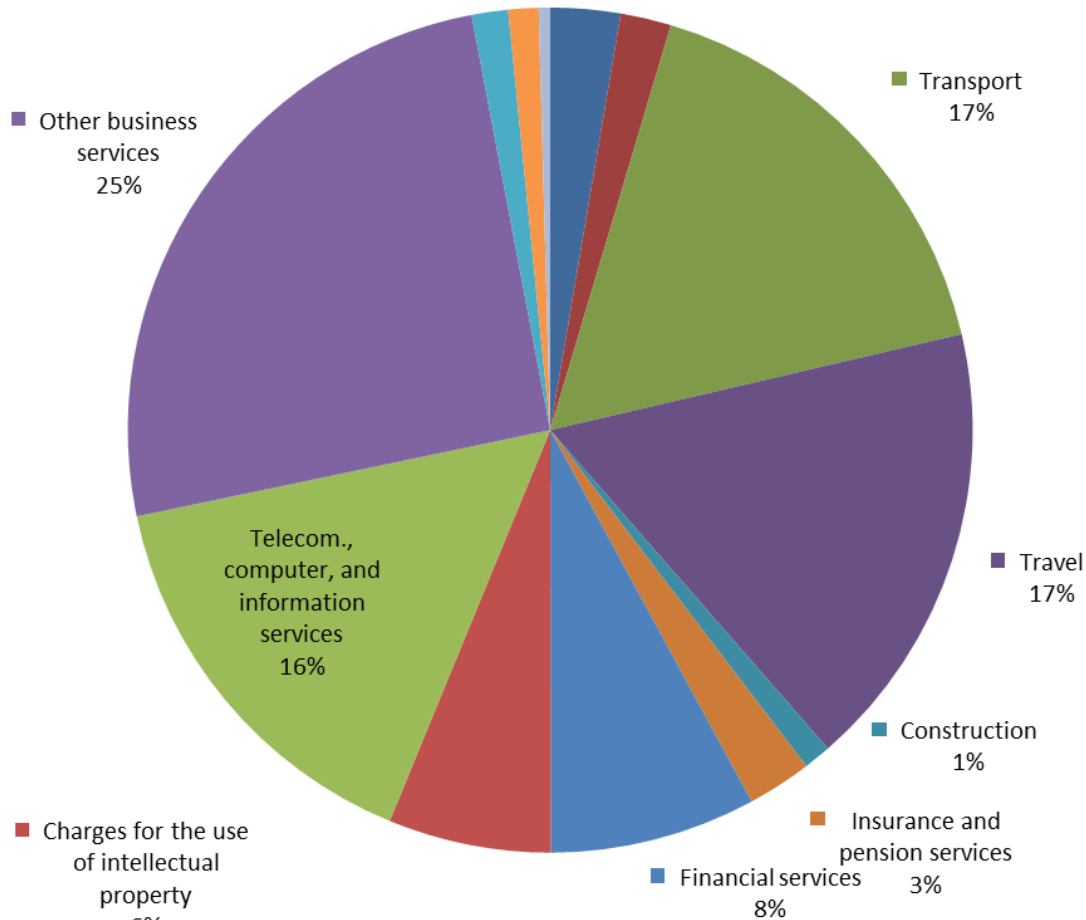
- 1. Manufacturing services on physical inputs owned by others**
- 2. Maintenance and repair services not identified elsewhere (“n.i.e.”)**
- 3. Transport**
- 4. Travel**
- 5. Construction**
- 6. Insurance and pension services**
- 7. Financial services (including FISIM)**
- 8. Charges for the use of intellectual property n.i.e.**
- 9. Telecommunications, computer, and information services**
- 10. Other business services**
- 11. Government goods and services n.i.e.**
- 12. Services not allocated**



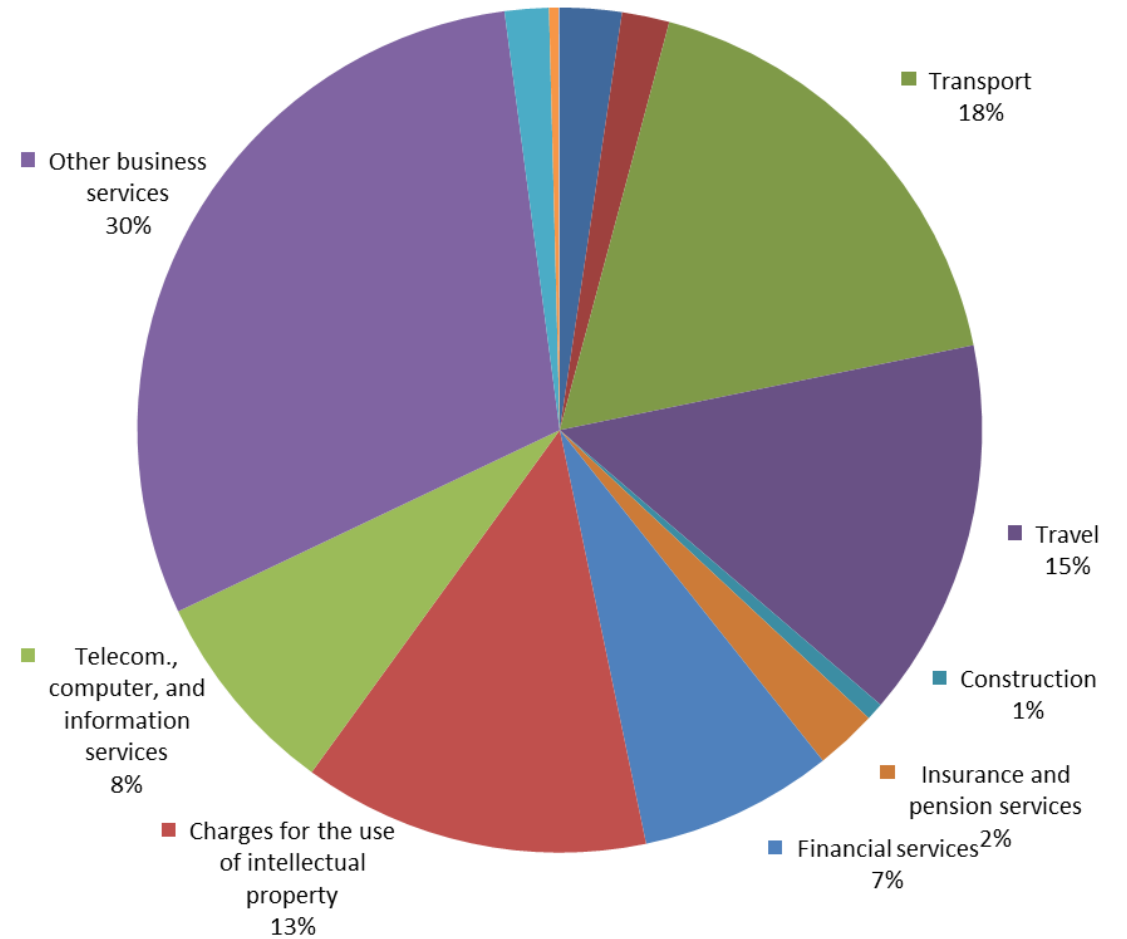
2.2.c Services

International Trade In services at euro area level

Services credits (2018)



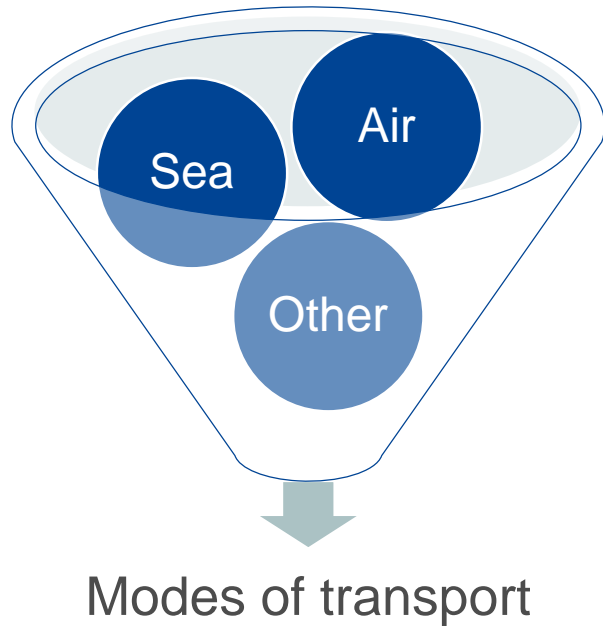
Services Debits (2018)



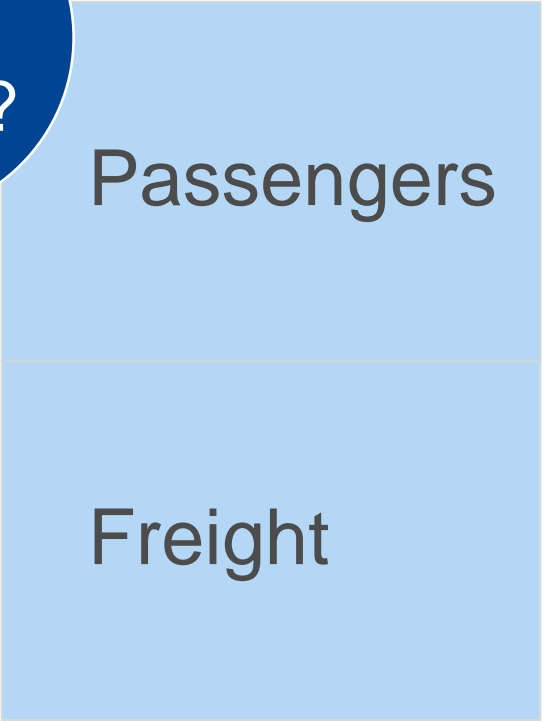
2.2.c Services

International Trade In Services

Transport Services



What is being carried?



2.2.c Services

International Trade In Services

Travel Services

Covers expenditure by residents of one economy that are traveling in another economy

- Covers both goods and services for own use or to give away
- It is not a specific type of service but an assortment of goods and services
- Goods and services provided to visitors while on trips that would be otherwise classified under another items such as postal services, local transport, telecommunications are included under travel;
- Goods for re-sale are excluded (but included in general merchandise);



2.3 Primary income



What is income?



Primary income

- Return that accrues to institutional units for the provision of Labour, Financial assets, and renting Natural resources to other institutional units

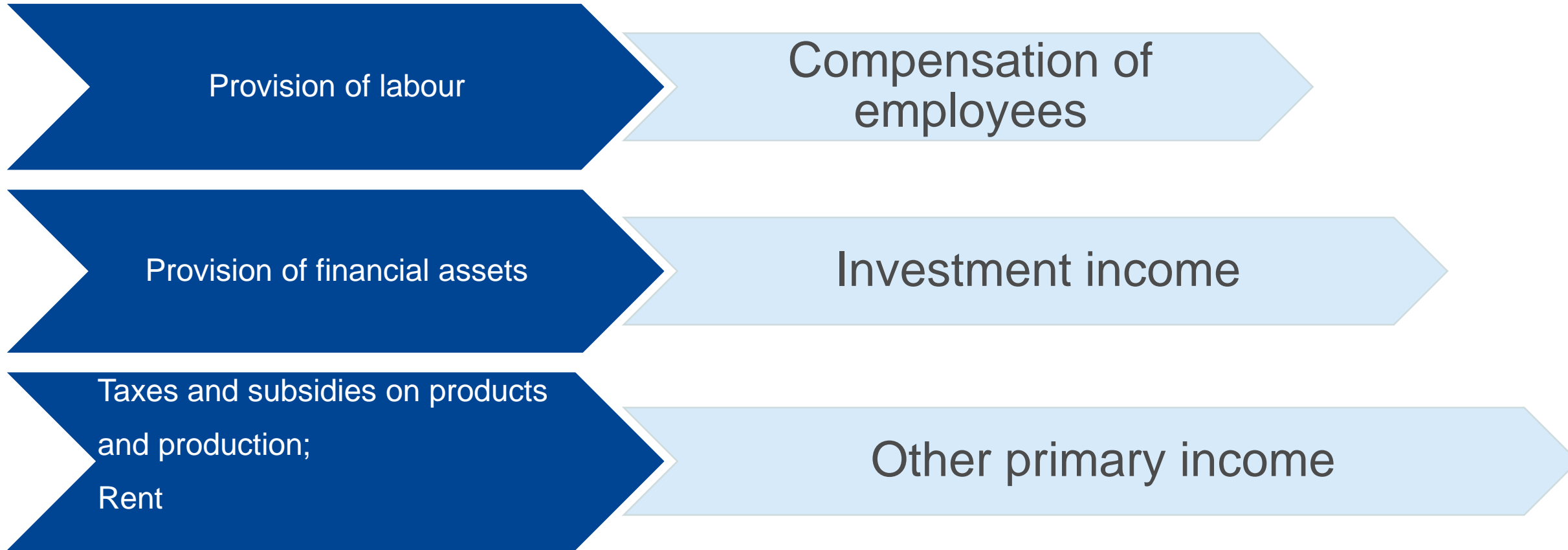


Secondary income

- Redistribution of income through current transfers (e.g. by the general government)



2.3 Primary income



Credit/debit

Gross recording

Accrual, not cash



2.3 Primary income

	Credits	Debits
Balance of goods and services		
Compensation of employees		
Investment income		
Direct investment		
Income on equity and investment fund shares		
Dividends and withdrawals from income of quasi-corporations		
Reinvested earnings		
Interest		
Portfolio investment		
Income on equity and investment fund shares		
Dividends on equity other than investment fund shares		
Investment income attributable to investment fund shareholders		
Dividends on investment fund shares		
Reinvested earnings on investment fund shares		
Interest		
Other investment		
Income on equity and investment fund shares		
Interest		
Investment income attributable to policyholders in insurance, standardized guarantees, and pension funds		
Reserve assets		
Income on equity and investment fund shares		
Interest		
Other primary income		
Rent		
Taxes on production and imports		
Subsidies		
Total primary income credits and debits		
Balance on primary income		
Balance on goods, services, and primary income		

Note: This table is expository; for Standard Components, see Appendix 9.



2.3.a Primary income – compensation of employees

Employer-employee relationship, otherwise services



Only when one of them is a non-resident



Usual cases:

- border and seasonal workers
- residents workers in embassies and international organizations

Employee has similar benefits as other employees

Payment social contributions by the employer

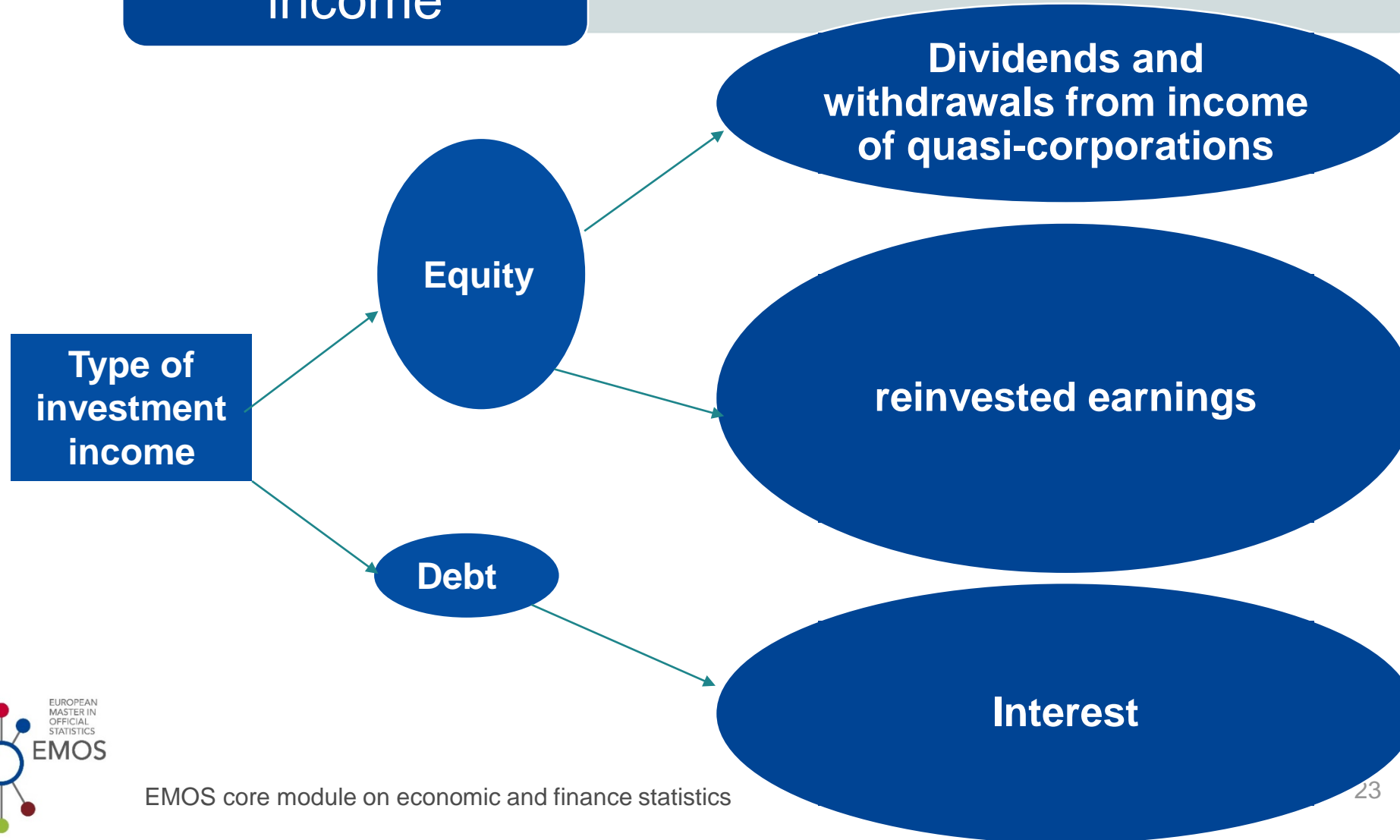
Employer controls how and what the employee does



2.3.b Primary income – investment income

Investment
income

- return for providing financial assets



2.3.b Primary income – investment income

Dividends

mostly cash in other investment (e.g. deposits, payable accounts while the dividend is not paid)

stock dividends are reflected as an increase of equity in the financial account

Reinvested earnings

Same imputation in the financial account together with the equity/investment fund share

Interest

When accrued as an increase in the related debt instrument in the financial account



2.3.c Primary income – other components

Taxes on
production and
products

- e.g. Turnover taxes or sales taxes

Subsidies on
production and
products

Rents

- Income for putting natural resources at the disposal of another unit



2.4.a Secondary income

Reflects the process of income distribution between the economies

Shows **current transfers** between residents and nonresidents

may be made in cash or in kind

classified by institutional sectors receiving (debit) or providing (credit) the transfers

In cash: Migrant remittances

Financial account		
	Acquisition of assets	Incurrence of liabilities
Other investment (deposits): MFIs		100
Current account		
	Credits	Debits
Secondary income (current transfers): Other sectors	100	

In kind: reception of medicines

Current account		
	Credits	Debits
Goods		100
Secondary income (current transfers): Other sectors	100	



2.4.b Secondary income

Type of current transfers

personal transfers

All current transfers between resident and non-resident **households**

Irrespective the source of income

Irrespective relation between households



lotteries and gambling



workers' remittances

other current transfers

- 1) Current taxes on income, wealth, etc.
- 2a) Social contributions
- 2b) Social benefits
- 3a) Non-life insurance premium
- 3b) Non-life insurance claims
- 4) Current international cooperation
- 5) Miscellaneous current transfers

Part 3: capital account



3. Capital account

a. Acquisition/disposal of non-produced non-financial assets



Natural resources



Contracts, leases and licenses



Marketing assets and goodwill



3. Capital account

b. Capital transfers

Debt forgiveness

Exceptional non-life insurance claims

Investment grants

Activation of one-off guarantees and other debt assumption

Taxes levied at irregular intervals

Other capital transfers



Further Information

- Bundesbank website – External Sector
<https://www.bundesbank.de/en/statistics/external-sector>
- ECB website – Sector accounts
https://www.ecb.europa.eu/stats/balance_of_payments_and_external/balance_of_payments/html/index.en.html
- Bundesbank monthly press releases
<https://www.bundesbank.de/resource/blob/829288/11a9f6ee9829e04a50d4ade1ce2e9b4f/mL/2020-03-zahlungsbilanzstatistik-data.pdf>
- ECB Press releases
<https://www.ecb.europa.eu/press/pr/stats/ffi/html/index.en.html>
- European System of Accounts (ESA2010)
<http://ec.europa.eu/eurostat/documents/3859598/5925693/KS-02-13-269-EN.PDF/44cd9d01-bc64-40e5-bd40-d17df0c69334>
- Understanding National Accounts (OECD)
<https://www.oecd.org/sdd/UNA-2014.pdf>



Thank you for your attention!!

