

ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA

REPORT

**OF THE WORKSHOP ON THE LINKS BETWEEN THE BALANCE OF PAYMENTS
AND THE SYSTEM OF NATIONAL ACCOUNTS 1993
BEIRUT, 27-29 JUNE 2000**

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Introduction

1. The Economic and Social Commission for Western Asia (ESCWA), in coordination with United Nations Statistics Division (UNSD) and the International Monetary Fund, organized a Workshop on the Links between the Balance of Payments and the System of National Accounts 1993, which was held in Beirut from 27 to 29 June 2000. Participating in the Workshop were experts from national statistical organizations, central banks and concerned ministries, representing the 13 ESCWA member States, namely: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen. Also attending were representatives of the Arab Monetary Fund (AMF), the Arab Fund for Economic and Social Development, the International Monetary Fund (IMF) and the United Nations Statistics Division as well as a number of experts (see annex I).

2. The opening statement was given by Mr. Hazem El-Beblawi, Executive Secretary of ESCWA, who welcomed the participants and emphasized the extreme importance attached by ESCWA to strengthening and developing human capacities in the field of statistics and to questions relating to the System of National Accounts 1993. He focussed on the main objectives of the workshop, which included the exchange of experience among experts in the fields of national accounts and balance of payments in the Commission's member States; the promotion of greater knowledge in those fields, particularly with regard to the concepts, definitions and classifications included in the System of National Accounts 1993 and the fifth edition of the *Balance of Payments Manual*; and the links between them. He also emphasized questions of recording, valuation and methodology in connection with the components of the various accounts, primarily those relating to the rest of the world.

I. ORGANIZATION OF WORK

3. The organization of work called for eight working sessions (see annex II). During the sessions a number of papers prepared by experts on the balance of payments and its links to the System of National Accounts 1993 were discussed, in addition to country papers on States' experience in preparing balance of payments accounts and implementing the System (see annex III). The main issues that gave rise to discussion were:

(a) Methods of estimating statistics on foreign trade between countries not having any customs points on their borders, on the one hand, and on smuggled goods, on the other, and the questions of how to treat them and how to reflect them in the balance of payments and national accounts;

(b) The impossibility of drawing a clear line between worker remuneration and worker remittances from and to the rest of the world and the difficulty of defining the concept of "residents" with regard to entering and departing labour in some countries of the region;

(c) The case of high inflation and the repercussions of official exchange rates and the parallel (unofficial) market, as well as their impact on estimates in national accounts and the balance of payments;

(d) The valuation of shipping and insurance services in foreign trade statistics with a view to conversion from CIF rates to FOB rates for imports, such services being estimated at 10 to 15 per cent of the value of imports, as indicated in some of the country papers. It became clear from the discussions that such services might be dealt with through surveys;

(e) Problems of delays in preparing foreign trade statistics in accordance with up-to-date international classifications and lengthy delays in customs settlements and the negative repercussions of those delays on balance of payments accounts and national accounts. It was deemed appropriate that the accrual basis should be adopted in accordance with international recommendations;

(f) The treatment of external debt and internal debt problems in national accounts and the balance of payments. It became clear that treatment should be in accordance with the principle of accrual upon payment of instalments, and in the event that an instalment was not paid, it should be considered a new loan;

(g) Classification of transfers (current and capital) effected through banks;

(h) Estimation of tourism. A distinction was made between the production of the tourist industry and expenditure on tourist services attributed to the item "travel" in the balance of payments, which could be ascertained from surveys;

(i) Preparation and publication of data on the international investment position, which records changes that take place in assets and liabilities as a result of transactions, price changes, fluctuations in rates of exchange and other changes;

(j) Estimation of Internet services. It emerged that such services were very difficult to estimate and that studies in that connection were still in progress, particularly since the experience of that application was quite new;

(k) Treatment of the shares of a foreign partner in the balance of payments and national accounts;

(l) Recording and valuation of petroleum exports in exchange for food imports in Iraq;

(m) Investment of returns on direct investments.

4. It was clear from the discussions that the Workshop achieved the purpose for which it had been held, clarifying many issues relating to the System of National Accounts and the balance of payments.

II. ROUND TABLE AND RECOMMENDATIONS

5. On the final day of the Workshop a round table including all the participants was held. At the round table the most important issues that had emerged during the Workshop were discussed. The participants made the following recommendations:

(a) It is important to carry out sample surveys at border points in countries on whose borders there is no provision for customs declarations so as to make it possible to complete the estimation of the related foreign trade statistics. In the case of smuggled goods, studies to estimate their percentages can be carried out in cooperation with the competent authorities;

(b) Care should be taken to design forms that show the nature and purposes of financial flows in relation to transactions that take place via the banking system. Information pertaining to transactions that take place outside that system, on the other hand, can be obtained through surveys within a framework of cooperation and coordination between the preparers of balance of payments accounts and national accounts with a view to arriving at uniform figures;

(c) ESCWA should be requested to hold, whenever possible, additional specialized symposia, workshops and meetings of experts at the regional level in the fields of national accounts and balance of payments and international, regional and Arab funds should be encouraged to finance such meetings;

(d) Arab and international funds and organizations should be urged to offer material and technical support for regional and national workshops, to be held in coordination and cooperation with ESCWA, for the purpose of enhancing the qualifications of persons working in the fields of national accounts and balance of payments statistics in the countries of the region;

(e) The International Monetary Fund and the United Nations Statistics Division should be requested to endeavour to have any new international statistical standards and manuals relating to national accounts and balance of payments translated into Arabic and made available to the countries of the region;

(f) It is imperative that the countries members of the Commission have surveys carried out that serve the purposes of national accounts and the requirements of the *Balance of Payments Manual* (fifth edition), considering such surveys as being among their priorities in the area of statistics;

(g) Central banks, monetary institutions, central statistical organizations and the agencies responsible for preparing national accounts in the Commission's member States should be invited to engage in an exchange of visits, expertise and questionnaires so as to benefit from each other's experience;

(h) Coordination among the agencies responsible for foreign trade statistics, central banks and central statistical organizations in the countries of the region is essential for ensuring the highest possible degree of data homogeneity;

(i) The region's central banks should be encouraged to make every effort to apply the fifth edition of the *Balance of Payments Manual* promptly and with the highest degree of detail possible for the purposes of the rest of the world account in the System of National Accounts 1993;

(j) It is important to provide detailed data and make them available via the various means of dissemination, both written and electronic, reducing the level of secrecy so as better to serve national accounts and balance of payments purposes;

(k) Solutions and methods must be found for estimating remittances that accompany travellers and their personal effects, primarily in order to improve balance of payments statements in a way that will reflect positively on the national accounts.

6. The participants expressed their thanks to the Statistics Division of ESCWA for its excellent organization and technical preparation of the Workshop. They also expressed gratitude to the Statistical Division of the United Nations and the International Monetary Fund for their technical support, requesting them to continue that cooperation for follow-up during the stages of implementation of the System of National Accounts 1993 and application of the *Balance of Payments Manual* (fifth edition) in the ESCWA countries.

Annex I

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Annex II

ORGANIZATION OF WORK

Tuesday, 27 June 2000

8.30 - 9.15 a.m.	Registration - Distribution of documents
9.15 - 9.45 a.m.	Opening of the Workshop
9.45 - 10.15 a.m.	Break
10.15 - 11.45 a.m.	A comprehensive look at the principal changes and developments in the balance of payments accounts and their relationship to the System of National Accounts 1993 (Ruth Lituma, International Monetary Fund)
11.45 a.m. - 12.15 p.m.	Break
12.15 - 1.30 p.m.	Principles and rules of accounting and recording and valuation of external transactions (Kotb Salem) Treatment of multiple exchange rates (Kotb Salem)
1.30 - 1.45 p.m.	Country papers (participants from countries)

Wednesday, 28 June 2000

8.30 - 10 a.m.	Country papers (participants from countries)
10 - 10.30 a.m.	Break
10.30 a.m. - noon	Country papers (participants from countries)
Noon - 1.15 p.m.	Relationship of the rest of the world account to the balance of payments accounts, including the international investment position (IIP) (Kamel Al-Adhadh)
1.15 - 1.45 p.m.	Break
1.45 - 2.45 p.m.	The main features of the System of National Accounts and its relationship to the balance of payments (Jan Vantongeren)

Thursday, 29 June 2000

8.30 - 9.30 a.m.	<i>(Continued:)</i> The main features of the System of National Accounts and its relationship to the balance of payments (Jan Vantongeren)
9.30 - 10.30 a.m.	A general strategy for preparing balance of payments statistics and the rest of the world account of the System of National Accounts 1993 (Kamel Al-Adhadh)
10.30 - 11 a.m.	Break
11 - 12.30 a.m.	Round table (Bashrahil, Al-Adhadh, Salem, Lituma, Vantongeren)
12.30 - 1.30 p.m.	Break
1.30 - 2.30 p.m.	Report and recommendations

Annex III

LIST OF DOCUMENTS

Symbol	Title
E/ESCWA/STAT/2000/WG.1/1	Organization of work
E/ESCWA/STAT/2000/WG.1/2	ΑΙΟÇΑÇÈ ãìÒÇã ÇããÏÿæÚÇÈ æÚáÇÐÈâÇ ÈÇáÍΟÇÈÇÈ ÇãÐæãíÈ ãÚ ÆΟÇΝÈ ÏÇΟÈ Æáì ÌæáÈ ÇãβæíÈ
E/ESCWA/STAT/2000/WG.1/3	ÇáÍΟÇÈÇÈ ÇãÐæãíÈ æÚáÇÐÈâÇ ÈãíÒÇã ÇããÏÿæÚÇÈ Ýì ΟάΟãÈ ÙãÇã
E/ESCWA/STAT/2000/WG.1/4	ÇãΒÈÇÈ ÇãΟãæì áãíÒÇã ÇããÏÿæÚÇÈ (áÈãÇã)
E/ESCWA/STAT/2000/WG.1/5	ÚáÇÐÈ ãìÒÇã ÇããÏÿæÚÇÈ ÈÍΟÇÈ ÈÐíÈ ÇáÚÇãã (ROW) ÈÇáÍΟÇÈÇÈ ÇãÐæãíÈ ÇããÕÑíÈ
E/ESCWA/STAT/2000/WG.1/6	ÈÚÍøÌ ÆΟÚÇÑ ÇãÕÑÿ æÆÈÇÑã Ýì ãìÒÇã ÇããÏÿæÚÇÈ æÇáÍΟÇÈÇÈ ÇãÐæãíÈ
E/ESCWA/STAT/2000/WG.1/7	ÈÐíã ÇããÚÇãáÇÈ æΑΟÓ ÈÓÌíãÇ Ýì ãìÒÇã ÇããÏÿæÚÇÈ
E/ESCWA/STAT/2000/WG.1/8	ãíÇÕÑÇÈ Ýì ÆÍÒÇΑÇÈ ãìÒÇã ÇããÏÿæÚÇÈ æÚáÇÐÈâÇ Ýì ÍΟÇÈÇÈ ÈÐíÈ ÇáÚÇãã Ýì ãÚÇã ÇáÍΟÇÈÇÈ ÇãÐæãíÈ
E/ESCWA/STAT/2000/WG.1/9	SNA Rest of the World Accounts and Balance of Payments
E/ESCWA/STAT/2000/WG.1/10	ÈÐÑíÑ Ùã ÈÌÑÈÈ ÌããæÑíÈ ÇáÚÑÇÐ Ýì ÆÚÍÇÌ ãìÒÇã ÇããÏÿæÚÇÈ æÚáÇÐÈâ ÈÇáÍΟÇÈÇÈ ÇãÐæãíÈ
E/ESCWA/STAT/2000/WG.1/11	ÆÚÍÇÌ ãìÒÇã ÇããÏÿæÚÇÈ æÚáÇÐÈâ ÈÆÚÍÇÌ ÇáÍΟÇÈÇÈ ÇãÐæãíÈ
E/ESCWA/STAT/2000/WG.1/12	ÇáÍΟÇÈÇÈ ÇãÐæãíÈ æãíÒÇã ÇããÏÿæÚÇÈ áÌæáÈ ÇãÆãÇÑÇÈ ÇáÚÑÈíÈ ÇããÈÍÈ
E/ESCWA/STAT/2000/WG.1/13	ãìÒÇã ÇããÏÿæÚÇÈ ÇãÐØÑí
E/ESCWA/STAT/2000/WG.1/14	Bahrain BOP and IIP Compilation Methodology
E/ESCWA/STAT/2000/WG.1/15	Conceptual and Data Integration of BOP with SNA
E/ESCWA/STAT/2000/WG.1/C.P.1	Country paper (Qatar) (Arabic only)
E/ESCWA/STAT/2000/WG.1/C.P.2	Country paper (Yemen) (Arabic only)
E/ESCWA/STAT/2000/WG.1/C.P.3	Country paper (Syrian Arab Republic) (Arabic only)
E/ESCWA/STAT/2000/WG.1/C.P.4	Country paper (Iraq) (Arabic only)
E/ESCWA/STAT/2000/WG.1/C.P.5	Country paper (Palestine) (Arabic only)
E/ESCWA/STAT/2000/WG.1/C.P.6	Country paper (United Arab Emirates) (Arabic only)

E/ESCWA/STAT/2000/WG.1/C.P.7	Country paper (Jordan) (Arabic only)
E/ESCWA/STAT/2000/WG.1/C.P.8	Country paper (Saudi Arabia) (Arabic only)
E/ESCWA/STAT/2000/WG.1/C.P.9	Country paper (Egypt) (Arabic only)