



# STATE BANK OF PAKISTAN

Statistics & Data Warehouse Department  
Balance of Payments Division

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## REVISION STUDY ON PAKISTAN'S BALANCE OF PAYMENTS STATISTICS - IMPLEMENTATION OF BPM6

The Statistics and Data Warehouse Department initiated implementation of Balance of Payments and International Investment Position Manual (BPM-6) during FY11. The project was to be completed in phases in three years. The notice of methodological changes in the statistics on international accounts was placed on the State Bank of Pakistan website for the information of stakeholders on February 08, 2011 at link <http://www.sbp.org.pk/departments/stats/NMC.pdf>.

Conceptually, BPM6 maintains the overall framework of the methodology of the previous (fifth) edition of the Manual (BPM5). BPM6 deepens the harmonization of the IMF's external sector statistics' recommendations with the update of the System of National Accounts, and the international standards in the area of direct investment statistics and other macroeconomic statistics.

Given below are major changes while moving to BPM6:

- “Merchanting” reclassified from services account to goods account
- “Goods for processing” reclassified from goods account to services account and renamed as “Manufacturing services on physical inputs owned by others”
- “Repairs on goods” reclassified from goods account to services account and renamed as “Maintenance and repair services n.i.e. (not included elsewhere).”
- “Goods procured in ports by carriers” included in “General Merchandise” instead of separate head under goods account
- Goods bought abroad for own use exceeding customs threshold would be part of general merchandise instead of reflecting under travel
- “Communication services” and “Computer and information services” reclassified as “Telecommunications, computer, and information services” and “Postal and courier services”, where as the latter shifted to “Transport services”
- “Transportation” renamed as “Transport” whereas “Royalties and license fee” renamed as “Charges for the use of intellectual property”

- The “Monetary Authorities” and “Banks” in *BPM5* renamed to “Central bank” and “Deposit-taking Corporation” respectively
- “Income Account” and “Current Transfers” renamed as “Primary Income” and “Secondary Income”
- Personal transfers as a standard component replace the workers’ remittances to include all transfers between individuals, irrespective of source of income or relationship.
- Financial Intermediation Services Indirectly Measured (FISIM) are to be included in financial services excluding from income account (primary income)
- Taxes and subsidies have been shifted from income account (primary income) to current transfers (secondary income)
- Migrants’ transfers (capital transfers) have been excluded from balance of payments and would be reflected in International Investment Position
- Direct investment income is broken down by type of foreign direct investment relationship
- The financial account uses the heading “net acquisition of financial assets” and “net incurrence of liabilities” instead of “debit” and “credits”
- SDR allocation has been taken as a new liability (already implemented)
- Employee Stock Option is recognized as an instrument. The same combined with financial derivatives has been separately identified in financial account
- The use of signs in the *BPM6* presentation is as follows: (i) in current and capital account, both credits and debits are registered with positive signs; (ii) in the financial account, increases in assets and liabilities are registered with positive signs, and decreases with negative signs

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The comparison of the two formats is given below:

Summary Balance of Payments ( As Per BPM6)	Jul-Jun FY13		Remarks
	As Per		
	BPM5	BPM6	
Million USD			
<b>Current account balance</b>	<b>-2299</b>	<b>-2299</b>	
Current account balance without off. transfers	-2723	-2723	
Exports of goods fob	24745	24753	Repairs of goods & goods for procesing are excluded from goods in BPM6 While
Imports of goods fob	39801	39737	Exports of goods under merchanting are included
<b>Balance on trade in goods</b>	<b>-15056</b>	<b>-14984</b>	
Exports of services	6619	6609	
Imports of services	7758	7832	Repair of goods and financial intermediation services indirectly measured (FISIM) items are included in BPM6.
<b>Balance on trade in services</b>	<b>-1139</b>	<b>-1223</b>	
<b>Balance on trade in goods and services</b>	<b>-16195</b>	<b>-16207</b>	
Primary income credit	490	490	
Primary income debit	4214	4202	FISIM are excluded from interest in BPM6.
<b>Balance on primary income</b>	<b>-3724</b>	<b>-3712</b>	
<b>Balance on goods, services and primary income</b>	<b>-19919</b>	<b>-19919</b>	
Secondary income credit	17706	17706	Renamed from Current Transfer
General government	433	433	
Current international cooperation	144	144	
Other official current transfers	289	289	
Financial corporations, non-financial corporations, households and NPISHs	17273	17273	Renamed from Other Sector
Personal transfers	13920	13920	Renamed from Worker's Remittances
Other personal transfers	0	0	
Other current transfers	3353	3353	
Secondary income debit	86	86	
<b>Balance on secondary income</b>	<b>17620</b>	<b>17620</b>	

Summary Balance of Payments ( As Per BPM6)	Jul-Jun FY13		Remarks
	As Per		
	BPM5	BPM6	
Million USD			
<b>Capital account balance</b>	<b>238</b>	<b>238</b>	
Capital account credit	242	242	
Capital account debit	4	4	
<b>Net lending (+) / net borrowing (-) (balance from current and capital account)</b>	<b>-2061</b>	<b>-2061</b>	
<b>Financial account</b>	<b>-80</b>	<b>80</b>	In the Financial Account, increases in assets and liabilities are registered with positive signs, and decreases with negative signs- also trade credit and advance are include in BPM6.
<b>Direct investment</b>	<b>1239</b>	<b>-1239</b>	
Direct investment in Pakistan	-208	208	
Equity and investment fund shares (including reinvested earnings)	-203	203	
Debt instruments	-5	5	
Direct investment abroad	1447	1447	
Equity and investment fund shares (including reinvested earnings)	1702	1702	
Debt instruments	-255	-255	
<b>Portfolio investment</b>	<b>27</b>	<b>-27</b>	
Portfolio investment in Pakistan	-97	97	
Equity and investment fund shares	-57	57	
Debt instruments	-40	40	
Portfolio investment abroad	124	124	
Equity and investment fund shares	119	119	
Debt instruments	5	5	
<b>Financial derivatives (other than reserves) and employee stock options</b>	<b>0</b>	<b>0</b>	

Summary Balance of Payments ( As Per BPM6)	Jul-Jun FY13		Remarks
	As Per		
	BPM5	BPM6	
Million USD			
<b>Other Investment</b>	<b>-1346</b>	<b>1346</b>	
Net acquisition of financial assets	-309	309	
Central Bank	0	0	Renamed from Monetary Authority
Deposit-taking corporations	-212	212	Renamed from Banks
General Government	9	-9	
Other Sector	-106	106	
Net incurrence of liabilities	-1037	-1037	
Central Bank	717	717	Renamed from Monetary Authority
Deposit-taking corporations	-897	-897	
General Government	-481	-481	
Disbursements	2131	2131	
Credit and loans with the IMF (other than reserves)	0	0	
Other Long-term	1836	1836	
Short-term	295	295	
Amortization	2643	2643	
Credit and loans with the IMF (other than reserves)	225	225	
Other Long-term	2027	2027	
Short-term	391	391	
Other Liabilities (net)	31	31	
Other Sector	-376	-376	
Disbursements	320	320	
Amortization	600	600	
Other Liabilities (net)	-96	-96	
<b>Net Errors and Omissions</b>	<b>-253</b>	<b>-253</b>	
<b>Overall Balance</b>	<b>-2394</b>	<b>2394</b>	
<b>Reserves and Related Items</b>	<b>2394</b>	<b>-2394</b>	
Reserve Assets	4556	-4556	
Use of Fund Credit and Loans	-2162	-2162	
<b>Exceptional Financing</b>	<b>0</b>	<b>0</b>	

**Reconciliation of Trade Data in Accordance with BPM6 vis-à-vis BPM5**

Trade (BOP) based on ITRS Item	Jul-Jun FY13	
	BPM5	BPM6
<b>Exports (BOP)</b>	<b>24,745</b>	<b>24,753</b>
Exports receipts (Realized and advance)	23,657	23,657
- Freight on exports	535	535
i. Freight foreign air & shipping cos.	487	487
ii. Freight Pak air & shipping cos.	49	49
+ Adjustment for Afghanistan	1,033	1,033
+ Goods for processing (shifted to services under BPM6)	0	x
+ Repairs on goods (shifted to services under BPM6)	5	x
+ Goods procured in ports by carriers (merged with general merchandise under BPM6)	206	206
+ Nonmonetary gold (partially considered)	0	0
+ Exports of samples	8	8
+/- Outstanding export Assets	378	378
- Refund and rebate	-20	-20
+ Exports in accounts abroad	12	12
+/- Valuation adjustment of exchange rates	x	x
Net exports of goods under merchanting (Credit only)	x	13
Goods sold under merchanting	x	15
Goods acquired under merchanting (negative credit)	x	2
<b>Imports (BOP)</b>	<b>39,801</b>	<b>39,737</b>
Import Payments (Realized and advance)	39,360	39,360
- Freight as 6% of imports	2,362	2,362
+ Adjustment for Afghanistan	178	178
+ Goods for processing (shifted to services under BPM6)	0	x
+ Repairs on goods (shifted to services under BPM6)	64	x
+ Goods procured in ports by carriers (merged with general merchandise under BPM6)	299	299
+ Nonmonetary gold (partially considered)	0	0
+ Imports of samples	0	0
+ Unclassified imports (defense)	491	491
+ Imports of International Airline (PIA) & Pakistan National Shipping Corporation (PNSC)	110	110
+ Imports NRI	271	271
+ Imports of capital equipment	87	87
- Refund and rebate	-92	-92
+ Imports from accounts abroad	10	10
+ Imports under foreign economic assistance (grants and loans)	1,173	1,173
+ Relief goods of no commercial value by Govt.	0	0
+ Relief goods of no commercial value by NGOs (not considered)	212	212
Note:		
X- item which are to be included or excluded from the balance on trade in goods with the transfer from BPM5 to BPM6 methodology		