

**Revision Study of External Sector Statistics**

Statistics & DWH Department of State Bank of Pakistan (SBP) compiles and disseminates external sector statistics based on the information received from various sources. It is committed to enhance data integrity, usefulness, and adhering to international standards by keeping in view the data consistency among other macroeconomic statistics and within data series. The changes related to compilation, dissemination and methodology are notified to all in form of revision study.

In compilation of external sector statistics, methodology, concepts, definitions, and guidelines provided in “Balance of Payments and International Investment Position Manual 6th Edition (BPM6) of IMF” and “External Debt Statistics – Guide for Compilers and Users 2013 of IMF” are followed.

The IMF’s BPM6 and BPM6 Compilation Guide recommend that when the construction work carried out by foreign enterprise in the compiling economy and its external operations are not sufficiently substantial to constitute a branch separate from head office; for the international accounts, enterprise engaged in construction project is treated as nonresident. Accordingly, expenses of foreign branch for purchase of material and services acquired in the compiling economy will be classified as *Construction Services in the compiling economy*, wages and salaries paid to resident workers as *Compensation of Employees* and taxes paid in compiling economy as *Secondary Income-Gen Government*. Further, total gross value of construction work is recorded as *Construction Services in the compiling economy (Debit)*.

In order to improve the quality of external sector statistics, Statistics & DWH Department, SBP acquired fair estimates of expenses in Pakistan for recently completed construction projects where the operations of foreign contractors are not sufficiently substantial to constitute a branch separate from head office, and accordingly reclassified Direct Investment into relevant BOP accounts.

Accordingly, Foreign loans drew down by Foreign Contractors earlier classified into Imports of Goods, Freight and Technical Services are re-classified to Construction Services in the compiling economy (debit). This resulted in a decrease in Goods Account (Debit) and an increase in Services Account (Debit) with no impact on Current Account Balance (see decreases of \$ 137 million, \$682 million, \$921 Million & \$899 Million in FY16, FY17, FY18 & FY19 in import of goods respectively with simultaneous increases in Import of services including other adjustments in FY19)

Further, funds received by branch office in Pakistan from head office for project related expense earlier classified as Foreign Direct Investment are re-classified to Construction Services (Credit) in the compiling economy, Compensation of Employee and Secondary Income-Gen Government. Resultantly, Current Account Balance improved by \$ 351 Million, \$ 702 Million and \$396 Million in FY17, FY18 and FY19 respectively however, it is slightly deteriorated by \$20 million and \$94 million in FY15 and FY16 mainly because of reclassification of secondary income into FDI.

The existing and revised summary of balance of payments statistics from FY15 to, FY19 are as follows:

Million US\$

Items	Provisional					Revised					Changes				
	FY15	FY16	FY17	FY18	FY19	FY15	FY16	FY17	FY18	FY19	FY15	FY16	FY17	FY18	FY19
<b>Current Account Balance</b>	<b>-2,795</b>	<b>-4,867</b>	<b>-12,621</b>	<b>-19,897</b>	<b>-13,830</b>	<b>-2,815</b>	<b>-4,961</b>	<b>-12,270</b>	<b>-19,195</b>	<b>-13,434</b>	<b>-20</b>	<b>-94</b>	<b>351</b>	<b>702</b>	<b>396</b>
Exports of Goods FOB	24,090	21,972	22,003	24,768	24,251	24,090	21,972	22,003	24,768	24,257	0	0	0	0	6
Imports of Goods FOB	41,357	41,255	48,683	56,592	52,768	41,357	41,118	48,001	55,671	51,869	0	-137	-682	-921	-899
<b>Balance on Trade in Goods</b>	<b>-17,267</b>	<b>-19,283</b>	<b>-26,680</b>	<b>-31,824</b>	<b>-28,517</b>	<b>-17,267</b>	<b>-19,146</b>	<b>-25,998</b>	<b>-30,903</b>	<b>-27,612</b>	<b>0</b>	<b>137</b>	<b>682</b>	<b>921</b>	<b>905</b>
Exports of Services	5,878	5,459	5,555	5,288	5,260	5,872	5,456	5,915	5,851	5,966	-6	-3	360	563	706
Imports of Services	8,848	8,865	9,894	11,356	9,527	8,848	9,002	10,576	12,277	10,936	0	137	682	921	1,409
<b>Balance on Trade in Services</b>	<b>-2,970</b>	<b>-3,406</b>	<b>-4,339</b>	<b>-6,068</b>	<b>-4,267</b>	<b>-2,976</b>	<b>-3,546</b>	<b>-4,661</b>	<b>-6,426</b>	<b>-4,970</b>	<b>-6</b>	<b>-140</b>	<b>-322</b>	<b>-358</b>	<b>-703</b>
Primary Income Credit	644	608	662	679	678	644	610	696	726	578	0	2	34	47	-100
Primary Income Debit	5,243	5,955	5,710	6,163	6,387	5,243	5,955	5,710	6,163	6,188	0	0	0	0	-199
<b>Balance on Primary Income</b>	<b>-4,599</b>	<b>-5,347</b>	<b>-5,048</b>	<b>-5,484</b>	<b>-5,709</b>	<b>-4,599</b>	<b>-5,345</b>	<b>-5,014</b>	<b>-5,437</b>	<b>-5,610</b>	<b>0</b>	<b>2</b>	<b>34</b>	<b>47</b>	<b>99</b>
Secondary Income Credit	22,305	23,297	23,647	23,708	24,868	22,291	23,204	23,604	23,800	24,990	-14	-93	-43	92	122
Secondary Income Debit	264	128	201	229	205	264	128	201	229	232	0	0	0	0	27
<b>Balance on Secondary Income</b>	<b>22,041</b>	<b>23,169</b>	<b>23,446</b>	<b>23,479</b>	<b>24,663</b>	<b>22,027</b>	<b>23,076</b>	<b>23,403</b>	<b>23,571</b>	<b>24,758</b>	<b>-14</b>	<b>-93</b>	<b>-43</b>	<b>92</b>	<b>95</b>
<b>Capital Account Balance</b>	<b>375</b>	<b>273</b>	<b>375</b>	<b>376</b>	<b>245</b>	<b>375</b>	<b>273</b>	<b>375</b>	<b>376</b>	<b>229</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-16</b>
<b>Net Lending (+) / Net Borrowing (-) (Balance from Current and Capital Accounts)</b>	<b>-2,420</b>	<b>-4,594</b>	<b>-12,246</b>	<b>-19,521</b>	<b>-13,585</b>	<b>-2,440</b>	<b>-4,688</b>	<b>-11,895</b>	<b>-18,819</b>	<b>-13,205</b>	<b>-20</b>	<b>-94</b>	<b>351</b>	<b>702</b>	<b>380</b>
<b>Financial Account</b>	<b>-5,074</b>	<b>-6,790</b>	<b>-10,198</b>	<b>-14,300</b>	<b>-11,933</b>	<b>-5,119</b>	<b>-6,878</b>	<b>-9,855</b>	<b>-13,611</b>	<b>-11,759</b>	<b>-45</b>	<b>-88</b>	<b>343</b>	<b>689</b>	<b>174</b>
Direct Investment	-915	-2,286	-2,663	-3,461	-1,658	-960	-2,374	-2,320	-2,772	-1,436	-45	-88	343	689	222
Direct Investment in Pakistan	988	2,305	2,749	3,471	1,666	1,033	2,393	2,406	2,782	1,362	45	88	-343	-689	-304
<b>Net Errors and Omissions</b>	<b>-8</b>	<b>456</b>	<b>102</b>	<b>-920</b>	<b>108</b>	<b>-33</b>	<b>462</b>	<b>94</b>	<b>-933</b>	<b>-58</b>	<b>-25</b>	<b>6</b>	<b>-8</b>	<b>-13</b>	<b>-166</b>

Note: Total may not exactly tally due to separate rounding off.

Likewise, Foreign Direct Investment in Pakistan, Trade in Goods & Services and International Investment Position statistics have also been revised (see economic data at SBP website.).