

CORE FRAMEWORK: Balance of Payments

National Descriptor (as applicable):

ENCOURAGED EXTENSION(S) (as applicable):

National Descriptor (as applicable):

National Methodological Publication (as applicable):

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I. Analytical Framework, Concepts, Definitions, and Classifications

Analytical Framework, Concepts and Definitions

Balance of payments data are compiled by the State Bank of Pakistan on the basis of the fourth edition of *IMF Balance of Payments Manual (BPM4)* and, therefore, the concepts, definitions, and classifications of transactions conform to *BPM4*.

The main classifications are: (1) goods, services, and income; (2) unrequited transfers; (3) capital account; (4) reserves; (5) net errors and omissions, and (6) exceptional financing.

The item 'goods, services, and income' comprises merchandise (export and import), shipment, other transportation, travel, investment income, and other goods, services, and income.

The category 'unrequited transfers' is divided into private unrequited transfers and official unrequited transfers.

The 'capital account' is classified into (a) direct investment abroad; (b) direct investment in Pakistan; (c) portfolio investment; (d) other long-term capital – official sector; (e) other long-term capital – deposit money banks; (f) other long-term capital – other sectors; (g) other short-term capital – official sector; (h) other short-term-capital – deposit money banks; and (i) other short-term capital – other sectors.

The 'reserves assets' comprise monetary gold, special drawing rights, Reserve position in the Fund, foreign exchange of the central bank and foreign exchange of the deposit money banks. The use of Fund credit, the roll over/rescheduled debts and loans, debt relief and other deferred liabilities are classified below the line as exceptional financing. Each item in the reserves also shows counterpart to valuation changes as required in *BPM4*.

Classification System

Balance of payments data are compiled by the State Bank of Pakistan on the basis of the fourth edition of

IMF Balance of Payments Manual(BPM4).

International Investment Position

Currently no International Investment Position(IIP) is compiled and disseminated. (See Plans for Improvement). However some data for major components are available in various publications:

- Outstanding data on foreign direct investment in Pakistan and portfolio investment in Pakistan as available from the State Bank of Pakistan's Foreign Liabilities and Assets and Foreign Investment in Pakistan
- Data on a fiscal year basis on external public and publicly guaranteed debt published in the Economic Survey Statistical Supplement
- Public and Publicly guaranteed medium and long-term external debt, (disbursed and outstanding) of the Economic Adviser's Wing, Finance Division, Ministry of Finance and also posted on the State Bank of Pakistan's website at <http://www.sbp.pk>,
- Data on foreign assets and liabilities of the State Bank of Pakistan and of the scheduled banks published in the monthly Statistical Bulletin), and
- Data on reserves assets (from the SBP website mentioned above and from the monthly Statistical Bulletin).

II. Scope of the Data

Unit Coverage

The Balance of Payments of Pakistan covers in principle all transactions between resident and nonresident units.

Transaction Coverage

The data cover foreign exchange transactions that take place through the banking system, foreign economic assistance and the debt servicing data from the Ministry of Finance and Economic Affairs, land borne trade and export of crude oil, etc.

Geographic Coverage

The entire country is covered.

Unrecorded Activity (as relevant)

Periodicity

Monthly (highly provisional) and Quarterly.

Timeliness

Separate quarterly data are presently disseminated only in the annual issues of the State Bank's *Statistical Bulletin*.

Cumulative data including latest month and quarter are disseminated no later than 60 days after the reference period.

III. Accounting Conventions

Transactions are recorded on a double entry system based on exchange record data and also on an accrual basis. Most of the data are collected on a monthly basis. The monthly average exchange rates are used to convert data into U.S. dollars. The reserve stock is adjusted for valuation in the opening balance.

IV. Nature of the Basic Data Sources

The data are derived from a combination of administrative records, surveys, censuses, and exchange records.

Item:	Nature of data Sources:
Goods	<ul style="list-style-type: none">i) Exchange Record (Banks) on fob and c&f mixed basis.ii) Official (Foreign Economic Assistance).iii) Customs (For personal baggage, NRI-non-repatriable investment, etc.)iv) Sales of duty free shops.v) Pakistani & Foreign shipping / air COs. for adjustment of freight.vi) Enterprise data for Foreign Private Loans.vii) Enterprise survey for capital equipment.
Services including Income	<ul style="list-style-type: none">i) Exchange Records (Banks) for all services.ii) Pakistani & Foreign shipping / air COs. for shipment.iii) Pakistani shipping / air COs. for 'Other Transportation'.iv) Official Payment advices to cross match interest payment.v) Transactions through SBP.vi) Monthly reporting from Pak Diplomatic Missions abroad for other goods, services and income.vii) Official for rescheduled interest.viii) Official for direct credit in Govt. account for Logistic support, debt relief, etc.ix) Enterprise survey for reinvested earnings.
Current transfers	<ul style="list-style-type: none">i) Exchange Records (Banks) for workers remittances, resident foreign

	<p>currency accounts, grants of private sector, etc.</p> <p>ii) SBP for grants.</p> <p>iii) Official for project / non-project grants including Saudi oil facility, etc.</p> <p>iv) Customs the contra of transfers in goods.</p> <p>v) Sales of Duty free shops.</p>
Capital Account	<p>i) Exchange Records (Banks) for foreign private investment, foreign private loans, official loans, and deposits, trade credits (outstanding export bills) etc.</p> <p>ii) State Bank Accounts for all official and central bank transactions, deposits of other central banks, liabilities for non-resident rupee accounts, etc.</p> <p>iii) Enterprise Survey for private loans.</p> <p>iv) Official for official amortization, rescheduled debt, and trade credits.</p> <p>v) Enterprise survey for foreign investment like capital equipment and reinvested earnings.</p> <p>vi) Enterprise survey of public sector enterprises like PIA, PSO, PTCL, etc for suppliers credits, loans against LCs, etc.</p>
Reserve Assets	<p>i) Banking sector balances</p> <p>ii) State Bank for balances, gold, SDR.</p>

V. Compilation Practices

The BOP is based on Actual Numbers. However for provisional data proxies based on past trends / subjective judgments for delayed data items are used, which are replaced by actual data during the finalization of BOP statistics.

VI. Other Aspects

No seasonal adjustment is made.

VII. Plans for Improvement

Recent Improvements

Short Term

- Necessary steps are being taken to implement the fifth edition of *IMF Balance of Payments Manual (BPM5)*.
- Initiate plans to compile and publish the International Investment Position (IIP).
- Necessary steps are being taken to implement a Harmonized Coding System.

Medium Term**Technical Assistance/Financing Needs/Other Prerequisites****Short Term****Medium Term**