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PROGRESS REPORT ON BALANCE-OF-PAYMENTS STATISTICS

Memorandum prepared by the Balance of Payments Division  
of the International Monetary Fund

Introduction

1. The Fund's formal balance-of-payments reporting requirements have not undergone any substantial change since the last report to the Commission was prepared (E/CN.3/327), covering developments through the end of 1964. This report, therefore, will deal mainly with collateral activities, which are none-the-less closely-related, during the ensuing three years. However, two articles recently published in the Fund's Staff Papers are directly relevant to the general topic of this report and deserve to be incorporated here, at least by reference. The November 1967 issue carries a descriptive article entitled "Progress Towards Uniformity in Balance of Payments Presentation", which traces in some detail the continuing increase in the quantity and quality of information available on international transactions and the gradual approach to a uniform international standard, and highlights some of the remaining areas that still present significant problems. The other, from the July 1967 issue, is entitled "Asymmetries and Errors in Reported Balance of Payments Statistics"; it attempts to show the magnitude of the statistical errors that now exist in the world's reported balance-of-payments statements and to evaluate the importance of these discrepancies for various types of analysis.

System of National Accounts Balance of Payments

2. The proposals for revising the United Nations System of National Accounts (SNA) which are being formulated by an expert group convened by the Secretary-General

have important implications for the Fund's balance-of-payments statistics. The Fund's Balance of Payments Manual and the existing System are currently co-ordinated and compatible, and the advantages of such co-ordination have been apparent to compilers and users of both sets of statistics. Fund technicians have therefore been following the work of the expert group with the keenest interest, and the Fund representative commented on some aspects of the subject at the July 1966 meeting of the group.

3. The Fund staff sought the advice of a representative group of national balance-of-payments compilers on this subject in May 1967; a number of experts, including technicians from the United Nations Statistical Office and the Organization for Economic Co-operation and Development, were invited to meet for a week's discussion at Fund headquarters. The sessions were devoted entirely to an informal exchange of views, with no intention of reaching agreed conclusions or drawing up recommendations. This meeting, supplemented by continuing contact between the Fund technicians and the other participants, has been most useful in reducing - even if not eliminating altogether - the potential areas of difference between the balance-of-payments and national accounts system.

4. Since balance-of-payments and national-accounts statistics have a wide but by no means coincidental range of analytic uses, it can hardly be expected that the two systems can be made identical in every detail. Arbitrary or unessential differences should obviously be eliminated, but neither compilers nor users would wish to see the process of co-ordination carried so far that the integrity of either system was threatened. Therefore, the approach adopted by the Fund staff, in consultation with national balance-of-payments compilers, has been to seek the most workable methods of reconciliation, in instances where complete identity cannot be achieved. It may also be noted that the process of revising the Balance of Payments Manual can be expected to require considerable time to complete even after all the decisions with regard to the national accounts have been taken. However, countries that adopt the revised system for their national accounts before a new version of the Manual appears should not be concerned about experiencing any inconvenience, since the Fund staff will be prepared to consider, on an ad hoc basis, any necessary modifications to the Fund's reporting requirements in the interim period.

Foreign debt statistics

5. A meeting of experts on foreign debt statistics was organized jointly by the Fund and the International Bank for Reconstruction and Development and took place in Washington, D.C., at the beginning of February 1966. The meeting, whose purpose was to consider the need for improving the information on international indebtedness available to the two organizations, was attended by experts from both capital-exporting and capital-importing countries and by representatives of the United Nations, the United Nations Conference on Trade and Development (UNCTAD), the Organization for Economic Co-operation and Development (OECD) and the International Development Bank.

Capital flows

6. Fund staff members also participated in meetings sponsored by other organizations that dealt with the statistics of transactions related to those recorded in the balance of payments. One such occasion was the meeting of a group of experts appointed by the Secretary-General, held at the United Nations Headquarters from 27 February to 10 March 1967, which produced a report on the methodological problems involved in the measurement of the flow of resources to developing countries (E/4327); the Fund had also been represented at the first discussions of the expert group, held in October 1965. Another was the series of expert meetings on capital flow statistics convened in Paris by CECD's Development Assistance Committee in 1965. In addition, a staff member attended the meeting of the Expert Group on International Travel Statistics convened by the United Nations (Geneva, June 1967); see E/CN.3/385 for the report of the Expert Group. In all the meetings described in this and the preceding paragraph, the Fund representatives have made a special effort to keep clearly in view any special problems that new or enlarged reporting requirements might pose for national balance-of-payments compilers. The other side of this same concern is a belief that new requests for data will meet with the most fruitful response if they are framed in such a way as to take account of existing statistical sources and collection systems.

7. In view of the inability of compilers to assemble much of the additional detail requested in the "Special Report on the International Flow of Long-Term

Capital and Central Government Transfer Payments", which the Fund had collected from its correspondents on behalf of the United Nations, this questionnaire was eliminated from the Fund's Annual Request for Balance of Payments Information for 1966, sent out to the correspondents on 1 May 1967. Instead, an interim arrangement was worked out under which the Fund staff provided the United Nations with information on resource flows received by the less developed countries in 1966, for use in the reports on such flows prepared for the Economic and Social Council and the General Assembly. At the beginning of May 1967, the Fund transmitted provisional data on aid-type flows received by twenty-two developing countries, derived from these countries' preliminary balance-of-payments reports to the Fund. This information was followed in mid-September by more comprehensive summaries on long-term capital and central government transfer payments received by the less developed countries, which covered those forty-nine countries that by the end of August had submitted either final figures or reasonably reliable provisional estimates on their balance of payments in 1966. Co-operation is continuing between the Fund and United Nations staffs to arrive at more permanent arrangements for obtaining the optimum amount of detail that could be assembled by national compilers.

#### Goods and services

8. In 1966, and again in 1967, the Fund staff undertook a major statistical exercise on behalf of UNCTAD. This consisted in compiling statistics on transactions in goods and services for all of the some ninety countries reporting to the Fund. The tabulations are presented in full country detail, with as complete a breakdown of services by type as is feasible. Furthermore, numerous adjustments of the reported figures have been estimated by the staff, to render these details as nearly consistent as possible from country to country. The compilation made in 1967 covered a full five-year span, 1961-65. Requests that have been received for copies of this tabulation indicate that it has proved of interest in a wide variety of analytic contexts.

#### Balance of Payments Yearbook

9. The description of the Fund's Balance of Payments Yearbook has been given in previous progress reports to the Commission but can now be brought up-to-date.

The reporting countries compile their statistics for submission to the Fund in accordance with the third edition of the Fund's Balance of Payments Manual, issued in July 1961. Volume 16 of the Yearbook, completed in 1965, gave data for 1959-63; volume 17 (1966) covered 1960-64; and volume 18 (1967) covered 1961-65. Volume 19 is now being issued in the customary loose-leaf form and covers 1962-66; it will be completed in 1968. Volume 16 contained seventy-nine individual country sections, and the number had increased to eighty-seven in volume 18, by the addition of Guyana, Jamaica, Kenya, Lebanon, Malawi, Sierra Leone, Trinidad and Tobago, the United Republic of Tanzania and Zambia (the Federation of Rhodesia and Nyasaland had meanwhile ceased to exist). The "Concepts and Definitions Applying to the Basic Presentation in the Yearbook", summarizing and explaining the Manual, has been issued as part of volumes 16 and 19 of the Yearbook. "Concepts and Definitions" is also available as a separate English pamphlet; French and Spanish pamphlets will become available as well.

#### Statistical training

10. As a consequence of the 1964 review of the Fund's training activities in general, the balance-of-payments training programme has been reorganized and expanded. Balance-of-payments courses are now offered, as the demand arises, in French and Spanish as well as in English; the sessions comprise eight weeks of concentrated training in methodology and statistical techniques. Courses in English were given in August-October 1965 and in January-February 1967; in French, in February-April 1966 and in September-November 1967; and in Spanish, in May-June 1966. The Spanish course was sponsored jointly with the Central American Monetary Council and was given in San Salvador. The next course in English has been scheduled for April-June 1968. To conform with the requirements of this revised programme, the Balance of Payments Textbook and other material used in the courses have been reviewed and modified, and translations have been prepared in French and Spanish. The material is made available to participants in the Fund's courses and to other balance-of-payments technicians of member countries.

#### Technical assistance

11. While considerable emphasis is placed on providing technical assistance through the medium of the balance-of-payments training programme, the value to individual

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member countries of assistance in the field is by no means unrecognized. The present possibilities for on-the-spot visits or for stationing technicians in countries for longer terms depend in large measure on the availability of trained personnel. It has occasionally proved feasible to supplement the Fund's own limited pool of qualified specialists by drawing on experts who have been generously released by national offices for such assignments. As a result, some expansion has taken place in this field of activity, both as to the number of countries visited and the duration of the assignments, which now range up to a full year. It would be over-optimistic to anticipate, however, that the Fund will soon be in a position to meet all deserving requests from member countries for this type of assistance.

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