

Technical Notes on the revised 1999-2004 BOP statistics

General Features

- ✍ Preliminary 2003-2004 BOP statistics already conformed to the revised concept, definition and coverage as recommended by the IMF peripatetic mission. Revision pertains mostly to data updates and reclassification of some transactions within the financial account.
- ✍ The 1999–2002 BOP were made consistent with the conceptual coverage and classification of the 2003-2004 series.¹

Sector Specific Features

Following are the highlights of the reconstruction of the past BOP statistics to link with the present series.

A. *Current account*

1. Trade : Imports

To backtrack the new 2003-2004 import levels the following methods were applied:

- a. The raw material imports for electronics exports were estimated by interpolating value added ratios (conversely, the import content) for years between 1996 and 2002.
- b. In the case of garments, the raw material imports for consigned garment exports were replaced with the reported level of material value of exports.
- c. OFW remittances in kind were estimated with the use of parameters based on the results of the annual Survey of Overseas Filipinos.

2. Services

While the shift from FED Form 1 to FX Form 1 in mid 1998 provided the necessary details for the BPM5-based classification, it took

¹ These two benchmark years yielded ratios that are considered reasonable with 2003 already been corrected by the Inter-Agency Committee in Trade Statistics. The 1996 ratio on the other hand was derived using two-year moving average (1995 + 1996) to smoothen the effects of inventory build-up and drawdown. It must also be noted that it was in 1996 that consigned arrangement and outsourcing started to grow significantly as a consequence of the expansion in ecozones.

longer for the new system to become stable. Thus, during the transition years, the earlier FX Form 1 reports continued to manifest problems of the past, largely in terms of coverage and classification. To address this, the following were done:

- a. exponential smoothing to get rid of outliers specifically for merchanting and other personal services
- b. use of indicators for back trending specifically for the following:
 - o imports of financial services which was made to move with the developments in loan availment
 - o imports of communication services which was made to move with output of telecommunication sector²
 - o miscellaneous services which was made to move with GDP

3. Income and Current Transfers

All data categories for 1999-2004 were estimated using consistent databases and methodologies with the following highlights.

- a. Main data sources for OFW-related categories have been CFO (OFW stock estimates), POEA (OFW deployment and average salaries), and NSO (parameters for coverage adjustments).³
- b. Additional data sources for grants and other transfers were tapped to improve coverage.

B. Capital and Financial Accounts

Similarly, all data categories for 1999-2004 were estimated using consistent databases and methodologies with the following highlights.

- ? Use of data from Coordinated Portfolio investment Survey for portfolio investment account, asset side
- ? Use of data from Bank for International Settlement (BSI) for currency and deposits abroad of resident non-banks

² This was based on the assumption that inputs (both domestic and imported) move in the same pace as output.

³ Previously release 1999 data on OFW remittances through banks were reduced to exclude misclassified transactions which were among the difficulties during the transition years of FX Form 1. Moreover, no raising factors (unlike in the more recent years) were applied for 1999 and 2000 bank data on OFW remittances to avoid further upward bias in the global estimates.

- ? Use of BIS data for classification of resident bank's currency and deposits (asset side)
- ? Use of external debt report for holdings by residents of debt papers issued abroad, replacing the numbers provided by Supervisory Data Center of the BSP
- ? Use of data from Cross Border Transaction Survey and external debt report for trade credits
- ? Use of company press releases for direct investment abroad