Brazil's Overall Trade in Services Compilation Strategy

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Department of Economics (DEPEC)
Balance of Payments Division (DIBAP)

BANCO CENTRAL DO BRASIL

Methodological issues

- Brazil implemented *BPM5* guidelines in 2001, and publishes a time series of BoP statistics according to *BPM5* back to 1947 (annual), 1979 (quarterly) and 1995 (monthly).

- The overall conceptual framework used to compile BoP statistics is in broad conformity with the *BPM5*.

- Services account of the BoP statement are defined according to the guidelines of the *BPM5*.

Methodological issues (cont.)

- Brazil's BoP does not follow EBOPS classification (MSITS).

- There is no compilation of services data on FATS.

- BCB does not compile statistics related to the movement of natural persons supplying services (GATS).

National exceptions

- Due to limitations in data sources (ITRS), some transactions between residents and non-residents settled abroad may not be covered.

- Services may, therefore, be underreporting both credits and debits, settled through banks accounts abroad.

National exceptions (cont.)

- **Travel**: international payments made through credit cards are all classified under the travel account.

- Evidence shows that there is no significant deviations, as payments through credit cards for non travel purposes are estimated to be marginal.

- A method for separating these flows is being discussed with credit card companies in order for the BCB to receive directly more disaggregated information.

Data sources

- The main source of BoP services account statistics are foreign exchange contracts.

- All individual exchange transactions - not the net flows - are legally obliged to be registered in electronic standardized foreign exchange contracts.

- The data related to each transaction are recorded by authorized institutions (banks and others) in the BCB computational system (SISBACEN).

- SISBACEN registers all foreign exchange contracts, i. e., there is no threshold.

Data sources – foreign exchange contract

Data sources – legal basis

- BCB has compiled BoP statistics since its creation in 1964 (Law n° 4.595). It is the sole institution responsible for collecting, processing, and disseminating BoP statistics in Brazil.

- The obligations to register exchange contracts in institutions authorized by the BCB and to inform these operations daily to the BCB are established in Law nº 4.131/62 (Foreign Capitals Law).

- The standards of the foreign exchange contracts are defined by the BCB.

Data sources and compilation - ITRS

- The ITRS includes all resident to non-resident foreign exchange transactions, in cash or via transfers, of the banks' clients accounts and of the banks' own accounts, no matter the value.

- The ITRS system is a closed one as all transactions are reconciled with corresponding banks' closing foreign exchange positions and the exchange position of banks is checked electronically by the system.

- Data covers the entire economic territory of Brazil.

Data sources – surveys

- The sole information in the services account that is based on surveys with companies is air and sea freight and "others" of the transport account.

- Data reporting based on surveys of transport companies is currently restricted to a small number of reporters, and information is provided in a rather aggregated form. Thus, the current reporting burden for respondents is reasonable.

- A shortcoming of the survey is the lack of legal basis. The companies provide information in a cooperative way.

- There is no minimum transaction value, as companies inform the total aggregate value.

- The reporters are the shipbuilders syndicate - that provides information for all its associates -, a federal agency and selected companies.

- Frequency of the data received by the BCB:
  - monthly (Petrobrás and IATA);
  - quarterly (SYNDARMA);
  - annual (ANTAQ, and air companies, such as Varig).

BCB structure for BoP compilation

- DIBAP is the division of the BCB in charge of BoP.

- DIBAP is currently comprised of 13 professionals responsible for collecting, processing, and disseminating BoP statistics and related activities.

- DIBAP staff are not directly involved in time-consuming data collection tasks, as the foreign exchange contracts are not processed in DIBAP.

- The data are transmitted electronically to DIBAP for their adaptation to the *BPM5* methodology.

BoP data processing

- ITRS data are compiled and classified through an electronic process based on classifications codes of foreign exchange contracts (up to 300 codes).

- The data is extracted from SISBACEN, where every exchange contract is recorded, to an ACCESS data processing system designed by DIBAP, where data are transformed to meet *BPM5* classification and sectorization requirements.

BoP data processing (cont.)

- A coding key is applied to these data to classify them under BoP codes.

- All transactions must be categorized according to:
  - the nature of the transaction (services, income, financial etc.),
  - nature of the resident and nonresident taking part in the transaction (individual, public or private enterprise, bank, multi- or bilateral organization, government etc.),
  - values in original currency and the exchange rate.

Data availability

- The BCB obtains daily information on foreign exchange contracts, with a one day lag.

- The BCB publishes a monthly BoP, three weeks after, on average, the end of the reference period.

- The BoP publication, in the BCB website, follows a press release with the Head of the DEPEC (http://www.bcb.gov.br/?ECOIMPEXT).

- BCB also publishes time series and its metadata (only in Portuguese yet) with the full range of data related to the BoP (http://www4.bcb.gov.br/pec/series/port/).

- BoP information is revised four times a year, at the end of each quarter.

- For the transport account, estimates are used until survey data are available. In general, the estimates are based on trade data or on the previous periods, considering its cyclical behavior.

- Revisions seldom presents significant changes for services other than transportation.

- The services information does not include a breakdown by partner country.

Data availability - confidentiality

- Confidentiality is strictly followed by the BCB, including avoiding residual disclosure.

- Access to individual data is restricted to staff who require the information as part of their duties through individual passwords.

- Rules and regulations to prevent disclosure include penalties against staff who disclose confidential data (Law nº 105/2001 and Law nº 8.112/1990).

- In the case of surveys and direct reporting, respondents are assured that the information they provide will be used solely for statistical purposes.
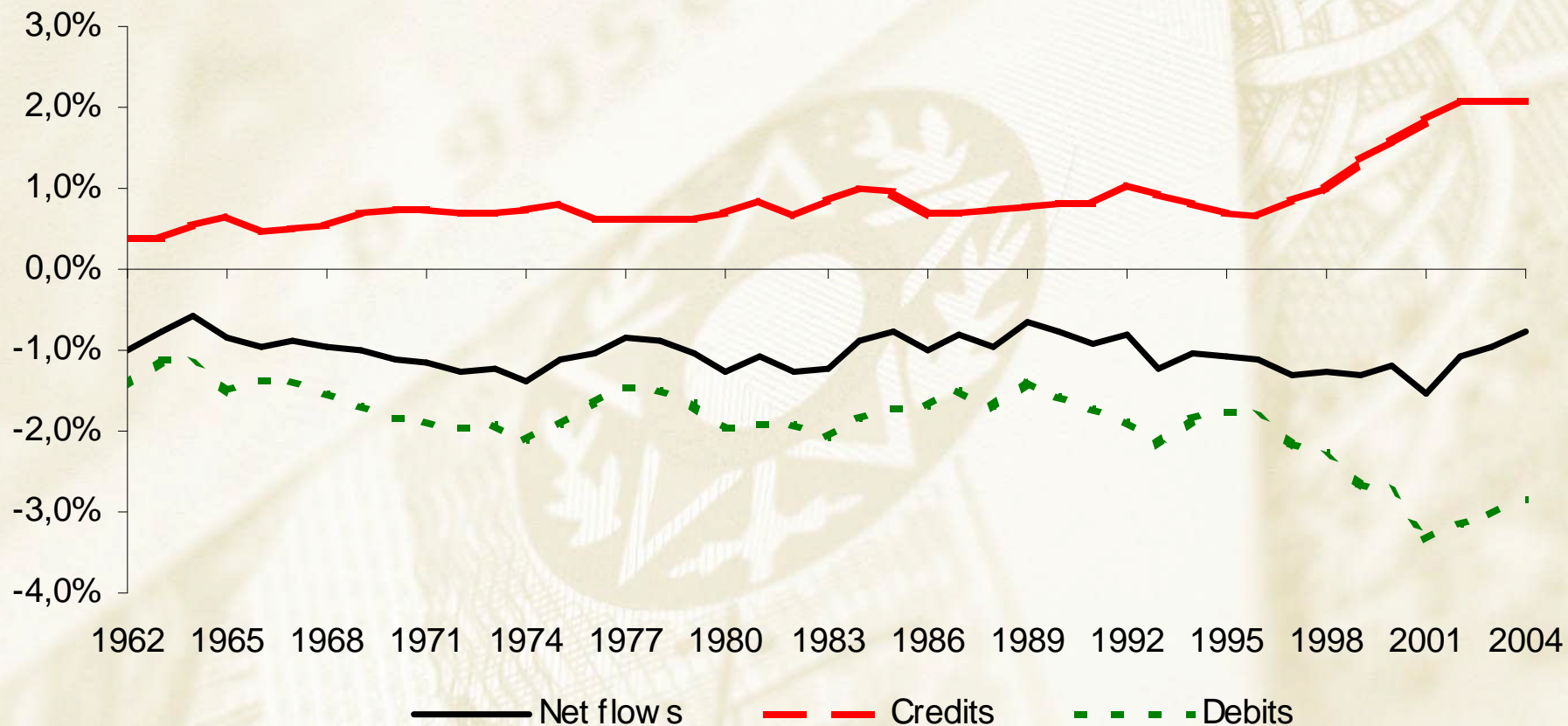
Data availability - detail

US$ million

Itemization	2000	2001	2002	2003	2004
Services	-7.162	-7.759	-4.957	-4.931	-4.677
Transportation	-2.896	-2.966	-1.959	-1.590	-1.985
Travel	-2.084	-1.468	-398	218	351
Insurance	-4	-275	-420	-436	-544
Financial services	-294	-307	-232	-383	-77
Computer and information services	-1.111	-1.106	-1.118	-1.034	-1.228
Royalties and license fees	-1.289	-1.132	-1.129	-1.120	-1.082
Operational leasing services	-1.311	-1.867	-1.672	-2.312	-2.166
Government services	-549	-652	-252	-151	-180
Communication services	4	29	14	84	174
Construction services	227	17	12	10	2
Merchanting and other trade-related services	194	-23	-12	-92	-235
Business, professional and technical services	2.251	2.300	2.460	2.158	2.656
Personal, cultural and recreational services	-300	-307	-251	-283	-362

Data availability - detail

Services/GDP (%)

Data availability - detail

Trade in Services/GDP (%)
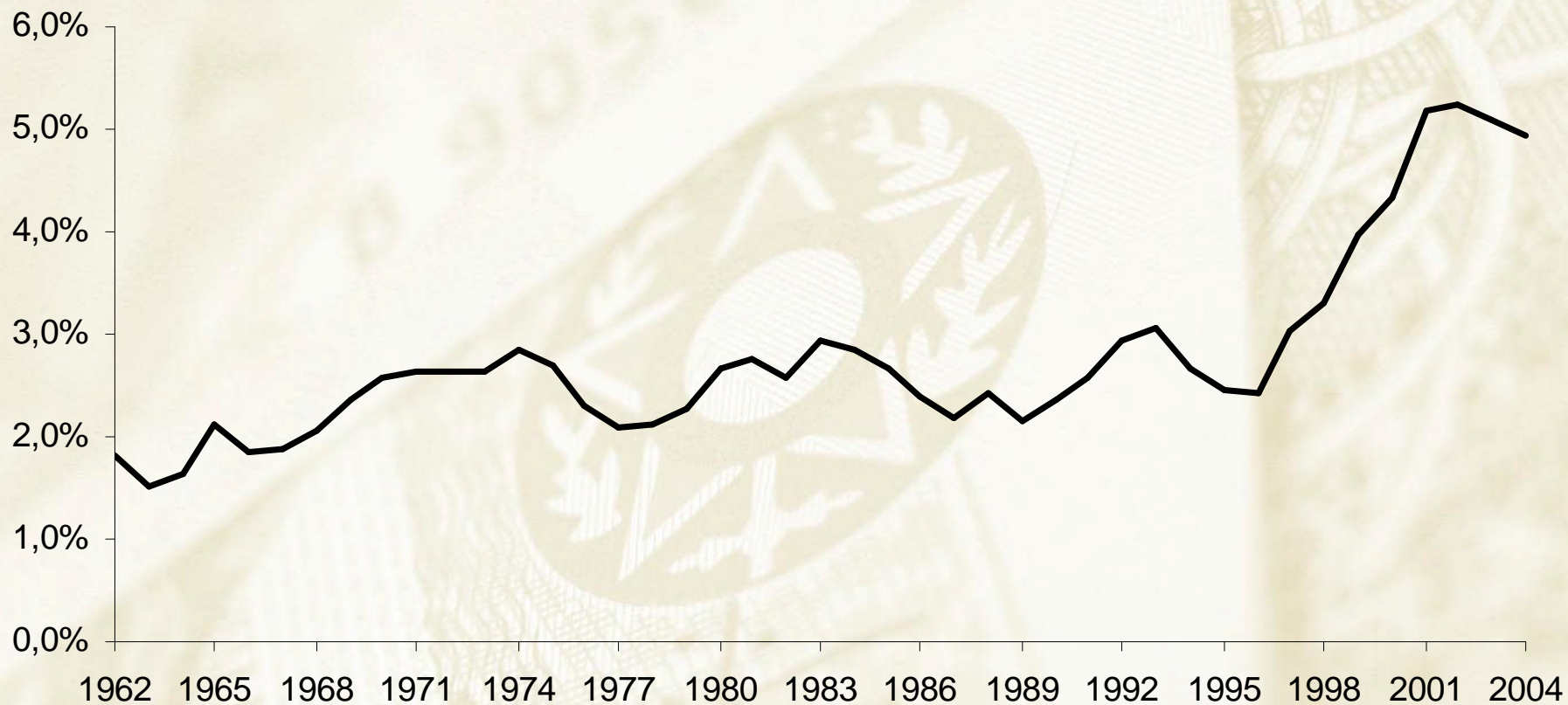
1. Implementation of a services account survey:

    -   Monthly or quarterly survey with a sample of companies that traded services above a threshold;

    -   The respondents would answer a questionnaire in the BCB website, in a similar way as the current surveys on Brazilian Capitals Abroad and the Census of Foreign Capitals;

    -   The survey would include information on services transactions not included in the ITRS (settled abroad) and on partner country;

    -   Transports, insurance, travel, and government services would not be included in this survey.

2. Improvement of the currently available direct reporting data:

    -   Increase the number of transport companies that provide direct information to DIBAP;

    -   Contact periodically the respondents in order to diminish the time-lag and to check the quality of the statistics;

    -   Implement this direct reporting in the insurance account, with data from SUSEP and IRB-Brasil Re.

3. Improvement of the monitoring of foreign exchange data:

  - Even with the implementation of the services account survey, foreign exchange will remain an important source of BoP data to be used:
    - as preliminary data,
    - to check consistency of survey and direct reporting data,
    - as final data for companies below the threshold and for travel and government services;

  - DIBAP has improved access to the whole database of foreign exchange contracts (Data Warehouse) and will substitute ACCESS for a more powerful SQL software to process data.

Thank you very much
Muchas gracias

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