

Data collection through the use of an ITRS for the compilation of statistics on international trade in services in Brazil

**Workshop on Statistics of International
Trade in Services**

DANE, Bogota – Colombia
December 11-14, 2012

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- In Brazil, the majority of services accounts' components are compiled through the use of an International Transactions Reporting System (ITRS), based on foreign exchange (FX) contracts.
- Major exporting companies also report to the BCB, on a regular basis, its operations settled abroad, thus carried outside the ITRS. The latter are funded on exports' proceeds that were kept abroad.

- Brazil's ITRS data coverage and reliability are reinforced by some of its aspects, as listed below:
 - Legal base: mandatory FX contracts' registration for each and every resident to non-resident transaction;
 - Absence of reporting thresholds;
 - With very few exceptions, no transaction may be settled in FX currency inside the local economy;
 - BCB's and FIs database shared management, responsibility and quality assessment;

ITRS – Previous FX registering system

- Institution: 1985
- Authorized financial institutions: 172
- Users: 7,000
- Operations/day: 19,000 (primary market)
2,000 (interbank's market).
- Events/day: 48,000 (primary market)
4,000 (interbank's market).
- Daily turnover: US\$4 billion (primary market)
US\$6 billion (interbank's market)
- Total records in the database: 300 million.

ITRS – New FX registering system

- Institution: Oct 2011.
- Objectives:
 1. Modernization of:
 - I. databases
 - System downsizing (unused functionalities removal)
 - II. data processing
 - Processing decentralization
 - III. data exchange between BCB and Fis
 - Exchange of electronic messages versus online
 2. Operational cost reduction to both public and private sectors

3. Provide a modern and flexible architecture:

- Greater flexibility will allow timely adaption to new demands and ruling changes over time
- Easier maintenance
- Higher availability of IT technicians.

4. Improve information quality:

- Reducing the required quantity of fields and coding.
- Simultaneous and coordinated efforts from BCB and Fis, leading to a full commitment from participants.

Website: www.bcb.gov.br/?novosistemacambio (in portuguese)

Primary market FX contract

General Data

FX contract number	108629673	
Event date	24/10/2012	
Flow date	24/10/2012	
Type of operation	Venda	
CNPJ proprietary FI	00000000	BANCO DO BRASIL S.A.
CNPJ contractor	00.000.000/4250-10	BANCO DO BRASIL S.A.
CNPJ broker		
Settlement deadline date	26/10/2012	
Type of settlement	65	Teletransmission
Automatic settlement	No	
% ACC		
EDR	SA009309	
Void	No	

Client

Company / Individual	Company
Client identification	00394460035360
Name	MINISTERIO DA FAZENDA

Nature

Nature code	35707	Rendas de Capitais - Juros de Títulos Mobiliários Brasileiros com
prazo de aplicação superior a 360 dias - bônus		
Client	12	Federal Government
Guarantee	No	
Non resident code	82	Banks
Group	90	Others

Value

Currency	USD	Value in national currency	668.645,97
FX rate	2,0261999	Value in foreign currency	330.000,00
Value in USD	330.000,00		

Balance

Outstanding	0,00	Suspended amount	0,00
Canceled amount	0,00	Restored amount	0,00
Paid amount	330.000,00		

- The FX contracts settlements are registered accordingly to a coding system and also requires some coded input data, such as:
 - Transaction economic nature;
 - Profile (type and sector) of the resident and non-resident counterparts of the transaction;
 - Non-resident's country;
 - Foreign currency being exchanged;
- Some non-coded fields, among others, are:
 - Transaction value in local and foreign currencies;
 - Counterparts names.

- Data high volume and frequency require that the its quality assessment be made through the use of automatic procedures based on standardized patterns in search for outliers and incoherent data, but also often requires a handcraft approach for unusual transactions and/or high value transactions.

- Data quality assessment procedures focus on:
 - All settlements above a certain threshold, depending on each type of service
 - Fluctuations in accounts not explained by seasonal factors (e.g. in search for payments' anticipations or postponements influenced by exchange rate fluctuations)
 - Analysis of services exports breakdown by sector of economic activity

- Trade in services between enterprises of the same group (recent developments seeking to determine the trustworthiness of the reported transactions, e.g. in relation to correct classification – they could in fact be FDI from a BoP standpoint, and accuracy of valuation of transactions).

- Countries of origin of imported services and countries of destination of exported services (e.g. in search of channeling through headquarters, international financial centers or fiscal havens).

- In case errors of any sort are detected, data are reclassified in BoP's database.
- Reclassifications are usually put into execution after “second level” assessment procedures are carried out, such as: FX contracts inputs reviewing and contacting BCB's FX transactions monitoring unit.

- Services data compilation is obtained by transforming ITRS data, accordingly to the codes informed, into balance of payments data. This transformation is achieved by means of “translating” combinations of ITRS fields into standard IMF BoP codes through the use of a correspondence table. This table is updated monthly in order to incorporate any new combination that may arise.

- Bilateral data are compiled through the use of queries that make use of the country code field.
- Data can be broken down by country/service or by service/country. Data can also be broken down by sector of economic activity.

Trade in Services

Country / service breakdown (selected items)

US\$ million

	2010			2011			Trade Flow
	Credit	Debit	Net	Credit	Debit	Net	
United States							
Travel	4.886	-10.645	-5.760	4.396	-10.435	-6.039	30.362
Other business services	6.661	-4.386	2.276	8.588	-5.587	3.001	25.221
Government services n.i.e	695	-1.694	-999	953	-2.105	-1.152	5.446
Transportation	627	-1.557	-930	1.046	-2.188	-1.141	5.418
Computer and information services	123	-2.189	-2.066	147	-2.401	-2.254	4.860
Netherlands							
Other business services	900	-5.702	-4.802	929	-7.391	-6.461	14.923
Financial services (other than insurance)	75	-181	-107	44	-338	-293	638
Royalties and license fees	7	-239	-232	13	-367	-353	627
Transportation	117	-118	0	111	-104	7	450
Personal cultural and recreational services	0	-151	-151	2	-182	-180	334
Chile							
Other business services	100	-212	-112	202	-215	-13	730
Transportation	138	-1	137	258	0	258	398
Travel	8	-12	-4	11	-17	-6	49
Financial services (other than insurance)	7	-2	4	12	-2	10	24
Computer and information services	3	-4	-1	5	-2	3	14

Trade in Services							
Service / country breakdown (selected items)							US\$ million
	2010			2011			Trade
	Credit	Debit	Net	Credit	Debit	Net	Flow
Other business services							
United States	6.661	-4.386	2.276	8.588	-5.587	3.001	25.221
Netherlands	900	-5.702	-4.802	929	-7.391	-6.461	14.923
United Kingdom	1.234	-1.967	-733	937	-1.422	-485	5.561
France	769	-883	-113	794	-1.145	-351	3.591
Norway	214	-1.175	-962	290	-1.545	-1.255	3.225
Transportation							
United States	627	-1.557	-930	1.046	-2.188	-1.141	5.418
United Kingdom	224	-409	-185	167	-403	-236	1.203
France	109	-297	-188	143	-328	-185	877
Germany	353	-17	336	318	-26	292	714
Swiss	271	-56	215	287	-27	260	641
Financial services (other than insurance)							
United States	748	-550	198	1.240	-660	580	3.198
Netherlands	75	-181	-107	44	-338	-293	638
Cayman Ilands	155	-49	105	241	-55	186	500
Japan	132	-55	77	152	-69	82	408
United Kingdom	70	-197	-127	67	-37	30	370

Trade in Services – Other business services

Country / service breakdown (selected items)

US\$ million

	2010			2011			Trade
	Credit	Debit	Net	Credit	Debit	Net	Flow
United States							
Operational leasing services	15	-2.127	-2.112	14	-2.554	-2.539	4.710
Architectural engineering and other technical	2.617	-1.336	1.281	3.446	-1.571	1.876	8.970
Advertising market research and public opinion polling	157	-313	-155	264	-518	-254	1.252
Legal accounting management consult. and public relations	1.199	-231	968	1.452	-367	1.085	3.249
Merchanting	296	-212	84	281	-307	-26	1.097
Services between affiliated enterprises n.i.e	718	-22	695	605	-17	588	1.361
Netherlands							
Operational leasing services	1	-5.361	-5.360	7	-7.105	-7.099	12.475
Architectural engineering and other technical	530	-235	294	550	-183	367	1.499
Legal accounting management consult. and public relations	45	-79	-34	77	-62	15	263
United Kingdom							
Operational leasing services	3	-1.438	-1.435	2	-1.058	-1.056	2.501
Architectural engineering and other technical	254	-304	-50	196	-165	31	918
Legal accounting management consult. and public relations	357	-88	270	212	-98	114	755
France							
Operational leasing services	0	-597	-597	0	-624	-623	1.222
Architectural engineering and other technical	265	-186	80	391	-408	-17	1.250
Norway							
Operational leasing services	0	-1.097	-1.097	0	-1.484	-1.484	2.581
Architectural engineering and other technical	58	-56	3	97	-51	47	262

Trade in Services – Other business services							US\$ million
Service / Country breakdown (selected items)							
	2010			2011			
	Credit	Debit	Net	Credit	Debit	Net	Trade Flow
Operational leasing services							
Netherlands	1	-5.361	-5.360	7	-7.105	-7.099	12.475
United States	15	-2.127	-2.112	14	-2.554	-2.539	4.710
Norway	0	-1.097	-1.097	0	-1.484	-1.484	2.581
United Kingdom	3	-1.438	-1.435	2	-1.058	-1.056	2.501
France	0	-597	-597	0	-624	-623	1.222
New Zealand		-518	-518	0	-643	-643	1.162
Greece	2	-414	-412	0	-387	-387	803
Architectural engineering and other technical							
United States	2.617	-1.336	1.281	3.446	-1.571	1.876	8.970
Netherlands	530	-235	294	550	-183	367	1.499
Germany	243	-497	-254	276	-457	-182	1.473
France	265	-186	80	391	-408	-17	1.250
United Kingdom	254	-304	-50	196	-165	31	918
Hong Kong	163	-10	153	360	-27	334	561
Spain	65	-100	-35	117	-197	-80	480
Legal accounting management consult. and public relations							
United States	1.199	-231	968	1.452	-367	1.085	3.249
United Kingdom	357	-88	270	212	-98	114	755
Switzerland	135	-5	130	216	-11	205	367
Germany	111	-13	98	119	-38	81	280

- Lack of fully adequate coding in the ITRS for certain transactions to be accurately registered
- Misunderstanding by data providers (bank tellers who fill out FX contracts) of ITRS norms
- Not enough coverage leads to the need of surveys. Contrarily to the ITRS, surveys lack legal mandate.

- Future steps aiming services data breakdown improvement include:
 - Further data assessment tools development, such as automatic detection of outliers;
 - Increasing staff expertise in analyzing services accounts and its trends;
 - Evaluate the feasibility of implementation of the EBOPS in some accounts.

**Thank you for your
attention.**