

The MSITS Revision and its Impact on the Balance of Payments Compilation in Brazil

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The revision of the manuals that guide the balance of payments compilation process has been followed closely and discussed actively by the Balance of Payments Division of Banco Central do Brasil (BCB). Regarding the revision of the MSITS, the BCB has expressed its views in the consultations made by the UN.

Currently, the major concern is in regard to the implementation of BPM6, planned for 2010.

Implementation of the core elements of the MSITS and the OECD Benchmark 4th ed. are also considered relevant. The compilation of data that deviate from BPM6, nonetheless, are not considered a priority for the Balance of Payments.

The revised version of the MSITS imposes no challenges significantly different from those imposed by the previous version. The methodological changes regarding the core elements of trade in services, as stated in the Manual, are generally in line with BPM6 and should be adopted.

Among the recommendations in the MSITS, although stated as “Other recommended elements”, trade of services between related enterprises should be a priority, given that there seems to be evidence that the driving forces behind such trade are seemingly not always based on the same market conditions as trade between unrelated enterprises, resembling in some way intercompany debt transactions.

Although there are no plans to implement the complete EBOPS structure as a whole in the near future, the Balance of Payments Division is working on the improvement of the compilation of the components most relevant to Brazilian trade in services with breakdowns following those set out in the MSITS.

The Banco Central do Brasil (BCB) is willing to cooperate with other agencies in discussions and exchange of data, to the extent possible (considering especially legal restrictions to data sharing), that lead to the implementation of the methodological recommendations set out in the MSITS which are not standard Balance of Payments components and which are therefore outside its main scope.

This may include cooperation towards the compilation of EBOPS in a frequency and timeliness different from the Balance of Payments as well as FATS variables. The monthly frequency of the publication of the balance of payments make it unfeasible to compile, review and publish data in a breakdown greater than the one currently published.

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An often overlooked but important aspect of data compilation is the adoption of a feasible strategy towards the implementation, management and improvement of statistical program. In this sense, the breakdown of recommendations between core and recommended elements and acknowledgment of the need for a phased approach remain as very important guidelines for data compilers.

Data sources are, in general, the main shortcoming regarding the compilation of some recommended elements. Improvement of data sources and compilation procedures are being developed in order to compile some of these elements. Institutional arrangements for the compilation of many recommended elements also require further improvements in order for some recommendations to be adopted.

**Thank you for your
attention.**