



**Group of Experts on National Accounts**  
***Workshop on the Implementation 2008 SNA - Consistency between National Accounts and Balance of Payments Statistics***  
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# **GOODS SENT ABROAD FOR PROCESSING IN NATIONAL ACCOUNTS OF UKRAINE**



## GOODS SENT ABROAD FOR PROCESSING

**Change of ownership is a main criteria for inclusion of goods in export and import in the 2008 SNA and 6<sup>th</sup> edition of the Balance of Payments and International Investment Position Manual**

1. Flows of goods for processing between the country of the owner and a country which provides the processing services without change of ownership are not included in export and import of goods.
2. Cost of services on goods processing should be recorded in export and import.
3. As compared to the previous version of SNA 1993:
  - volumes of export and import are reduced;
  - level of production and intermediate consumption of manufacturing industry decreases.



## Export and Import Indicators in National Accounts

Starting 2012, the National Accounts use data of Balance of Payments (BPM6) which is compiled by the National Bank

For national accounts, the BP indicators on goods and services should be detailed in accordance with CPA 2008 for:

1. Compilation of input-output tables (42 product types) and import product use matrix
2. Revaluation of export and import indicators (separately by goods and services) for constant prices

To that end, the international trade in goods and services statistics are used

Due to methodological differences, these data should be processed additionally



Difference between International Trade Data and Balance of Payments

## **METHODOLOGICAL FRAMEWORK**

### **International trade in goods and services statistics**

UN Statistical Division

- ☐ “International Merchandise Trade Statistics: Compilers Manual” (IMTS 2010-CM)
- ☐ “Manual on Statistics of International Trade in Services” (MSITS-2010)

### **Balance of Payments Statistics**

IMF

- ☐ “Balance of Payments and International Investment Position Manual” (BPM6, 2009)



## Difference between International Trade Data and Balance of Payments

### **DIFFERENCE IN METHODOLOGY**

- ❖ Transactions with goods for processing in IMTS are classified in goods, and BP includes only processing services
- ❖ CIF/FOB price adjustment (import of goods in BP is less by the costs of transportation and insurance to the Ukrainian border, and import of services is higher)
- ❖ Additional data sources for BP
- ❖ System of additional calculation and evaluation of indicators while compiling BP



## Data Processing for Compilation of Balance of Payments

### **GOODS**

Data sources:

#### 1. State Fiscal Service

- Customs Cargo Declarations

#### 2. State Statistics Committee

- reports of enterprises about the goods which do not undergo customs declaration (caught and sold fish abroad, goods purchased by a carrier).

#### 3. National Bank

- exclusion of goods for processing
- evaluation of volumes of informal trade
- recalculation of import of goods from CIF prices to FOB prices



## Data Processing for Compilation of Balance of Payments

### **SERVICES**

#### 1. State Statistics Committee

- quarterly enterprise surveys

#### 2. National Bank

- inclusion of goods processing services
- inclusion of services of transport and insurance of imported goods from CIF prices
- bank's reporting on transactions with non-residents (International Transactions Reporting System)
- calculation of insurance services and public services (diplomatic and consular missions, etc.)
- assessment of informal activity, travel costs





## Assessment of Processing Services

### **Data source:**

Information from statistical surveys of the State Statistics Committee (No.9-3E3, No.5-3E3, 14-3E3), customs statistics data

### **Method of retrospective revaluation of the cost of processing services in foreign economic activity**

([http://www.ukrstat.gov.ua/metod\\_polog/metod\\_doc/2014/419/met\\_rp\\_vpp\\_zd.zip](http://www.ukrstat.gov.ua/metod_polog/metod_doc/2014/419/met_rp_vpp_zd.zip))

***Processing services are determined as a difference in cost of goods received for processing and goods obtained after processing.***

They include:

- cost of processing works,
- cost of supplementary materials purchased by the processor,
- holding profit of the processor,
- overhead costs, goods transfer costs.





## Balance of Payment Data of Ukraine for 2015, mln USD

<b>Balance of Payment figure</b>	<b>Export (credit)</b>	<b>Import (debit)</b>	<b>Balance</b>
<b>Current account</b>	<b>55 592</b>	<b>55 781</b>	<b>-189</b>
<b>Goods and services</b>	<b>47 862</b>	<b>49 566</b>	<b>-1 704</b>
<b>Goods</b>	<b>35 420</b>	<b>38 875</b>	<b>-3 455</b>
<b>Services</b>	<b>12 442</b>	<b>10 691</b>	<b>1 745</b>
<b>Services on processing</b>	<b>1 078</b>	<b>63</b>	<b>1 015</b>
Goods for processing within a country	3 395	2 367	
Goods for processing abroad	67	63	

Balance of Payment provides summarized information about processing. International trade statistics provides more detailed information with distribution by goods.



## Export of Goods for 2015 according to International Trade Statistics, th. USD

CN Code	Name	Total	including:		Export of goods without goods for processing
			products manufactured from the goods for processing within a country	goods sent for processing abroad	
A	Б	1	2	3	4=1-2-3
	<b>TOTAL</b>	<b>38021624</b>	<b>3395077</b>	<b>67184</b>	<b>34559363</b>
	<b>Light industry products</b>	<b>865425</b>	<b>655056</b>	<b>240</b>	<b>210129</b>
	including:				
4107	Leather finished	24849	21703		3146
6201	Men's overcoats	30267	29605		661
6203	Men's suits	117742	116405		1337
6206	Women's blouses	12544	11825		719
6404	Textile footwear	12311	5327		6984
6406	Part of footwear	68981	62138	236	6606
	<b>Metallurgy industry - total</b>	<b>9083049</b>	<b>268737</b>	<b>66296</b>	<b>8748017</b>
	including:				
7108	Gold	43839	82	36584	7174
7112	Nonferrous wastes	27463	3	27459	
7202	Ferrous-based alloys	863669	244183		619487
7801	Lead	22724	2433	2081	18210
8108	Titanium	80001	11376		68625

To compile National Accounts and input-output tables, the international trade statistics is grouped and cleaned from goods for processing.  
The same grouping combined with volume indicators are used for reevaluation.



## Distribution of Processing Services by Types of Products

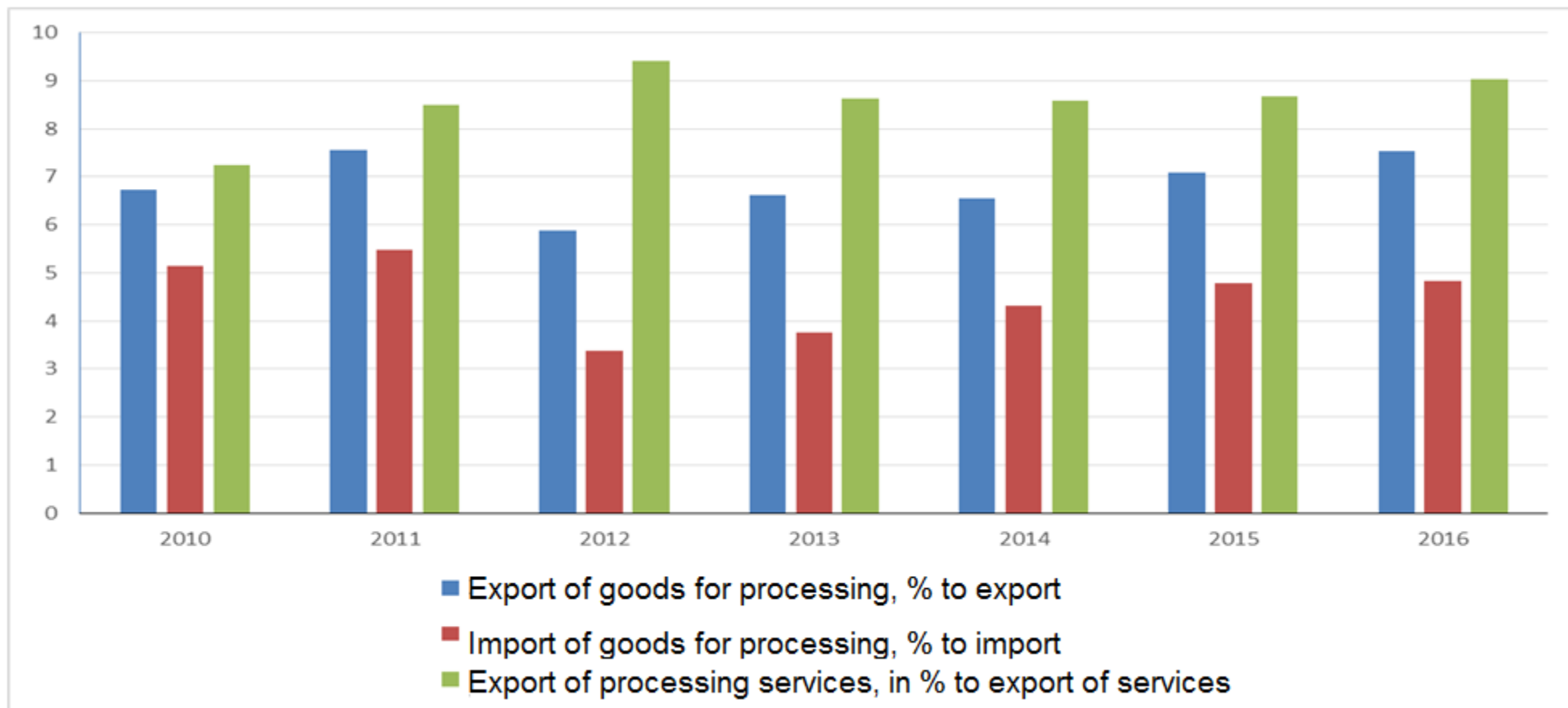
mln USD

CPA 2008 code	Title	Export	Import
C13-C15	Light industry	165	
C16-C18	Production of wood, paper; printing and reproduction	72	
C19.2	Refined petroleum products	134	
C20	Chemicals and chemical products	147	1
C22	Rubber and plastics products	10	
C24	Basic metals	81	20
C26	Computer, electronic and optical products	31	
C27	Electrical equipment	289	
C28	Machinery and equipment n.e.c.	15	
C29	Motor vehicles, trailers and semi-trailers	110	18
C31-C33	Other industries	24	24
	Total	1078	63

While compiling input-output tables, the total value of processing services given in BP is distributed by products.



## Impact of Goods Processing on Export and Import Data



In 2016, export of goods for processing was 8% of total export, import of goods for processing – 5% of import, and export of processing services as part of export of services came up to 9%.



## Publication of Export and Import Data in National Accounts

### Експорт та імпорт товарів і послуг

### Exports and imports of goods and services

Рік <i>Year</i>	Експорт товарів і послуг  <i>Exports of goods and services</i> P.6	У тому числі <i>In particular</i>		Імпорт товарів і послуг (-)  <i>Imports of goods and services (-)</i> P.7	У тому числі <i>In particular</i>	
		експорт товарів	експорт послуг		імпорт товарів	імпорт послуг
		<i>exports of goods</i> P.61	<i>exports of services</i> P.62		<i>imports of goods</i> P.71	<i>imports of services</i> P.72
млн.грн <i>million UAH</i>						
2013	629401	464777	164624	764730	637266	127464
2014	771129	596013	175116	826764	680754	146010
2015	1045928	774076	271852	1083438	849729	233709
Індекси фізичного обсягу <i>Volume indices</i>						
2013	91,9	89,7	98,8	96,5	94,2	110,3
2014	85,8	86,1	84,8	77,9	73,5	99,9
2015	86,8	83,8	97,3	82,1	78,4	99,7
Індекси-дефлятори <i>Deflators</i>						
2013	102,1	102,0	102,4	100,1	100,0	100,4
2014	142,9	148,9	125,5	138,8	145,3	114,7
2015	156,2	155,1	159,6	159,6	159,3	160,6

In National Accounts of Ukraine, data on export and import are published at current and constant prices with allocation by goods and services.



Thank you for your time!