



Reconciliation of Goods Account

CIF-FOB adjustments in Albania

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Outline

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General Overview

Nacional Statistical office of Albania (INSTAT): *is responsible for the production of Foreign Trade Statistics and National Accounts Statistics*

Bank of Albania: *is responsible for the production of Balance of Payment Statistics*

A Memorandum of Understanding (MoU) is signed between three institutions (BoA, INSTAT and MoF) in September 2016, in order to increase cooperation and data Exchange between three statistical agencies.

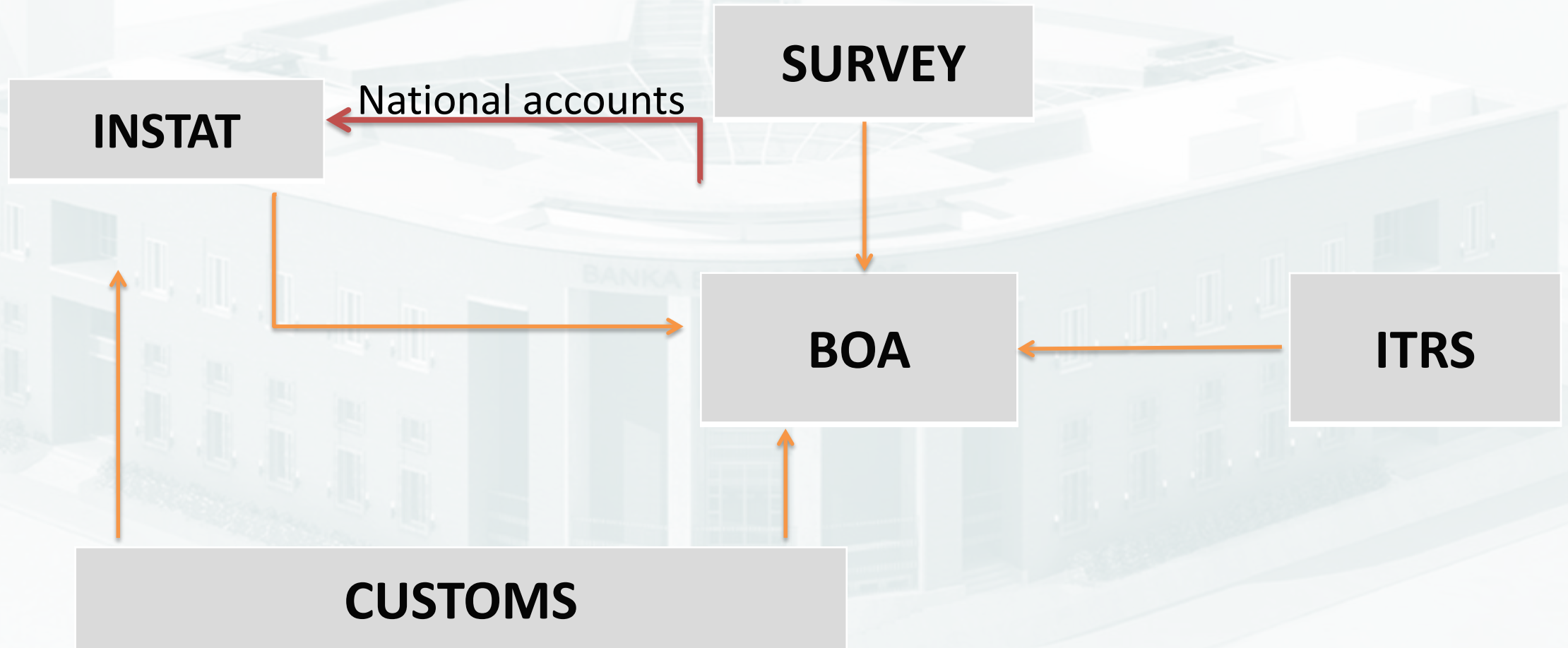
Inter-Institutional working group are established to discuss methodological and practical issues (Macroeconomic Statistics and GFS statistics).

Data Sources

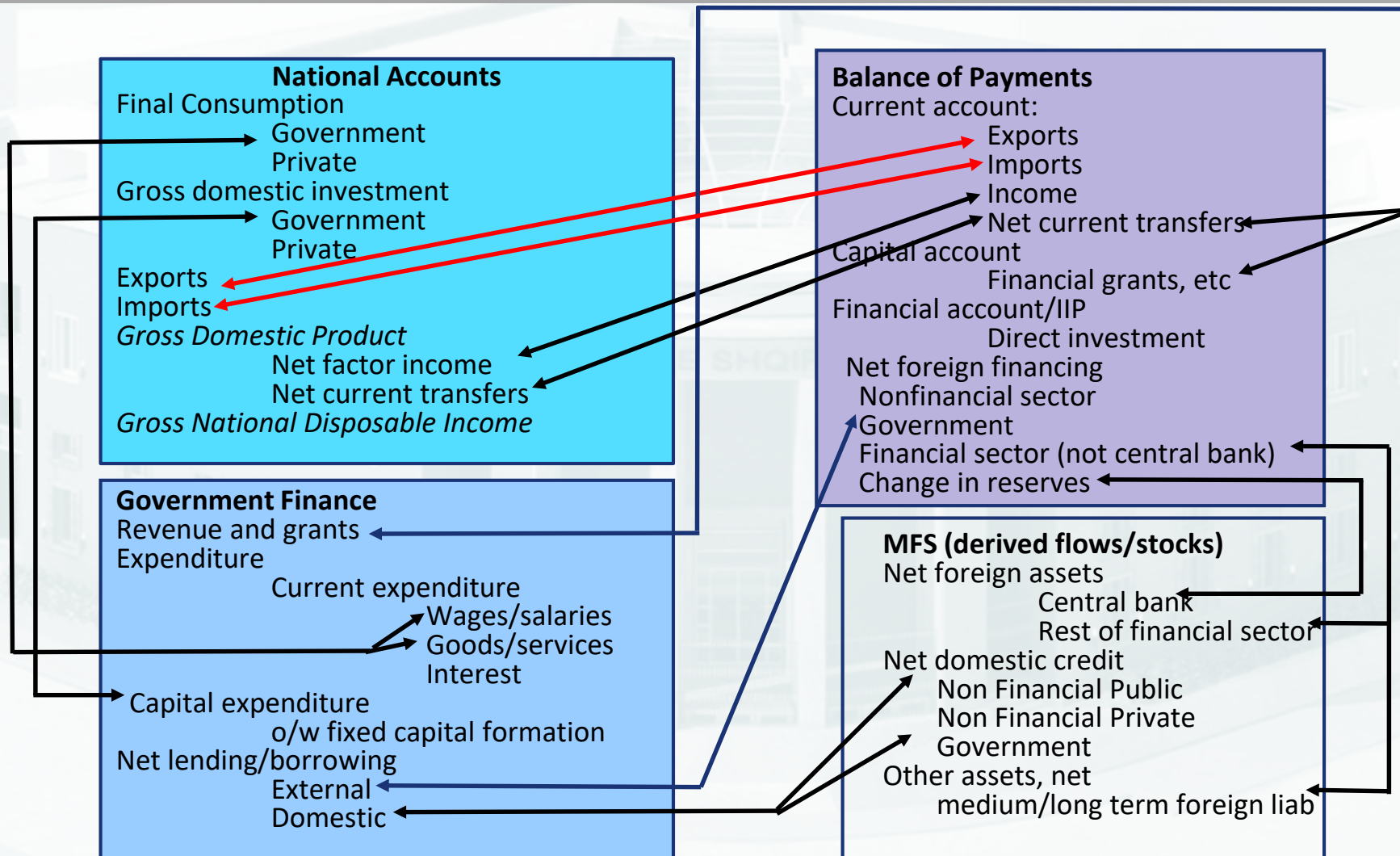
Data sources for compiling goods account in BOP:

- International Trade Statistics from Instat (Imports/Exports)
- Survey on international merchandise transactions;
(Freight/Insurance coefficients)
- General Directorate of Customs;
- International Transaction Reporting System (ITRS).

Data Sources – Cont'



Linkages Among Macroeconomic Statistics



Data Reconciliation

- There are no statistical inconsistencies between BoP and RoW because national accounts uses BoP data as primary source.
- National accounts data are published in national currency.
- BoP data are published in EUR and USD.

Data Reconciliation – Cont

Albania, 2015, milion of ALL

| SNA | | | Balance of Payments | | | |
|--|--------------------|-----------|--|---------|-----------|---|
| Goods and Services Account | Rest of the world* | | Credits | Debits | Balance | Goods and Services Account |
| | Uses | Resources | | | | |
| Imports of goods and services | | 638,746 | | 638,746 | | Goods and Services |
| Goods | | 428,797 | | 428,797 | | Goods |
| Services | | 209,949 | | 209,949 | | Services |
| Exports of goods and services | 391,098 | | 391,098 | | | Goods and Services |
| Goods | 107,849 | | 107,849 | | | Goods |
| Services | 283,249 | | 283,249 | | | Services |
| External balance on goods and services | 247,648 | | | | (247,648) | Balance on goods and services, net export |
| Production account | | | This account does not exist in balance of payments | | | |
| Value added/Net domestic product | | | | | | |
| Generation of income account | | | This account does not exist in balance of payments | | | |
| Operation surplus and mixed income | | | | | | |

*Rest of the world, as a pseudo sector in the SNA, records flows reaching/leaving the national economy from/to the rest of the world

Methodology - Coverage

- Methodology for compiling BOP and FTS trade statistics is different based on their respective methodologies (BMP6 and IMTS).
- Practical aspects of data collection system on trade in goods are based on the ***movement of goods*** principle as defined in IMTS (International Manual of Trade Statistics).
- Based on BPM6, a number of transactions are treated differently as opposed to IMTS. Such transactions are: goods sent or received for processing; repair on goods; goods not crossing the border; goods not changing ownership; returned goods, etc.

Methodology – Compilation differences

- Inclusion in BOP statistics of goods not crossing the border but changing ownership;
- Exclusion of goods crossing the border but not changing ownership;
- Deductions from import totals of services provided outside the border of the exporting economy.

Methodology – Valuation

The principle of valuation is another key difference for the inconsistency between ITS and those of BOP and NA.

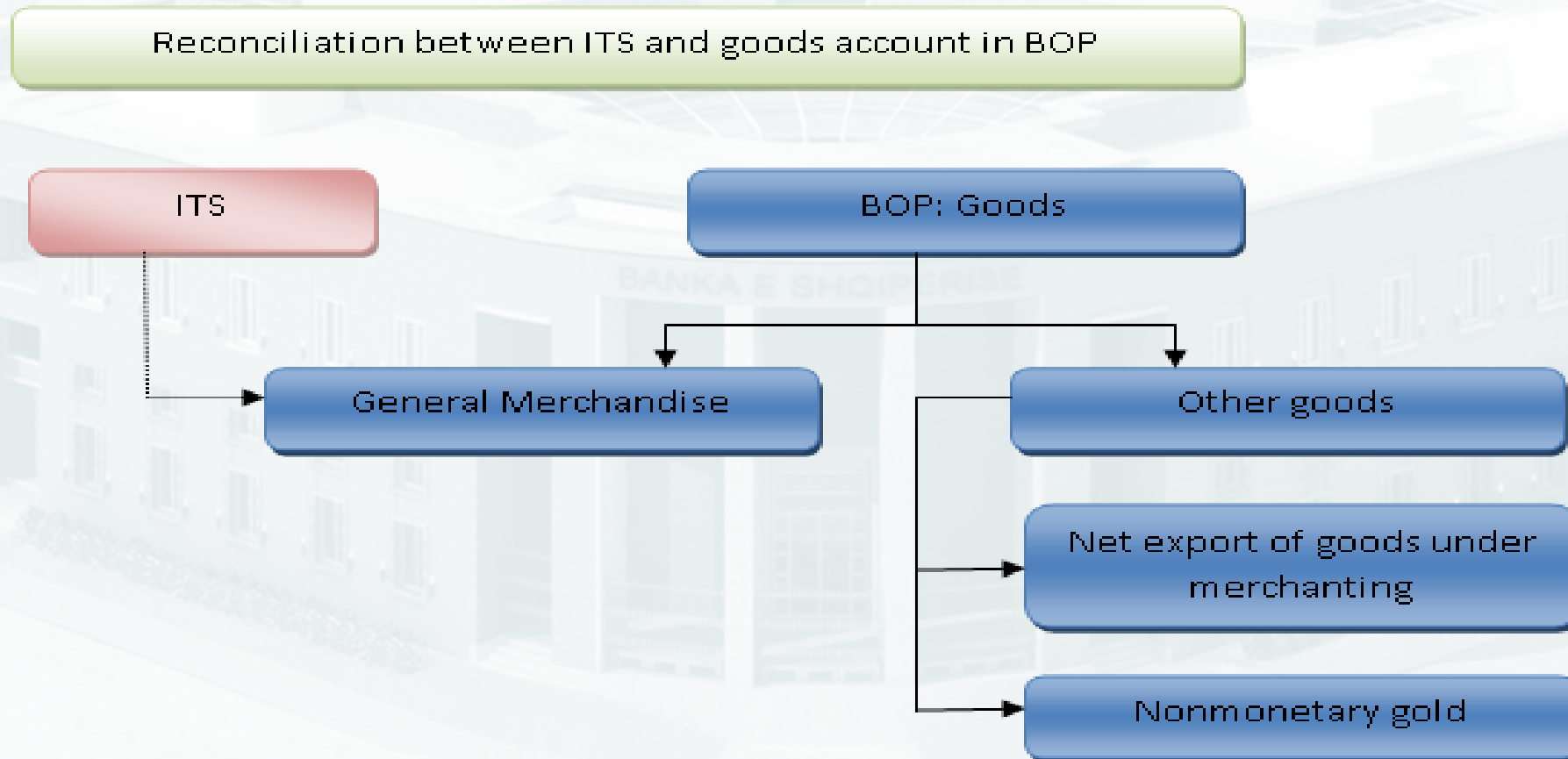
- **BPM6**

The principle for valuation of general merchandise is the market value of goods at the point of uniform valuation...the customs frontier of the economy from which the goods are exported. That is, the goods are valued free on board (f.o.b.) at this frontier.

- **IMTS 2010**

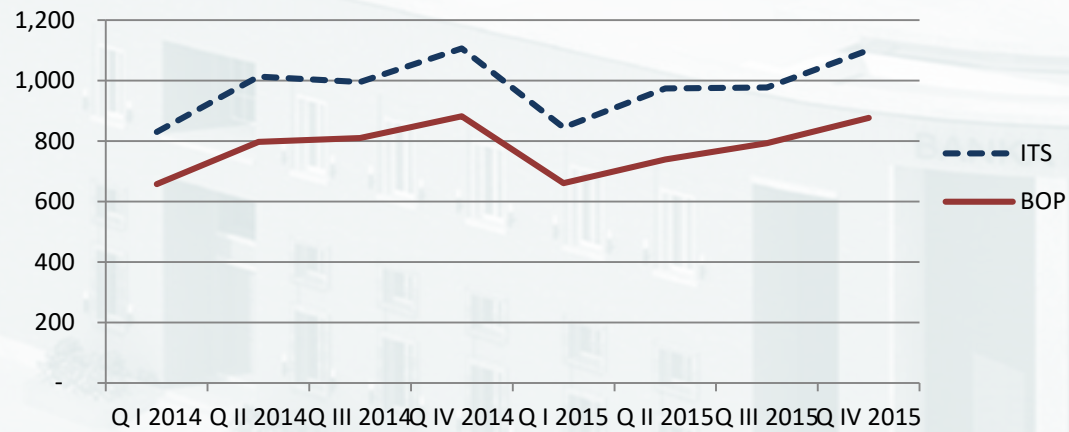
- (a) *Statistical value of goods exported is valued at f.o.b. basis;*
- (b) *Statistical value of goods imported is valued at c.i.f. basis.*

Methodology – Compilation issues

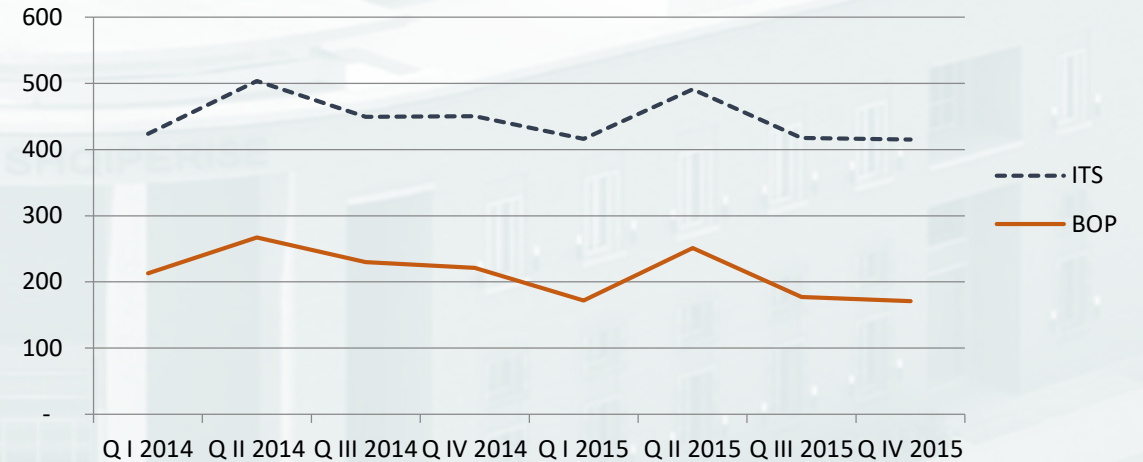


Methodology – Compilation issues

Imports of Albania (mio Euros)



Exports of Albania (mio Euros)



The case of Albania

- Balance of Payments statistics of the Bank of Albania are compiled based on the balance of payments manual and international investment position, 6^o edition. (BPM6)
- BPM6 is in compliance with the SNA 2008.
- International trade statistics are a key component in compiling goods and service account in BOP.

The case of Albania - cont

| | Export | Import |
|--|--------|--------|
| International trade statistics reported by Instat | | |
| Adjustments applied | | |
| - Import of goods for processing in Albania | n.a | |
| - Import of goods for processing abroad – re-import | n.a | |
| - Export of goods for processing in Albania – re-export | | n.a |
| - Export of goods for processing abroad | | |
| + Smuggled goods | n.a | |
| -/+ Nonmonetary gold | | |
| + Net export of goods under merchanting | | n.a |
| - CIF/FOB adjustments | n.a | |
| = Goods on a balance of payments basis | | |

The case of Albania - cont

CIF/FOB Adjustments :

CIF/FOB valuation for international accounts purposes aims deducting the value of freight and insurance premiums incurred from the frontier of the exporting economy to the border of the importing country.

The case of Albania -cont

CIF/FOB Adjustments:

- Estimation of smuggling
- Estimation of freight and insurance costs coefficients related to flow of goods;
- Application of CIF/FOB coefficients.

The case of Albania -cont

CIF/FOB Adjustments:

The current methodology is based on the survey conducted on import and export enterprises in addition to administrative data.

Survey on enterprises is used to estimate :

- smuggling,
- trade credit and
- coverage of import and export services by parties.

The case of Albania -cont

CIF/FOB Adjustments:

CIF/FOB coefficients are estimated using the Custom database.

The administrative data refers to use of customs declarations to measure freight and insurance costs associated with goods.

The application of coefficients takes into account cost estimations based on classification of goods in group-categories, terms of delivery and method of transportation.

The case of Albania –cont (Quantitative presentation)

| Imports/Debit/Flows | |
|---|---------------|
| Period | February 2015 |
| Total of imports as reported by Instat (mio Lek) | 38,889 |
| - Import of goods for processing in Albania | 7,628 |
| - Re-import of goods for processing abroad | 6.8 |
| + Smuggling | 1,005 |
| -/+ Nonmonetary gold | 0.02 |
| - CIF/FOB adjustments | 1,674 |
| Total adjustments | 8,304 |
| = Total import on BOP basis | 30,586 |

| Exports/Credit/Flows | |
|---|---------------|
| Period | February 2015 |
| Total of exports as reported by Instat (mio Lek) | 18,392 |
| - Export of goods for processing abroad | 12.3 |
| - Re-export of goods for processing in Albania | 10,809 |
| -/+ Nonmonetary gold | 27.5 |
| + Net export of goods under merchanting | 0.1 |
| Total adjustments | 10,794 |
| = Total export on BOP basis (and ROW) | 7,599 |

Conclusions

How to insure consistency?

- Using the same source data
- Collaboration
- Production of BoP and RoW data are coordinated

ANNEX - Presentation of calculations related to import of goods by sections

| mio Albanian Lek | IMPORT OF GOODS | Foreign trade CIF (Instat) | Import of goods for processing in Albania | Import of goods for processing abroad (re-import) | Import of general merchandise CIF (BPM6) | Estimation of smuggling | Import of general merchandise CIF (BPM6)+ Smuggling | Freight and insurance services | Import of general merchandise FOB (BOP) | Nonmonetary gold | Total imports in BOP |
|------------------|---|----------------------------|---|---|--|-------------------------|---|--------------------------------|---|------------------|----------------------|
| GROUP | SECTIONS | (1) | (2) | (3) | (4)=(1)-(2)-(3) | (5) | (6)=(4)+(5) | (7) | (8)=(6)-(7) | (9) | (10) |
| I | Live animals and animals products | 1,239.8 | 136.8 | - | 1,103.0 | 80.3 | 1,183.3 | 61.4 | 1,121.9 | | 1,121.9 |
| II | Vegetable products | 2,586.2 | 189.9 | - | 2,396.3 | 139.4 | 2,535.7 | 131.6 | 2,404.1 | | 2,404.1 |
| III | Edible oils | 468.8 | 23.2 | - | 445.6 | 13.0 | 458.6 | 23.8 | 434.8 | | 434.8 |
| IV | Prepared foodstuffs, beverages, tobacco | 2,692.8 | 93.5 | - | 2,599.3 | 2.6 | 2,601.9 | 135.0 | 2,466.9 | | 2,466.9 |
| V | Mineral products | 4,861.0 | 28.0 | - | 4,832.9 | - | 4,832.9 | 250.8 | 4,582.2 | | 4,582.2 |
| VI | Products of the chemical industries | 3,773.6 | 75.9 | - | 3,697.7 | 58.5 | 3,756.2 | 194.9 | 3,561.3 | | 3,561.3 |
| VII | Plastics, rubber and their articles | 1,586.4 | 199.7 | - | 1,386.8 | 123.2 | 1,510.0 | 78.3 | 1,431.6 | | 1,431.6 |
| VIII | Leather and their articles | 985.9 | 911.4 | - | 74.5 | 7.2 | 81.7 | 4.2 | 77.5 | | 77.5 |
| IX | Wood and articles of wood | 463.7 | 9.4 | - | 454.3 | 14.5 | 468.8 | 24.3 | 444.5 | | 444.5 |
| X | Paper and their articles | 1,292.0 | 471.9 | - | 820.1 | 11.1 | 831.2 | 43.1 | 788.1 | | 788.1 |
| XI | Textiles and textile articles | 3,857.5 | 2,758.8 | - | 1,098.7 | 65.7 | 1,164.4 | 60.4 | 1,104.0 | | 1,104.0 |
| XII | Footwear | 976.9 | 731.7 | - | 245.1 | - | 245.1 | 12.7 | 232.4 | | 232.4 |
| XIII | Articles of stone, plaster, ceramic prod. glass | 922.0 | 50.4 | - | 871.7 | 69.6 | 941.3 | 48.8 | 892.5 | | 892.5 |
| XIV | Pearls, precious stones and metals ect. | 63.8 | 17.4 | - | 46.4 | - | 46.4 | 2.4 | 44.0 | 0.02 | 44.0 |
| XV | Base metals and articles of base metal | 3,739.9 | 1,084.3 | 6.8 | 2,648.9 | 77.5 | 2,726.3 | 141.5 | 2,584.9 | | 2,584.9 |
| XVI | Machinery, appliances and electric materials | 5,699.0 | 770.7 | - | 4,928.3 | 250.4 | 5,178.7 | 268.7 | 4,910.0 | | 4,910.0 |
| XVII | Transport means | 2,460.1 | 21.2 | - | 2,439.0 | 56.8 | 2,495.7 | 129.5 | 2,366.2 | | 2,366.2 |
| XVIII | Optical, photographic, musical instruments | 393.2 | 0.2 | - | 393.0 | - | 393.0 | 20.4 | 372.6 | | 372.6 |
| XIX | Miscellaneous manufactured articles | 817.9 | 53.6 | - | 764.3 | 35.5 | 799.7 | 41.5 | 758.2 | | 758.2 |
| XX | Others | 8.5 | - | - | 8.5 | - | 8.5 | 0.4 | 8.0 | | 8.0 |
| | | | | | | | | | | | - |
| | Total | 38,889.1 | 7,628.1 | 6.8 | 31,254.2 | 1,005.2 | 32,259.4 | 1,673.9 | 30,585.5 | 0.0 | 30,585.5 |

Reference period: February 2015

*excluding nonmonetary gold

Minsk, October 2017

22 September 2017

ANNEX - Presentation of calculations related to export of goods by sections

| mio Albanian Lek | EXPORT OF GOODS | Foreign trade (Instat) | Re-export of goods for processing in Albania | Export of goods for processing abroad | Export of general merchandise FOB (BPM6) | Nonmonetary gold | Net export of goods under merchanted | Total export on BOP |
|------------------------|---|------------------------------|---|--|---|---------------------|--|------------------------|
| GROUP | SECTIONS | (1) | (2) | (3) | (4)=(1)-(2)-(3) | (5) | (6) | (7)=(4)+(5)+(6) |
| I | Live animals and animals products | 209.4 | 167.4 | - | 42.0 | - | | 42.0 |
| II | Vegetable products | 355.9 | 6.2 | - | 349.7 | - | | 349.7 |
| III | Edible oils | 0.3 | - | - | 0.3 | - | | 0.3 |
| IV | Prepared foodstuffs, beverages, tobacco | 580.7 | 520.1 | - | 60.7 | - | | 60.7 |
| V | Mineral products | 4,709.5 | 24.3 | - | 4,685.2 | - | | 4,685.2 |
| VI | Products of the chemical industries | 151.6 | 9.5 | - | 142.1 | - | | 142.1 |
| VII | Plastics, rubber and their articles | 168.7 | 56.8 | - | 111.9 | - | | 111.9 |
| VIII | Leather and their articles | 177.3 | 43.5 | - | 133.9 | - | | 133.9 |
| IX | Wood and articles of wood | 158.3 | 53.3 | - | 105.0 | - | | 105.0 |
| X | Paper and their articles | 506.8 | 455.1 | - | 51.8 | - | | 51.8 |
| XI | Textiles and textile articles | 3,591.9 | 3,553.5 | - | 38.4 | - | 0.1 | 38.4 |
| XII | Footwear | 3,554.2 | 3,535.6 | - | 18.6 | - | | 18.6 |
| XIII | Articles of stone, plaster, ceramic prod. glass | 53.3 | 15.4 | - | 37.9 | - | | 37.9 |
| XIV | Pearls, precious stones and metals ect. | 79.8 | 23.0 | - | 56.8 | 27.5 | | 84.3 |
| XV | Base metals and articles of base metal | 2,553.6 | 1,217.4 | 12.0 | 1,324.2 | - | | 1,324.2 |
| XVI | Machinery, appliances and electric materials | 1,084.7 | 910.8 | 0.3 | 173.6 | - | | 173.6 |
| XVII | Transport means | 173.9 | 68.6 | - | 105.3 | - | | 105.3 |
| XVIII | Optical, photographic, musical instruments | 43.3 | 25.7 | - | 17.6 | - | | 17.6 |
| XIX | Miscellaneous manufactured articles | 236.8 | 122.7 | - | 114.1 | - | | 114.1 |
| XX | Others | 1.9 | - | - | 1.9 | - | | 1.9 |
| Total | | 18,392.2 | 10,809.0 | 12.3 | 7,571.0 | 27.5 | 0.1 | 7,598.5 |

Reference period: February 2015

*excluding nonmonetary gold

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Thank you !