

# Relationship of the *SNA* Accounts for the Rest of the World to the International Accounts

## Introduction

References:

2008 *SNA*, Chapter 26, The Rest of the World Accounts (external transactions accounts).

IMF and others, *External Debt Statistics: Guide for Compilers and Users*, Appendix IV, Relationship Between the National Accounts and the International Investment Position (IIP).

**A7.1** International accounts are closely linked to the *SNA*. This linkage is reinforced by the fact that, in most countries, data on the balance of payments and the IIP are compiled first and subsequently incorporated in relevant external account components of the *SNA* rest of the world account. There is complete concordance between the *SNA* and this *Manual* with respect to the delineation of resident units, valuation, time of recording, conversion procedures, and coverage of goods, services, income, capital transfers, and foreign financial assets and liabilities.

## Accounting System

**A7.2** The *SNA* uses an underlying accounting system similar to that used for the balance of payments. However, the entries for both parties to a transaction (such as a resident and a nonresident) are included in the *SNA*, rather than just one party (the resident) as in the balance of payments. As a result, each transaction gives rise to four entries in the *SNA*, that is, two entries for each party.

**A7.3** Credits in the balance of payments are called resources in the *SNA*, and debits are called uses. The *SNA* rest of the world accounts are presented from the point of view of the nonresident units, whereas the balance of payments presents the same transactions from the point of view of resident units. As an illustration, imports of an economy are shown as resources in the *SNA*, that is, an outflow from the rest of the world and an inflow or use for the resident units.

## Classification

**A7.4** In general, the classification system is the same in the *SNA* and the *Manual*. The coverage and terminology of major aggregates have been fully harmonized. There is a major presentational difference in that the international accounts use functional categories as the primary level of classification for investment income, the financial account, and the IIP, whereas the *SNA* uses instruments and sectors. The functional categories are not applicable to domestic relationships. However, the instrument and institutional sector detail in the international accounts allows the data to be converted or compared with *SNA* data. In addition, differences in classification or level of detail exist between the rest of the world accounts and international accounts. These reflect differences in analytical requirements and the necessity of using, in the *SNA*, a uniform classification scheme for all sectors of the economy. Because of the use of consistent terminology, links can be seen between international accounts items and the corresponding *SNA* items. In addition, to assist in comparisons or linking, the listing of standard components in Appendix 9 includes *SNA* codes. (Because of the use of functional categories as the primary classification in the international accounts, a letter has been added to the *SNA* codes for investment income, financial account, and IIP items to denote the functional category.)

## Linkages between Accounts

**A7.5** The terminology of the *SNA* rest of the world accounts and the international accounts is the same, except for some minor differences (e.g., the *SNA* uses the external account of goods and services for the goods and services account, and external assets and liabilities for the IIP).

**A7.6** The *SNA* coverage of exports and imports of goods and exports and imports of services is identical to balance of payments coverage of corresponding

**Table A7.1. Correspondence between SNA and International Accounts Items***(Financial Account and IIP)*

2008 SNA Classification of Financial Instruments	SNA Code	BPM6 Classification of Financial Instruments
Monetary gold and special drawing rights	F1	
Monetary gold	F11	Monetary gold (RA)
Special drawing rights	F12	Special drawing rights (assets-RA; liabilities-OI)
Currency and deposits	F2	Currency and deposits (DI, OI, RA)
Currency	F21	
Transferable deposits	F22	
Interbank positions	F221	<i>Interbank positions (OI)</i>
Other transferable deposits	F229	
Other deposits	F29	
Debt securities	F3	Debt securities (DI, PI, RA)
Short-term	F31	Short-term (DI, PI, RA)
Long-term	F32	Long-term (DI, PI, RA)
Loans	F4	Loans (DI, OI, RA)
Short-term	F41	Short-term (DI, OI, RA)
Long-term	F42	Long-term (DI, OI, RA)
Equity and investment fund shares	F5	Equity and investment fund shares (DI, PI, OI, RA)
Equity	D43	Reinvestment of earnings (DI, PI, OI, RA)
Investment fund shares/units	F51	<i>Equity (DI, PI, OI, RA)</i>
Money market fund shares/units	F52	<i>Reinvestment of earnings (DI, PI, OI)</i>
Other investment fund shares/units	F521	<i>Investment fund shares/units (DI, PI, OI, RA)</i>
Other investment fund shares/units	F529	<i>Reinvestment of earnings (DI, PI, OI)</i>
Money market fund shares/units	F521	<i>Money market fund shares/units (DI, PI, OI, RA)</i>
Other investment fund shares/units	F529	<i>Other investment fund shares/units (DI, PI, OI, RA)</i>
Insurance, pension, and standardized guarantee schemes	F6	Insurance, pension, and standardized guarantee schemes (DI, OI)
Nonlife insurance reserves	F61	<i>Nonlife insurance reserves (DI, OI)</i>
Life insurance and annuity entitlements	F62	<i>Life insurance and annuity entitlements (DI, OI)</i>
Pension entitlements	F63	<i>Pension entitlements (OI)</i>
Claims of pension funds on pension managers	F64	<i>Claims of pension funds on pension managers (DI, OI)</i>
Entitlements to nonpension benefits	F65	<i>Entitlements to nonpension benefits (OI)</i>
Provisions for calls under standardized guarantees	F66	<i>Provisions for calls under standardized guarantees (DI, OI)</i>
Financial derivatives and employee stock options	F7	Financial derivatives and employee stock options (FD, RA)
Financial derivatives	F71	Financial derivatives (FD, RA)
Employee stock options	F72	Employee stock options (FD)
Other accounts receivable/payable	F8	Other accounts receivable/payable (DI, OI)
Trade credits and advances	F81	Trade credits and advances (DI, OI)
Other accounts receivable/payable - other	F89	Other accounts receivable/payable—other (DI, OI)

Note: DI—direct investment; PI—portfolio investment; FD—financial derivatives (other than reserves) and employee stock options; OI—other investment; RA—reserve assets. Supplementary items are in italics. SNA codes are for financial account items; codes for balance sheets/IIP have an initial A, but are otherwise the same (e.g., financial account entries for currency and deposits are F2, while the corresponding asset and liability positions are AF2). In addition, reinvestment of earnings is not applicable in the IIP.

items. In balance of payments statistics, exports and imports of services are disaggregated in more detail to provide data for analysis and policy decisions—particularly for negotiations in international trade in services within the framework of international agreements. The services identified in the balance of payments are consistent with those of the Central Product Classification (CPC)—except for the transactor-based items for travel, construction, and government goods and services n.i.e.

**A7.7** Compensation of employees, property income, and current transfers are defined identically, although the functional category is used for disaggregation of investment income in the international accounts. The major elements of the capital account of the external accumulation accounts are identical with the capital account of the balance of payments. The balancing item net lending/net borrowing in account is identical to the balance of payments item.

**A7.8** The coverage of the *SNA* financial account is identical with that of the financial account in the balance of payments, although the level of detail is different. Similarly, the coverage of the *SNA* external assets and liabilities account is identical with that of the IIP. However, in the *SNA*, financial assets are classified primarily by type of instrument. In the balance of payments, financial items are classified primarily by functional category: direct investment, portfolio investment, financial derivatives (other than reserves) and employee stock options, other investment, and reserve assets. The financial instruments classification used in

the *SNA* and its relationship with the functional categories and their instrument components used in the international accounts are set out in Table A7.1.

**A7.9** In addition to categories identifying types of financial instruments, the balance of payments contains an abbreviated sector breakdown (central bank, other deposit-taking corporations, general government, other financial corporations, and other sectors) to provide links with other bodies of economic and financial statistics such as money and banking, government finance, international banking, and external debt.