INTERNATIONAL MONETARY FUND

BALANCE OF PAYMENTS MANUAL

JANUARY 1950
Reprinted, October 1950

WASHINGTON 25, D C, USA

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FOREWORD

This is a second edition of a Manual first published in January 1948 which constitutes the basis for regular reports of balance of payments data to the International Monetary Fund. The reports submitted in accordance with this Manual supply the Fund with data for its operating purposes. Insofar as they are not confidential they are also utilized in the Fund's Balance of Payments Yearbook, the first issue of which appeared in July 1949 and covered the years 1938, 1946, and 1947.

In the preparation of the Manual, the staff of the Fund has been assisted by economists and technicians from many countries, including members of the staff of the United Nations who have participated actively in the work from the outset. This revised version, moreover, has profited greatly from the experience gained in collecting the data published in the first Yearbook.

The main section of the Manual deals with the preparation of the global balance of payments and contains a series of tables, of which the first is a master table or summary report. The remaining tables are designed to facilitate compilation of the data needed for the categories of the master table, and to provide certain significant analyses of the data in this table. While the entire schedule fits logically together, it is recognized that there will have to be considerable flexibility in employing it for reporting purposes. The character and relative importance of different categories of items vary widely from country to country and the difficulty of obtaining a particular type of information must always be weighed against the relative need for it in analyzing the international position of the country concerned.

For the benefit of those countries unable to provide the comprehensive information requested in the main tables, an appendix has been added to this edition giving an abbreviated form for reporting the balance of payments. Other additions to the Manual include a supplementary table specifying certain information required for adequate use of the data in the master table, a table and instructions for classifying international transactions by geographic areas, and a description of the concept of compensatory official financing.

Revisions of the tables in the first edition of this Manual are relatively minor. The table dealing with gold transactions has been rearranged in order to simplify the presentation, and the definition of gold has been broadened to include partly-worked gold. Undistributed profits of subsidiaries, originally excluded from the main balance of payments statement, are now included in both investment income and capital movements. Finally, the tables covering capital movements have been reorganized to achieve greater simplicity and to adapt them more fully to the needs of the compensatory official financing concept.

January 1950
Washington, D. C.

CONTENTS

UNDERLYING PRINCIPLES

1. DEFINITION OF THE BALANCE OF PAYMENTS

The balance of payments for a given period is defined in this Manual as a systematic record of all economic transactions during the period between residents of the reporting country and residents of other countries, referred to for convenience as foreigners.

2. CONCEPT OF ECONOMIC TRANSACTIONS

The economic transactions included in the balance of payments comprise transfers of ownership of goods, the rendering of services (including saving and risk-taking), and transfers of money and other investments between residents of one country and residents of another country. Investments are defined as including in general all financial claims (whether equity or creditor) and immovable property. The only exception is fixed assets acquired abroad by military establishments and diplomatic missions. These are not considered investments and their acquisition and liquidation are regarded as current transactions.

Economic transactions may be divided into two categories: (1) transactions involving a quid pro quo--i.e., an exchange of goods, services, money, or other capital items against one another--and (2) transactions involving no quid pro quo--i.e., transfers of goods, services, money, or other capital items from one country to another without requiring payment in any form. In the five types of transactions that are listed below, the first three involve a quid pro quo, the last two do not.

1. Sales of goods or the rendering of services against payment in money, other credit instruments, or titles to investment, i.e., capital items;

2. Barter;

3. The interchange of capital items, such as sales of securites against money, sales of one currency against another currency, the discharge of previously incurred commercial debt, etc.;

4. Gifts in kind, i.e., in the form of goods and services;

5. Gifts of money and other capital items.

Equal credit and debit entries are made in the balance of payments for each transaction in the five categories. In the first three categories the two sides of the exchange yield equal credit and debit entries. In the last two categories a credit entry on the transfer of goods, services, money, or other capital items without payment is matched by a debit entry under "Donations" (and vice versa. The term "Donations" covers not only voluntary gifts, but also the automatic transfer of migrants' property and even compulsory reparations in which there is likewise no quid pro quo.

3. DEFINITION OF RESIDENTS

(a) Resident individuals include citizens of the reporting country living there permanently. Diplomatic representatives and members of armed forces stationed abroad and citizens studying or undergoing medical treatment abroad are considered residents of their own country rather than of the country where they are staying. The extent to which other citizens living abroad are treated as residents (travelers) or foreigners (emigrants) depends on a number of factors, such as the permanence of their stay abroad and the extent to which they concentrate abroad their earning activities and their investments, i.e., the extent to which they shift their general "center of interest." The same principle of "center of interest" determines whether a citizen of a foreign country staying in the reporting country should be considered a resident of the latter. In these border-line cases the exact content of the resident concept is left to the determination of the reporting countries.

(b) Resident institutions of a given country include the central and all local governments, all business enterprises and non-profit organizations located in the country, and their foreign agencies, but not their foreign branches or subsidiaries. Branches and subsidiaries are treated as residents of the country in which they operate, because they are considered an integral part of that country's economy. The distinction between "branch" and "agency" is that a branch, although owned by a foreign institution, acts as a principal for its own account, whereas an agency acts for account of principals abroad.

(c) International agencies are not considered residents of the country in which they are located, but rather as international areas outside national boundaries. Even though the International Monetary Fund and the International Bank for Reconstruction and Development are located in the United States, the subscriptions of the United States to them and purchases by U.S. citizens of IBRD securities are recorded as U.S. foreign investments. Similarly, credits extended abroad by these institutions are not recorded as credits extended by the United States. Administrative expenditures of international agencies in the country in which they are located are equivalent to receipts by that country from a foreign government. An international agency is defined as a political, administrative, or financial organization in which the members are governments or official institutions. Intergovernmental organizations conducting ordinary business undertakings are not treated as international agencies.

4. APPLICATION OF RESIDENT-FOREIGNER PRINCIPLE IN BORDER-LINE CASES

While the object of the balance of payments is to record all transactions between residents and foreigners, there are some border-line cases that call for special comment.

(a) Undistributed profits of subsidiaries: A problem arises as to the extent to which the profits of branches and subsidiaries (direct investments) are resident-foreigner transactions and should be included in the balance of payments. The profits of a branch are credited to the parent concern continuously, thus automatically creating a claim on the branch in favor of the parent concern in another country. The schedule, therefore, provides for entering total earnings of a branch whether or not distributed. In the case of a subsidiary (i.e., a directly-controlled company), income is normally distributed in the form of dividends and interest, which constitute economic transactions at the time they are paid. In the first edition of the Balance of Payments Manual, undistributed profits of subsidiaries were requested in a separate statement and were tentatively excluded from Table I. Since, however, the total earnings of a subsidiary, whether or not paid out, are subject to the disposition of the parent in much the same way as those of a branch, they have been included in the accompanying schedule to the extent that they accrue to the country of the parent. Such earnings are often an important source of new investment and their exclusion might seriously understate the influence of direct investment on the international economic situation of many countries.

(b) Migrant's transfers: When a person changes his residence from one country to another, title to the goods and capital of the migrant passes from the country of emigration to the country of immigration irrespective of whether physical property moves or not. This international transfer of property sometimes is of considerable significance for the countries involved. It is, therefore, included in the balance of payments. It is treated as a transfer without payment (i.e., a "donation") in which a person in his capacity of resident transfers property to himself in his capacity of foreigner, or vice versa. It is reflected in the balance of payments in a merchandise flow or in a change in the debtor-creditor position of the countries involved, with a contra entry under "Donations."

(c) Uniform valuation of merchandise: The schedule provides for reporting exports and imports valued f.o.b. the exporting country. Subsequent costs of transfer are treated in the transportation and insurance accounts as being paid directly by the importing country. This is done to achieve uniformity in statistics. Since such uniform valuation principles are not always followed in actual transactions, they may lead to the exclusion of certain transactions between residents and foreigners. For example, the exporter may pay freight and insurance to foreign ships and insurance companies and subsequently be reimbursed by the foreign importer. Such freight and insurance payments are not shown in the balance of payments of the exporting country on the assumption that the exporter acts merely as an agent for the foreign importer. On this assumption the foreign importer, as principal, pays the foreign ships and insurance companies, and no resident-foreigner transaction is involved.

5. EXCEPTIONS TO RESIDENT-FOREIGNER PRINCIPLE

There have been some deliberate departures in the schedule from the strict principle that only transactions between residents and foreigners are included. Of these the most important are the following;

(a) Gold transactions: Domestic transactions in gold are included in the balance of payments because domestic sales of gold to the monetary authorities increase their international monetary reserves in the same way as sales of merchandise to foreigners; and domestic purchases of gold from the monetary authorities decrease international monetary reserves in the same way as purchases of merchandise from foreigners.

While such transactions in gold affect the division between monetary and nonmonetary gold movements, the net combined gold movements reflect solely transactions between residents and foreigners. For example, an addition of domestic gold output to gold reserves of the domestic monetary authorities for the reporting period as a whole would be recorded as a credit under nonmonetary gold movement and a debit under monetary movement, with no net movement for the two combined. A net movement for the two combined could arise only from transactions between residents and foreigners.

The distinction between monetary and nonmonetary gold movements is, however, basic. Nonmonetary gold movements are similar to merchandise exports and imports, while monetary gold movements are part of compensatory official financing.

(b) Short-term capital movements: As explained below, movements of short-term foreign assets and liabilities are estimated on the basis of changes in outstanding amounts rather than on a transactions basis. The entries in Table I for short-term capital in item 12 (private) and item 14 (official and banking institutions) include all such changes other than those arising from revaluations. Even though both parties to the transaction are residents of the reporting country, a transfer of a foreign deposit (or other short-term claim on foreigners) from the official sector to the private sector will be recorded as a decrease of assets in item 14 and an increase of assets in item 12. While the two halves of the transaction offset each other in the total balance of payments, it is important to keep them distinct. Private capital moves in response to business convenience or profit possibilities in the same way as goods and services. Like them it contributes to the balance of payments surplus or deficit for which the monetary authorities must supply compensatory financing. Movement of official and banking funds, on the other hand, are, with few exceptions, part of this official compensatory financing. A flight of short-term private capital abroad at the expense of a country's international reserves is of vital concern to that country even though both parties to the transaction are residents.

6. DIFFERENCE FROM RECORD OF EXCHANGE TRANSACTIONS

The balance of payments as defined here differs with respect to coverage, valuation, and timing from an exchange record, i.e., a record of money transfers between residents and foreigners through the domestic banking system.

(a) Coverage: An exchange record covers only transactions which give rise to money transfers through the domestic banking system. Consequently, it excludes all transactions of Type 2 or Type 4 as defined in section 2 above. Moreover, it covers the remaining types only partially because transactions between residents and foreigners need not be settled through the exchange market. The proceeds of exports, for example, may not be surrendered to a bank in the exporting country but may be used by the exporter to build up private foreign exchange balances or to purchase goods abroad; or income from investments abroad may be reinvested there; or the granting or receipt of trade credits may be missed entirely because no exchange transaction is involved at the time they are extended.

(b) Valuation: In the balance of payments, export and import transactions are each valued at a common boundary (exports f.o.b. frontier of reporting country, and imports f.o.b. frontier of exporting country or c.i.f. frontier of reporting country). In an exchange record, on the other hand, exports and imports may not be valued at common boundaries but at different boundaries according to the terms of the actual transactions. This leads to similar inconsistencies in the records of transportation and insurance transactions. Furthermore, the exchange record value may automatically include interest on a credit, the extension of which, as noted in (a), has never been recorded. Since the interest should be included under investment income, rather than merchandise, the entries in both categories are rendered inaccurate.

(c) Timing: The balance of payments covers merchandise and service transactions as they occur, i.e., when the goods are sold and the services rendered. An exchange record covers payments made in the reporting period in settlement of merchandise or service transactions, some of which may have occurred in a previous period or (as in the case of prepayments) may not occur until later. If credit is given in connection with the sale of goods or services, a balance of payments statement shows the sale immediately in the current account and the credit in the capital account; an exchange record, on the other hand, does not show the transaction at all until the obligation is settled.

THE SCHEDULE

1. GENERAL DESCRIPTION

The schedule consists of a series of detailed tables, which describe the basic information ideally required for the construction of the balance of payments, and a summary table (Table I), which shows the manner in which the various detailed tables fit together. The detailed tables are arranged in the order in which they enter the summary table, and each is designed to present, as far as possible, a rounded view of the subject covered.

In some cases this involves showing domestic transactions which do not enter into the balance of payments. Thus, the sections on transportation and insurance are so constructed that they cover total services provided to and received from residents and foreigners by the reporting country in connection with international trade. Similarly, in the section on the movement of nonmonetary gold, total gold production and total gold consumption are shown although they may include a certain amount of gold output sold directly to private domestic buyers. None of these domestic transactions is included in the summary table.

Tables covering the classification of the balance of payments by regions are included in Appendix A. An abbreviated version of the complete schedule for the benefit of countries unable to report on the detailed tables is given in Appendix B.

The schedule is divided into two major sections: the current account and the capital account (including monetary gold).

2. THE CURRENT ACCOUNT

The current account records all transactions other than those representing changes in the international creditor-debtor position of the reporting country and in its monetary gold holdings. It includes two distinct types of transactions: items 1 through 8 in Table I which refer to transfers of goods and services, and item 9 which covers donations. Transactions are in general recorded on a gross credit-debit basis. The credit entries under items 1 through 8 correspond to goods and services supplied, the debit entries to goods and services received. Credits under item 9 show donations received by the reporting country; the debits show donations made by the reporting country.

The distinction between goods and services (items 1 through 8) and donations (item 9) is sometimes blurred owing to uncertainty regarding the definition of "resident." For example, the remittances of workers' earnings is included in item 8 if the workers are regarded as residents of the receiving country, but in item 9 if they are regarded as residents of the country where the work is performed. In many cases it is not clear whether the workers should be regarded as residents of the latter or of the former country. There are other instances where the distinction between services and donations cannot be made with certainty; for example, an expenditure in dependent overseas territories by a metropolitan Government, or vice versa, may be classified either in item 7 as a Government expenditure for services or in item 9 as a donation depending on whether the expenditure is primarily for the benefit of the metropolitan Government or the overseas territories.

3. THE CAPITAL ACCOUNT

The capital account records all transactions representing changes in the international creditor-debtor position of the reporting country and in its monetary gold holdings. The capital movements shown do not necessarily reflect the total change in the creditor-debtor position of the reporting country in the period covered, since valuation changes, e.g., a change in the market value of securities or the writing down of the value of doubtful debts, are not included. The capital account is shown in terms of net changes--increases or decreases--in assets and liabilities and not, as in the current account, in terms of gross transactions on a credit and debit basis. Assets represent the reporting country's investments abroad, and liabilities represent the investments of foreigners in the reporting country. Increases in assets and decreases in liabilities indicate an outflow of capital (a debit); decreases in assets and increases in liabilities indicate an inflow of capital (a credit).

The capital account is divided into a private sector (items 11 and 12 of Table I) and an official sector (items 13 to 15), depending on the status of the transaction in the reporting country. This division is independent of the status (private or official) of the foreigner involved, although in some cases his status determines the appropriate subitem. Capital movements between private persons and institutions of the reporting country on the one hand, and all foreigners (whether official or private) on the other, are classed as private in items 11 and 12; and capital movements between official and banking institutions of the reporting country on the one hand, and all foreigners (whether official or private) on the other, are classed as official in items 13, 14, and 15. Loans received or extended by private persons or institutions of the reporting country, insofar as they are guaranteed by its Government, are treated as if they were received or extended by the Government and are entered in the official sector.

In each of the two sectors, changes in long-term and changes in short-term investments are distinguished. Short-term investments are defined as payable on demand (e.g., demand deposits of banks) or within twelve months from the date on which the obligation was incurred. Long-term investments are defined as investments without maturity (e.g., shares), or maturing after twelve months. They also cover short-term investments in default for reasons other than Governmental blocking. The twelve-month period is counted from the date on which the obligation was incurred. An obligation originally issued with a maturity of more than twelve months continues to be classified as long-term even when the due date becomes less than twelve months. Ordinarily long-term capital movements are calculated from data on the transactions involved, e.g., purchases and sales of securities, drawings on loans, and amortization. Short-term captial movements are calculated from the outstanding assets and liabilities at the beginning and end of the reporting period. In the calculation, valuation changes are eliminated so that the account represents only the changes resulting from international transactions.

4. DOUBLE-ENTRY SYSTEM: ERRORS AND OMISSIONS

When account is taken of the contra-entries under item 9, transactions of each of the types described in Section 2 of the Underlying Principles involve directly or indirectly two entries--one as a debit and one as a credit. The different types and the entries involved are as follows:

TYPE OF TRANSACTION	NUMBER OF ENTRIES	
	Current Account	Capital Account
1. Sales of goods or services	One	One
2. Barter	Two	None
3. Interchange of capital items	None	Two
4. Gifts in kind	Two	None
5. Gifts of capital items	One	One

Because of this double-entry system, a net credit or debit in the current account is offset by an equal and opposite movement in the capital account. Since the capital account balance is expressed as a movement in net assets instead of a net credit or debit, it is equal in sign as well as in magnitude to the current account balance. Because some transactions may be inaccurately recorded or not recorded at all, an "errors and omissions" item has been included in the standard schedule to bring the statement into balance.

5. COMPENSATORY OFFICIAL FINANCING

While a relatively conventional form has been employed in Table I in order to meet the needs of various users, the Fund ordinarily uses a different presentation for its own purposes. It is designed to reveal the financing that the monetary authorities have been forced to undertake to balance international transactions. In order to permit the rearrangement of the balance of payments into this form, the transactions of official and banking institutions are shown separately in the tables covering donations and movements of capital and monetary gold. These transactions are further subdivided wherever possible to distinguish those that are clearly compensatory and those that are clearly not compensatory. The concept of compensatory official financing is discussed in Appendix C.

6. PROBLEMS OF CLASSIFICATION

(a) Gross vs. net transactions: For the most part, this schedule provides for reporting transactions on a gross, rather than a net, basis. Gross figures, in addition to their inherent interest, are necessary to permit classification of the balance of payments by countries. Short-term capital movements, however, are shown on a net basis; for many countries, this is the only basis on which satisfactory short-term figures can be compiled.

(b) Classification by agency vs. type of transaction: In a balance of payments compilation, the question arises whether to classify data by type of transaction (e.g., Travel) or by the agency responsible (e.g., Government, if the travel is official). In the tables in this schedule, current transactions are generally classified by type, except in Table VIII. Table VIII shows current Government transactions not included elsewhere, i.e., those not entered under the classifications by type in Table II - VII, IX, and X. The data in these tables are subdivided into Government and private wherever this distinction is significant from the point of view of economic analysis. In the capital account, on the other hand, the major emphasis is on classification by agency. In general, long-term capital movements are classified by the agency making the transactions, while short-term capital movements, which are derived from asset and liability holdings, are classified by the agency which is the debtor or creditor concerned.

(c) F.o.b. basis vs. c.i.f. basis: Imports are presented in the trade returns of most countries at c.i.f. values. For balance of payments purposes, however, the f.o.b. basis is generally preferable. It is essential for a classification of transactions by countries. In many cases the transportation and insurance of imports involve separate transactions, and the parties concerned are often not residents of the country from which the goods are purchased. A further advantage in recording imports on an f.o.b. basis is that it permits a check on the accuracy of trade figures by a bilateral comparison of countries' trade data.

Since some countries are unable to convert imports from the c.i.f. to the f.o.b. basis, provision has been made in this schedule for recording transportation and insurance transactions on a basis corresponding to the c.i.f. valuation of merchandise.

(d) Private gold hoards: The movement in the gold holdings of official and banking institutions is entered in the capital account, while the difference between this movement and net international transactions in gold is shown in the current account as nonmonetary gold movement. The entry in the current account is equivalent to the net of the reporting country's gold production and its gold consumption, the latter including not only consumption in and recovery from industry and the arts but also movements in mine inventories and private hoards. The inclusion of changes in private hoards in the current account constitutes a border-line case; conceptually, they could be regarded as monetary gold movements and entered in the private sector of the capital account. It seems probable, however, that under present conditions gold is hoarded largely for domestic purposes rather than as a form of foreign exchange. A further reason for not requiring separation of hoards from nonmonetary gold in Table I lies in the statistical difficulties that would be encountered. It is believed that in the very countries in which hoarding is most significant, the difficulties of defining and estimating it may be greatest.

Since, however, the distinction between private hoarding on the one hand and consumption in industry or the arts on the other is important because of their different economic behavior, even though hoarding is regarded broadly as part of consumption, the Fund desires all available information on hoarding and dishoarding. For this purpose, provision is made for dividing net gold consumption into changes in hoards, changes in mine inventories, and use in industry and the arts.

(e) Transactions basis vs. creditor-debtor basis; The classification of capital transactions between the private sector and official and banking institutions differs for long- and short-term movements. For long-term capital movements, the criterion is the person or institution in the reporting country carrying out the transaction, irrespective of the domestic person or institution involved as creditor or debtor. For instance, a private sale of a security issued by the Government of the reporting country is classified as a private transaction although from the creditor-debtor standpoint it would be classified as official, since it increases the foreign liabilities of the Government. Short-term capital movements, on the other hand, are classified as either private or official and banking transactions, according to the domestic creditor or debtor involved, irrespective of the persons effecting the transfers. The different treatment in the two cases arises from the necessity of employing different procedures in obtaining the basic statistics. Since the geographic classifications may differ greatly according to the method used, a category entitled "Multilateral Settlements" has been introduced to bring the geographic classifications into harmony; this category is described in a later section (see Appendix A).

GENERAL INSTRUCTIONS

1. DEFINITION OF REPORTING COUNTRY

A reporting country is defined as the economic unit delimited by a customs area and a single currency system, or by similar unifying economic arrangements. A separate schedule should be completed for each reporting country. In particular, a schedule for a country with dependencies should cover only the metropolitan area.

Member countries having colonies or dependencies should complete a schedule for each colony or dependency or for appropriate groups. An abbreviated table for use when detailed information is not available is given in Appendix B.

2. DEFINITION OF RESIDENTS

Residents are defined in section 3 of the Underlying Principles. For individuals, the distinction between travelers and migrants has been left somewhat flexible, and countries should use the definition they have found most practicable for balance of payments purposes. In order to facilitate international comparisons, a statement should be attached to the schedule, when completed, explaining the content of your definition and its implications for the items depending on it.

3. VALUATION UNIT

The figures entered throughout the schedule, except where otherwise specified, should be in some convenient unit of the domestic currency. The unit used should be stated in the space provided on each table. and the rate for converting the figures into U.S. dollars should be specified. Where a rate other than that specified has been used in converting foreign exchange values into domestic currency, this fact should be noted and explained.

4. MULTIPLE EXCHANGE RATES

If your country has had multiple exchange rates during any of the years covered by your balance of payments report, two schedules should be filled out: one showing international transactions in terms of some fixed international monetary unit--e.g., U.S. dollars or your country's gold currency unit--and another in terms of your country's currency showing the transactions at the values at which they were made. The first schedule is necessary to put all the items in the balance of payments on a uniform valuation basis and to make your balance of payments comparable with the statements of other countries. The second schedule will be useful for the analysis of the monetary impact of international transactions on your country's economy. In order to make this second statement balance, an item showing the exchange authorities' profit or loss on exchange transactions will have to be added.

5. EXPLANATORY NOTES AND SYMBOLS

The tables should be accompanied by adequate explanatory notes. These notes should give the foreign exchange rates used in constructing the estimates and should describe the content of each item and the method employed in deriving it. Whenever long-term capital transactions are entered on a net basis, the notes should indicate the gross transactions covered. If data supplied in accordance with the Fund's definitions for balance of payments purposes differ from those regularly published by your country or those submitted to the Fund for other purposes, a reconciliation of the data should be provided. For your trade data, this reconciliation should be given in Supplement A to Table I. Wherever it is not possible to give figures in accordance with the classification used in the schedule, the data available should be entered in the most appropriate categories, and deviations from the schedule should be noted. When the item called for does not exist or the figure is zero or less than half the final digit shown, indicate by a dash (-). When there may be some transactions that should be entered in the item, but specific data are not available, indicate by dots (...).

Throughout the tables in this Manual certain spaces in which entries logically cannot, or in practice will not, be made have been blocked out.

TABLE I. BALANCE OF PAYMENTS SUMMARY

A. CURRENT TRANSACTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Credit (Receipts)	Debit (Payments)	Net Credit or Debit (-)
1. Merchandise (1.1 plus 1.2)			
1.1 Exports and imports (both f.o.b.)			
1.2 Other			
2. Nonmonetary gold movement (net)			
3. Foreign travel			
4. Transportation (4.1 plus 4.2)			
4.1 Gross freight			
4.2 Other			
5. Insurance			
6. Investment income (6.1 through 6.3)			
6.1 Direct investment			
6.2 Other interest			
6.3 Other equity			
7. Government, not included elsewhere (7.1 plus 7.2)			
7.1 Military expenditures, and surplus property			
7.2 Other			
8. Miscellaneous			
Total goods and services (1 through 8)			
9. Donations (9.1 through 9.4)			
9.1 Personal and institutional remittances			
9.2 Other private transfers			
9.3 Reparations			
9.4 Official grants			
10. Total current transactions (1 through 9)			
ERRORS AND OMISSIONS (16 minus 10)			

SOURCES OF ITEMS IN TABLE I, PART A (CURRENT TRANSACTIONS)

The net credit column is derived by deducting the debit column from the credit column.

Item	
1.1	Table II, item 5 (use item 6 if item 5 (debit) is not available).
1.2	Table II, item 9.
2.	Table III, item 9.
3.	Table IV, item 6.
4.1	Credit column: Table V, items 1.2 plus 1.3. Debit column: Table V, item 6. If item 5 (debit) of Table II is not available (see note to item 1.1 above), the entry in the credit column here must be Table V, item 1, and that in the debit column Table V, item 6.2.
4.2	Credit column: Table V, items 2 through 4. Debit column: Table V, items 7 through 9.
5.	Table VI, item 7.1 unless item 5 (debit) of Table II is not available (see note to item 1.1 above), in which case the entry here is Table VI, item 7.2.
6.1	Table VII, item 1.
6.2	Table VII, items 2 plus 3.
6.3	Table VII, item 4.
7.1	Table VIII, item 3.1.
7.2	Table VIII, item 3.2.
8.	Table IX, item 15.
9.1	Table X, items 1 plus 2.
9.2	Table X, items 3 plus 4.
9.3	Table X, item 6.
9.4	Table X, item 7.

TABLE I. BALANCE OF PAYMENTS SUMMARY

B. MOVEMENT OF CAPITAL AND MONETARY GOLD

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	Net Movement Increasing (+) or Decreasing (-)		
	Assets	Liabilities	Net Assets
PRIVATE (excluding banking institutions)			
11. Long-term capital (11.1 through 11.6)			
11.1 Direct investment			
11.2 Portfolio securities: bonds			
11.3 Portfolio securities: shares			
11.4 Amortization			
11.5 Other contractual repayments			
11.6 Other			
12. Short-term capital (12.1 plus 12.2)			
12.1 Currency, deposits, Government obligations			
12.2 Other			
OFFICIAL AND BANKING INSTITUTIONS			
13. Long-term capital (13.1 through 13.6)			
13.1 Official loans			
13.2 Bank loans			
13.3 Portfolio securities			
13.4 Amortization			
13.5 Other contractual repayments			
13.6 Other			
14. Short-term capital (14.1 through 14.4)			
14.1 Payments and clearing agreements			
14.2 Liabilities to IMF and IBRD			
14.3 Other liabilities to official and banking institutions			
14.4 Other			
15. Monetary gold			
16. Total movement of capital and monetary gold (11 through 15)			

SOURCES OF ITEMS IN TABLE I, PART B
(MOVEMENT OF CAPITAL AND MONETARY GOLD)

Item	
11. through 16.	The change in net assets in the final column is computed by deducting the change in liabilities from the change in assets. In deducting a minus change in liabilities, the sign is reversed, thus adding the change in liabilities to that in assets.
11. and 13.	If any of the items in long-term capital movements cannot be divided between private capital (items 11.1 through 11.6), and official and banking institutions' capital (items 13.1 through 13.6), the total should be entered as private capital unless it consists predominantly of official and banking movements.
11.1	Table XI, item 1: assets, column 3; liabilities, column 7.
11.2	Table XI, items 2.1 through 2.3: assets, column 3; liabilities, column 7.
11.3	Table XI, item 2.4: assets, column 3; liabilities, column 7.
11.4	Table XI, item 3: assets, column 3; liabilities, column 7.
11.5	Table XI, item 4: assets, column 3; liabilities, column 7.
11.6	Table XI, item 5: assets, column 3; liabilities, column 7.
12.1	Table XII, column 5: items 1 through 3.
12.2	Table XII, column 5: assets, items 4 through 6; liabilities, items 8 through 10.
13.1	Table XIII: assets, items 1.1 plus 1.2, column 3; liabilities, item 1, column 7.
13.2	Table XIII: assets, item 2.1, column 3; liabilities, item 2, column 7.
13.3	Table XIII, item 3: assets, column 3; liabilities, column 7.
13.4	Table XIII, item 4: assets, column 3; liabilities, column 7.
13.5	Table XIII, item 5: assets, column 3; liabilities, column 7.
13.6	Table XIII, assets, items 1.4 plus 2.2 plus 6, column 3; liabilities, item 6, column 7.
14.1	Table XIV, column 15: assets, item 1; liabilities, item 7.
14.2	Table XIV, column 15: item 8.
14.3	Table XIV, column 15: items 9 through 11.
14.4	Table XIV, column 15: assets, items 2 through 6; liabilities, items 12 and 13.
15.	Table XIV, column 15: item 14, or Table III, item 8.

SUPPLEMENT A TO TABLE I
SELECTED CURRENT TRANSACTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Credit (Receipts)	Debit (Payments)
1. Merchandise		
1.1 Exports and imports as published in trade returns*		
1.2 Imports c.i.f.		
1.3 Merchandise adjustments (additions plus, deductions minus) (List)		
______________		
______________		
______________		
______________		
______________		
______________		
2. Ocean shipping in international traffic		
2.1 Gross freight on imports		
2.2 Gross freight on exports		
2.3 Other gross freight		
2.4 Passenger fares†		
2.5 Port disbursements		
2.6 Charter hire		
3. Miscellaneous services (list significant items, if any)		
______________		
______________		
______________		
______________		
______________		
______________		
4. Official grants ‡		
4.1 Compensatory §		
______________		
______________		
______________		
______________		
______________		
4.2 Special #		
______________		
______________		
______________		
Total		

* These figures refer to general/special trade (cross out one) and are published in ______________

† Passenger fares received from residents amounted to ______________

‡ List each grant separately. Add supplementary page if necessary.

§ Compensatory grants are those provided basically to settle international transactions (e.g., ECA grants).

Special grants are those for special purposes or projects (e.g., military aid, Pan-American Highway, etc.)

SOURCES OF ITEMS IN SUPPLEMENT A TO TABLE I

Item	
1.1	If "general" trade is published, this item will be equal to Table II, item 1; if "special" trade is published, it will be equal to Table II, item 1.1.
1.2	Table II, item 6.
1.3	Tables II, II(a) and II(b).
2.1	Table V, items 1.1 and 6.1
2.2	Table V, item 1.2
2.3	Table V, items 1.3 and 6.2
2.4	Table V, items 2 and 7.
2.5	Table V, items 3 and 8.
2.6	Table V, items 4.1 and 9.1
3.	Selected from Table IX.
4.	The totals are transferred from Table X, item 7. OECC countries should show separately, under ECA grants, (1) unconditional aid received from the United States, (2) conditional aid received from the United States, (3) both credits and debits on drawing rights utilized, and (4) the 5 per cent segment of counterpart funds. The distinction between compensatory and special grants in items 4.1 and 4.2 is discussed at more length in the section on compensatory official financing (see Appendix C). If in doubt as to the character of a particular grant, enter it tentatively in item 4.1 or 4.2 and attach a note.

SUPPLEMENT B TO TABLE I
OFFICIAL LOANS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $...................... per......................

	Beginning of Reporting Period		During Reporting Period			End of Reporting Period	
	Amount Outstanding (1)	Amount Unutilized (2)	Net New Commitments (3)	Amount Utilized (4)	Amount Repaid (Principal) (5)	Amount Outstanding (6)	Amount Unutilized (7)
1. Extended by your official institutions 1.1 Compensatory *							
1.2 Special †							
Total							
2. Received by your official institutions 2.1 Compensatory *							
2.2 Special †							
Total							

* Compensatory loans are those provided basically to settle international transactions (e.g., ECA loans).

† Special loans are those for special purposes or projects (e.g., most Export-Import Bank or IBRD loans).

INSTRUCTIONS FOR SUPPLEMENT B TO TABLE I

List separately each official loan included in item 13.1 of Table I, indicating the country receiving or extending the loan. Add a supplementary page if necessary.

The distinction between compensatory and special loans is discussed at some length in the section on compensatory official financing (see Appendix C). If in doubt as to the character of a particular loan, enter it tentatively in the subitem considered most appropriate and attach a note.

Column

1., 6. The amount outstanding in columns 1 and 6 is the amount of the loan utilized less principal repayments as of the date of the entry. Column 6 should equal columns 1 plus 4 minus 5.

2., 7. Enter the undrawn portions of firmly committed loans at the beginning (column 2) and end (column 7) of the reporting period. Column 7 should equal columns 2 plus 3 minus 4.

3. Enter the net amount of new commitments extended or received during the reporting period less cancellations and expirations of old commitments.

5. Indicate by footnotes those repayments that are <u>non</u>-contractual.

Item

1. The total in column 4 should exceed the amount entered in Table I, item 13.1, assets, by the amount of <u>non</u>-contractual repayments shown in column 5, which are included in item 13.1.

2. The total in column 4 should exceed the amount entered in Table I, item 13.1 liabilities, by the amount of <u>non</u>-contractual repayments shown in column 5, which are included in item 13.1.

GENERAL NOTE TO TABLES II, II(a), II(b), and II(c)

All except a small part of your country's merchandise transactions are to be recorded in these tables. The exceptions include gold transactions, sales and purchases by tourists, sales and purchases of ships' stores, and sales or gifts of surplus property to foreigners by your Government. The transactions excluded are entered in Tables III, IV, V, and VIII.

Table II(a) is designed to adjust export and import data for coverage. Merchandise transactions which have been omitted from trade returns (e.g., parcel post) are added and other transactions (e.g., ships' stores) are eliminated because they are entered in other tables. Furthermore, some physical movements of goods across the frontier, such as shipments to armed forces or diplomatic missions abroad, are eliminated because they do not represent transactions between residents and foreigners; and some transactions, such as sales of fish and other marine products, are added even though the goods do not cross the customs frontier. Although this process is carried beyond what is customary in trade statistics, the bulk of the transactions included in the adjusted figures still represents ordinary exports and imports. These terms have, therefore, been retained.

Table II(b) is designed to eliminate any over- or under-valuation of export and import items in Table II as adjusted by Table II(a). The value of exports or imports recorded in trade returns may not be the amount actually paid. For example, it may omit certain elements such as export duties, or customs procedure may require use of some foreign or domestic price other than that at which the transaction was in fact carried out. In some cases, notably transactions between a parent company and its foreign subsidiaries and branches, the price quoted may be quite nominal and should be replaced by market prices representing as nearly as possible the value of the goods at the frontier of the exporting country. In cases where no payment has been made (e.g., reparations in kind), the valuation of these goods in the trade returns may also have to be adjusted to a uniform basis.

Table II(c) covers transactions in merchandise abroad, defined as transactions in merchandise bought or acquired as a gift from one foreign country and sold or given to another foreign country. Hitherto, such transactions have usually been included in the balance of payments on a net basis, reflecting only the profit on business activities abroad. In the present schedule, they have been included on a gross basis, in order to make the transactions classifiable by countries. This is of particular importance where two currencies are involved, and the significance of the currency aspect may determine the extent to which such transactions should be reported. Also in Table II(c), adjustments are made for changes in stocks of foreign-owned goods in your country and of domestically-owned goods abroad. These adjustments are necessary because of the time-discrepancy between the recording of the transaction (ordinarily coinciding with the physical movement across the customs frontier) and the actual purchase or sale (i.e., the change of title). Prepayments, payments on account, payments of installments, etc. which do not lead to changes in title, should be entered in Table XII or XIV rather than here.

The guiding principle in constructing this group of tables is to adjust merchandise transactions in such a way that the sum of all the transactions shown in the account equals the gross movements of goods from domestic to foreign ownership (credit) and vice versa (debit). If this principle is kept in mind the rationale of the adjustments will be more easily understood; and it may prove possible to make some of the adjustments required by the principle more conveniently without following the details of the tables.

TABLE II. MERCHANDISE TRANSACTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $................ per................

Item	Credit (Receipts from Exports or Sales)	Debit (Payments for Imports or Purchases)
EXPORTS AND IMPORTS		
1. "General" trade (1.1 plus 1.2)*		
1.1 "Special" trade*		
1.2 Other		
2. Merchandise adjustments (2.1 plus 2.2)		
2.1 For coverage (Table II(a), items 5.1 and 5.2)		
2.2 For valuation (Table II(b), items 5 and 10)		
3. Freight on imports (3.1 plus 3.2)		
3.1 Paid to residents		
3.2 Paid to foreigners		
4. Insurance on imports (4.1 plus 4.2)		
4.1 Paid to residents		
4.2 Paid to foreigners		
5. Total adjusted f.o.b. values (Transfer to Table I, item 1.1)		
6. Total adjusted imports at c.i.f. values (Transfer to Table I, item 1.1 only if item 5, debit, is not available)		
OTHER SALES AND PURCHASES		
7. Merchandise transactions abroad (Table II(c), item 3)		
8. Adjustment for changes in stocks (Table II(c), item 6)		
9. Total (7 plus 8) (Transfer to Table I, item 1.2)		

* These figures are published in ______________________________

INSTRUCTIONS FOR TABLE II

Item

1. "General" trade includes "special" trade as defined in 1.1 below plus "other" trade as defined in 1.2 below. If these figures are taken from a published trade return, please indicate the title of the return and whether the figures are provisional or final. If "general" trade as defined here is not published, it will be obtained by adding items 1.1 and 1.2. Goods in transit should be excluded from both special and general trade.

1.1 "Special" trade exports include exports of merchandise produced entirely in your country and of merchandise manufactured in your country from goods that had been imported.

"Special" trade imports include merchandise cleared directly through the customs for domestic consumption as well as withdrawals from bonded warehouses for domestic consumption recorded as imports. Exclude all entries into bonded warehouses.

1.2 Under exports enter all re-exports including withdrawals from bonded warehouses for shipment abroad. They should be entered at export values including all charges for transport of the goods to your country and for any cost of warehousing and processing (e.g., cleaning, sorting, packaging, labeling, etc.) in your country.

Under imports enter those for re-export, including all entries into bonded warehouses less withdrawals for domestic consumption.

2. This item is designed to adjust "general" trade to a coverage and valuation basis appropriate to the balance of payments. The computation of the item is given in Tables II(a) and II(b).

3.
4. Item 3 is to include freight and similar charges, and item 4 insurance premiums, on the transport of imported goods from the customs frontier of the exporting country to the customs frontier of your country.

3.2 Equal to Table V, item 6.1 See note on that item.

5. For exports, which are on an f.o.b. basis, this item will be the sum of items 1 and 2.

For imports:

(a) If imports are recorded on an f.o.b. basis (i.e., if the figures under items 1 and 2 are f.o.b. values), item 5 will be equal to the sum of items 1 and 2.

(b) If imports are recorded on a c.i.f. basis (i.e., if the figures under items 1 and 2 are c.i.f. values), item 5 will be obtained by deducting the total of items 3 and 4 from the total of items 1 and 2.

6. If items 1 and 2 are on an f.o.b. basis, item 6 will be obtained by adding items 1, 2, 3, and 4. If imports are recorded on a c.i.f. basis (i.e., if the figures under items 1 and 2 are c.i.f. values), item 6 will be obtained by adding items 1 and 2. Only entries in the second column are involved in this instruction.

TABLE II(a). MERCHANDISE TRANSACTIONS: ADJUSTMENTS FOR COVERAGE

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per...................

Item	If Included in Table II, Item 1, Enter X	If Not Included in Table II, Item 1, Enter Amount
ADDITIONS TO EXPORTS		
1.1 Silver (other than current coin)		
1.2 Parcel post		
1.3 Shipments of less than stated minimum value		
1.4 Fish and other marine products		
1.5 Ships and aircraft		
1.6 Conversions and reconversions of foreign ships and aircraft		
1.7 Noncommercial exports (1.7.1 through 1.7.3)		
1.7.1 Grants in kind		
1.7.2 Reparations in kind		
1.7.3 Other		
1.8 Electric power and gas		
1.9 Other merchandise not included in Table II, item 1 (describe)		
______________________________		
______________________________		
1.10 Total (1.1 through 1.9)		
ADDITIONS TO IMPORTS		
2.1 Silver (other than current coin)		
2.2 Parcel post		
2.3 Shipments of less than stated minimum value		
2.4 Ships and aircraft		
2.5 Conversions and reconversions of domestic ships and aircraft abroad		
2.6 Noncommercial imports (2.6.1 through 2.6.3)		
2.6.1 Grants in kind		
2.6.2 Reparations in kind		
2.6.3 Other		
2.7 Electric power and gas		
2.8 Other merchandise not included in Table II, item 1 (describe)		
______________________________		
______________________________		
2.9 Total (2.1 through 2.8)		

INSTRUCTIONS FOR TABLE II(a)

If any of the additions to exports or to imports listed in these tables are already included in Table II, item 1, insert an "X" in the first column of this table. If the additions to exports and imports listed in this table are not already included in Table II, item 1, insert the amounts in the second column of this table. A parallel treatment is desired for the deductions from exports and from imports.

Item

1.1 Include in this item silver bullion, demonetized silver coins, and newly minted coins not yet circulating. Silver bullion should be included in commodity exports even in cases where silver constitutes monetary reserves of the reporting country.

1.2 Parcel post will in practice probably be on an f.o.b. frontier value basis for both imports and exports. If general imports are given on a c.i.f. basis, postage charges on imported parcel post should logically be included in this item. For statistical convenience, however, postage charges have been included in Table IX, item 6, and they should be reported there even when general imports are given on a c.i.f. basis.

1.3 For reasons of convenience, shipments having less than a certain value are sometimes excluded from customs returns. If this practice is followed in your country, indicate in the second column the probable value of the shipments omitted.

1.4 Fish and other marine products caught by domestic vessels may be sold directly in foreign ports and may not go through customs because they do not pass through ports of your country. Enter the amount of such catches in the second column.

1.5 Enter in the second column an estimate of the value of ships and aircraft which have not been exported on other ships or by rail, but which have sailed away or flown away under their own power and, therefore, may have escaped the customs records.

1.6 This item should cover all work, other than ordinary repairs, done on foreign ships and aircraft by your country. The distinction between ordinary repairs and conversions and reconversions is admittedly arbitrary and a note on the basis of differentiation should be appended to the table. Figures on ordinary repairs will be included in Table V.

1.7 In general, these items should be assigned the official values decided upon by the granting country or by the international agency which handled the transactions. As for other merchandise trade, reparations in kind and other segments of noncommercial exports should exclude gold and include deliveries both from current production and from existing capital equipment. Reparations should not include restitutions. The corresponding contra entries are given in Table X, items 6.1 and 7.1.

1.8 Exports of electric power and gas should be included here rather than among the service items.

1.9 This will include exports not otherwise covered, such as smuggled goods and contraband, shipments by air, shipments of stocks to branch houses, shipments of goods which are the property of

(continued on page 25)

TABLE II(a) contd. MERCHANDISE TRANSACTIONS: ADJUSTMENTS FOR COVERAGE

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	If Not Included in Table II, Item 1, Enter X	If Included in Table II, Item 1, Enter Amount
DEDUCTIONS FROM EXPORTS		
3.1 Shipments to armed forces and diplomatic missions stationed abroad		
3.2 Sales to foreigners of bunker fuel and ships' stores		
3.3 Gold: coin, bullion, partly worked, and unrefined		
3.4 Exposed films exported on a rental basis		
3.5 Returned imports		
3.6 Returned exports		
3.7 Other (describe)		
______________________		
______________________		
3.8 Total (3.1 through 3.7)		
DEDUCTIONS FROM IMPORTS		
4.1 Shipments to foreign armed forces and diplomatic missions stationed in your country		
4.2 Purchases abroad of bunker fuel and ships' stores		
4.3 Gold: coin, bullion, partly worked, and unrefined		
4.4 Exposed films imported on a rental basis		
4.5 Returned imports		
4.6 Returned exports		
4.7 Other (describe)		
______________________		
______________________		
4.8 Total (4.1 through 4.7)		

	Amount
TOTAL ADJUSTMENTS	
5.1 Exports (1.10 minus 3.8) (Transfer to Table II, item 2.1)	
5.2 Imports (2.9 minus 4.8) (Transfer to Table II, item 2.1)	

Item

foreign-owned companies operating under special agreements, shipments of precious stones, especially diamonds, etc. Attach a list of the items included. Include also immigrants' household goods and personal effects if not already included in Table II, item 1 (contra entry in Table X, item 3.1), and shipments of food and equipment procured in your country by or for account of foreign military establishments for consumption abroad.

2.1 through 2.7 — See notes to items 1.1 through 1.8, keeping in mind that this section applies to imports rather than exports.

2.8 This will include imports not otherwise covered, e.g., smuggled goods and contraband, shipments by air, shipments of stocks to branch houses, shipments of goods which are the property of foreign-owned companies operating under special agreements, shipments of precious stones, especially diamonds, etc. Attach a list of the items included. Include also surplus property purchases of merchandise and ships, whether located in your country or abroad (see note on Table VIII, item 1.6), and food and equipment procured abroad by military agencies of your country, if not utilized in the country of procurement but utilized by your own military establishments either in your country or another foreign country. If the goods are consumed in the country of procurement, enter them in Table VIII, item 1.5. If the goods are sold or given away to a third country, enter them in Table II(c).

3.2 Sales to foreign transport agencies (ships, planes, trains, or trucks) of bunker fuel and ships' stores and other supplies should not be included in the merchandise account as exports, but should be entered as a receipt in the transportation account. If they are included in Table II, item 1, the amount should be indicated in the second column here, and entered as receipts in the transportation account; see note to Table V, item 3.2.

3.3 Gold is defined as including gold coin and bullion, and unrefined and partly worked gold as defined in the note to Table III, item 1.2. The quantity and value of such gold exports are to be included in Table III, item 1.

3.4 An estimate of this item is requested here to avoid duplication with film rentals, Table IX, item 10.

3.5 Returned imports should be treated as negative imports rather than exports. They should be deducted here and in item 4.5. If they were imported in the current reporting period, their return abroad will cancel the original imports. If they were imported in an earlier period, their return during the current period will cancel the foreign liability to which the original import gave rise in one of the asset-liability tables, or, if the foreign liability was never created, their return should be matched by a plus entry in Table II(c), item 5.2 (for the earlier reporting period there should be a negative entry in this item).

3.6 See note to item 4.6.

(continued on page 26)

Item

3.7 Among other things enter exports of surplus property sold by your Government to foreigners if already included in Table II, item 1; such exports should be entered in Table VIII, item 1.6.

4.1 See note to item 3.1.

4.2 See note to item 3.2. Enter in Table V, item 8.2.

4.3 See note to item 3.3. Enter in Table III, item 4.

4.4 See note to item 3.4.

4.5 See note to item 3.5.

4.6 Returned exports should be treated as negative exports rather than as imports. They should be deducted here and in item 3.6. If they were exported in the current reporting period, their return abroad will cancel the original export. If they were exported in an earlier period, their return during the current period will cancel the foreign asset to which the original export gave rise in one of the asset-liability tables, or, if the foreign asset was never created, their return should be matched by a plus entry in Table II(c), Item 4.1 (for the earlier reporting period there should be a negative entry in this item).

TABLE II(b). MERCHANDISE TRANSACTIONS: VALUATION ADJUSTMENTS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.............. per..............

Item	If Valuation in Table II, Item 1, Is Correct, Enter X	If Correction Is Needed, Enter Amount (+) or (-)
ADJUSTMENT OF EXPORTS		
1. Internal freight and insurance charges		
2. Export duties		
3. Revaluation of commercial exports resulting from (3.1 through 3.3)		
3.1 Direct investment		
3.2 Consignment trade		
3.3 Other causes		
4. Revaluation of noncommercial exports (4.1 through 4.3)		
4.1 Grants in kind		
4.2 Reparations in kind		
4.3 Other		
5. Total (1 through 4) (Transfer to Table II, item 2.2)		
ADJUSTMENT OF IMPORTS		
6. Internal freight and insurance charges		
7. Import duties		
8. Revaluation of commercial imports resulting from (8.1 through 8.4)		
8.1 Direct investment		
8.2 Consignment trade		
8.3 Subsidies and price control		
8.4 Other causes		
9. Revaluation of noncommercial imports (9.1 through 9.3)		
9.1 Grants in kind		
9.2 Reparations in kind		
9.3 Other		
10. Total (6 through 9) (Transfer to Table II, item 2.2)		

INSTRUCTIONS FOR TABLE II(b)

See general comments accompanying instructions for Table II(a).

Item

1. This item should cover freight and insurance to the frontier of your country. It should be added to exports if they have been valued by the customs f.o.b. some interior point instead of f.o.b. the frontier of your country.

2. Export duties if not included in customs valuation should be indicated as an addition.

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Item

3.1 Correct for over- or under-valuation of exports by subsidiaries and branches of foreign firms to parent firms, or by domestic firms to their foreign subsidiaries and branches. Such merchandise transactions should be adjusted to estimated market values rather than nominal accounting values.

3.2 Amounts necessary to raise the valuation of goods exported on consignment to the price ultimately received by the exporter should be indicated as an addition (+); those necessary to lower the valuation, as a subtraction (-).

3.3 Deduct discounts taken by the foreign importers or reductions in value of exports that failed to meet specifications unless such reductions are already made in the customs records.

4. If noncommercial exports and imports are included in the customs records and an adjustment of their values is called for, this adjustment should be made here and in item 9. Such exports and imports should be assigned the official values decided upon by the international agency which handled the transactions or by the granting country. Consequently, the values to be shown for these noncommercial exports and imports will not necessarily be the same as those given in the customs records of the reporting country or those shown on the invoices. See note to item 1.7 of Table II(a).

6. This item should cover freight and insurance charges to the frontier of the exporting country. It should be added to imports if they have been valued f.o.b. some interior point of the exporting country instead of f.o.b. its frontier.

7. Import duties included in the value of your imports should be indicated as a subtraction (-); and export duties levied by the exporting country, not already included in the value of your imports, should be indicated as an addition (+).

8.1 Correct for over- or under-valuation of imports received by subsidiaries and branches of foreign firms or by domestic firms from their foreign subsidiaries and branches. See note to item 3.1 above.

8.2 Add or subtract amounts necessary to raise or lower the valuation of goods imported on consignment to the price ultimately paid by the importer.

8.3 If your country values its imports at domestic prices and if these are subsidized or controlled, add the difference between the subsidized or controlled prices and those actually paid for imports.

8.4 Deduct discounts taken by your importers or reductions in value of imports that failed to meet specifications or arrived in damaged condition, unless such reductions are already made in the customs records. If the losses are borne by your importers or covered by insurance, contra-entries should be made in Table IX, item 14. If the simplified treatment of insurance is used (see Appendix to Table VI), do not deduct reductions in value covered by insurance.

9. See note to Item 4.

TABLE II(c). OTHER TRANSACTIONS IN MERCHANDISE

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	Credit (Receipts)	Debit (Payments)
MERCHANDISE TRANSACTIONS ABROAD		
1. Proceeds of sales; cost of goods sold		
2. Freight and insurance adjustment		
3. Adjusted proceeds and costs (1 minus 2) (Transfer to Table II, item 7)		
ADJUSTMENT FOR CHANGES IN STOCKS		
4. Changes in stocks of domestically-owned goods held abroad (4.1 plus 4.2)		
4.1 Originating in exports from your country (increase (-) or decrease (+))		
4.2 Of foreign origin (increase (+) or decrease (-))		
5. Changes in stocks of foreign-owned goods held in your country (5.1 plus 5.2)		
5.1 Originating in exports from your country (increase (+) or decrease (-))		
5.2 Of foreign origin (increase (-) or decrease (+))		
6. Total changes in stocks (4 plus 5) (Transfer to Table II, item 8)		

INSTRUCTIONS FOR TABLE II(c)

Item

1. Enter in the credit column sales in foreign countries of commodities bought abroad. Such sales should be entered as of the period in which they are credited on the books of the seller, rather than the period in which payment is received. The purpose is to show sales on a transaction basis. Any credit extended by the seller (i.e., post-payments), and any credit extended by the purchaser (i.e., pre-payments) should be recorded as a capital movement in Table XII or XIV.

   Enter in the debit column the cost of acquiring abroad the commodities covered by the transactions in the credit column, whether purchased in the current reporting period or at an earlier date. Include in these costs any foreign services involved, such as freight, storage and merchandising costs, and insurance premiums (less claims) paid to foreigners.

2. Enter as a credit any freight and insurance premiums accruing to residents which may be included in the receipts from sales in item 1. This item is deducted from item 1 to avoid duplication with Table V and VI.

3. The receipts and payments in this item are "matched" in the sense that they show the foreign proceeds and costs of transactions in the same commodities.

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INSTRUCTIONS FOR TABLE II(c) (contd)

Item

A net credit represents a profit on these transactions, and a net debit represents a loss. There will ordinarily be a discrepancy between the time of purchase and sale of these commodities. Such discrepancies are accounted for in item 4.2 (see note to that item).

4.
5. These items provide the data required to adjust merchandise exports (i.e., credit items) and imports (i.e., debit items) to a transactions basis. For example, a good which is exported, but not sold to foreigners, should be deducted from the export figures; it is accordingly entered with a negative sign in item 4.1. Exclude from the entries the types of goods not included in adjusted exports and imports, such as shipments to your country's armed forces abroad. Similarly, no adjustment is required for purchases and sales of food, military equipment, and surplus property which are added to recorded exports and imports in accordance with Table II(a) or included as Government transactions in Table VIII. Include in the valuation of the stocks all costs of transfer up to the point where the goods are located.

Item 4 covers changes in stocks of commodities held directly by residents of your country but located outside its customs territory and bonded warehouses (stored abroad, en route, or located in domestic territory outside customs, e.g., in free ports). Goods which, according to the bookkeeping of the resident concerned, are considered domestic property, should be included.

Item 5 covers changes in stocks of commodities owned by foreigners and held in your country (either inside your customs territory or in your bonded warehouses).

4.1 In the credit column, enter with a minus sign goods exported in the current period but not yet sold, and with a plus sign goods sold in the current reporting period but not yet recorded in Table II, item 1 as exports. For treatment of returned exports, see note to Table II(a), item 4.6.

4.2 In the debit column, enter with a plus sign goods bought abroad in the current reporting period but not yet recorded as imports in Table II, item 1, or as cost of goods sold in item 1 above; and with a minus sign goods bought before the current reporting period but recorded in the current period as imports in Table II, item 1, or as cost of goods sold in item 1 above.

5.1 In the credit column, enter with a plus sign goods sold to foreigners but not recorded in Table II, item 1, as exports in the current reporting period; and with a minus sign, goods exported in the current period but sold in an earlier period.

5.2 In the debit column, enter with a minus sign goods recorded in Table II, item 1, as imports in the current period, but not yet bought by residents; and with a plus sign goods bought from foreigners in the current period but recorded in Table II, item 1, as imports in a previous period. For treatment of returned imports, see note to Table II(a), item 3.5.

GENERAL NOTE TO TABLE III

This table, which records data on gold transactions, also shows the derivation of the nonmonetary gold movement.

Net gold transactions with foreigners are divided into monetary and nonmonetary. The monetary movement is represented by the change in the monetary gold holdings of your country, as reported in Table XIV. The nonmonetary movement is the difference between net gold transactions with foreigners and the monetary movement. This difference is the result of gold production or the movement of gold into or out of consumption within the country. Gold production or movement of gold out of consumption constitutes a balance of payments credit. Whether sold abroad or to the monetary authorities, it helps to increase international reserves of the reporting country in the same way as an export of goods and services. Movement of gold into consumption (i.e., into the arts, industrial use, mine inventories, or private hoards) acts on international reserves like an import of goods and services, and constitutes a balance of payments debit.

While item 9 (nonmonetary gold movement) is derived in Table III from item 7 (net gold transactions with foreigners) and item 8 (change in monetary gold holdings), it is also equal to item 10 (gold production) minus item 11 (net gold consumption). In order to show complete totals for production and consumption of gold, items 10 and 11 include gold output that is sold directly to private consumers or accumulated in mine inventories. Such transactions, however, give rise to equal entries in items 10 and 11 and cancel out when item 11 is deducted from item 10 in order to arrive at item 9.

Transactions should be shown throughout the table at the values at which they were actually carried out. Where book values or parity values are approximately equal to transaction values, they may be used if entries can be made more conveniently on that basis; in such cases a note describing the basis of valuation should be attached.

The following table illustrates the way in which the various types of gold transactions are treated in both item 2 and item 15 of Table I. The domestic transactions involve two entries, a credit and a debit, whereas the transactions with foreign countries involve only one entry, the other being included elsewhere in the accounts.

GOLD TRANSACTIONS	ITEM NUMBERS IN TABLE I
Domestic production sold to	
Private sector	No entry
Official	Item 2 credit; item 15 increase in assets (debit)
Foreign countries	Item 2 credit
Existing gold sold by	
Private sector to	
Private sector	No entry
Official sector	Item 2 credit; item 15 increase in assets (debit)
Foreign countries	Item 2 credit
Official sector to	
Private sector	Item 15 decrease in assets (credit); item 2 debit
Official sector	No entry
Foreign countries	Item 15 decrease in assets (credit)
Foreign countries to	
Private sector	Item 2 debit
Official sector	Item 15 increase in assets (debit)

TABLE III. GOLD TRANSACTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $..................... per.....................

Item	In Thousands of Fine Ounces	Value
FOREIGN TRANSACTIONS		
1. Exports (1.1 plus 1.2)		
1.1 Gold coin and bullion		
1.2 Unrefined and partly worked gold		
2. Other outward movements (2.1 plus 2.2)		
2.1 Withdrawals from gold earmarked abroad		
2.2 Additions to gold earmarked at home		
3. Total outward movements (1 plus 2)		
4. Imports (4.1 plus 4.2)		
4.1 Gold coin and bullion		
4.2 Unrefined and partly-worked gold		
5. Other inward movements (5.1 plus 5.2)		
5.1 Additions to gold earmarked abroad		
5.2 Withdrawals from gold earmarked at home		
6. Total inward movements (4 plus 5)		
7. Net foreign transactions: gold outflow or inflow (-) (3 minus 6)		
CHANGE IN MONETARY GOLD HOLDINGS		
8. Increase or decrease (-)		
NONMONETARY GOLD MOVEMENT		
9. Total (7 plus 8) (Transfer to Table I, item 2)		
10. Gold production		
11. Net gold consumption (10 minus 9)		
11.1 Inflow into or return from (-) industry and arts		
11.2 Increase or decrease (-) in mine inventories		
11.3 Increase or decrease (-) in private hoards		

INSTRUCTIONS FOR TABLE III

Item	
1.2	Unrefined gold should include gold mixed with other metals (e.g., in copper bars), gold content of scrap and sweepings, gold concentrates, and recoverable content of ores. The gold content and frequently also the price paid per ounce, e.g., in the case of mixed ores, will have to be estimated. Partly-worked gold should include plate, sheet, wire, and other gold products in which the value of the gold is 80 per cent or more of the total value.
2.1	Enter all withdrawals from gold earmarked for your account abroad.
2.2	Enter all transactions in which gold is earmarked for foreign account in your country (including earmarkings for the International Monetary Fund and the International Bank).
4.	The restitution of looted gold should be excluded from this item and item 8.
4.2	See note to item 1.2.
5.1	Enter all transactions in which gold is earmarked for your account abroad.
5.2	Enter all withdrawals from gold earmarked for foreign account in your country (including withdrawals by the International Monetary Fund and the International Bank).
8.	The entries here should be the same as those in Table XIV, item 14, column 15. This item excludes (a) gains or losses resulting from revaluations of gold holdings, and (b) restitution of looted gold.
9.	If this item is positive, enter it as a net credit in Table I, item 2; if negative, enter it as a net debit.
10.	Include gold content of other ores. Instead of mine output, gold sales by the mines may be reported if data on them are more accurate or more readily available. See notes to items 11.2 and 11.3.
11.2	This item should include changes in mine inventories unless gold sales by the mines, instead of mine output, are entered in item 10.
11.3	This entry is item 11 minus the total of items 11.1 and 11.2. If net consumption excludes changes in mine inventories, i.e., if gold sales from the mines instead of mine production are reported under item 10, item 11.3 will equal item 11 minus item 11.1.

TABLE IV. FOREIGN TRAVEL

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $..................... per......................

Item	Credit (Receipts)	Debit (Payments)
1. Tourists		
2. Business travelers		
3. Students		
4. Government officials		
5. Others		
6. Total (1 through 5) (Transfer to Table I, item 3)		
(Alternative classification, if any)		
________________		
________________		
________________		
________________		
________________		

INSTRUCTIONS FOR TABLE IV

In this table record as a credit (receipt) all expenditures of foreigners visiting your country, including their payments for transportation within your country. (Receipts by domestic transportation companies for transport of persons outside the territory of your country are to be entered in Table V rather than here.) Record as a debit all payments to foreigners by residents of your country traveling outside the domestic territory, excluding passenger fares and shipboard expenses paid to ships and aircraft in international service, which are entered in Table V.

If a breakdown between tourists, business travelers, students, government officials, and other travelers cannot be obtained, the receipts and payments may be classified according to other criteria which are significant from the point of view of your country, e.g., between border traffic and other traffic or between motor, railway, and other traffic.

If the amounts paid to foreign-operated ships and aircraft (Table V, item 7.1) cannot be separated from other travel expenditures, include the total in this table and indicate that fact in the accompanying notes.

GENERAL NOTE TO TABLE V

Since import data (Table II) are not always available on an f.o.b. basis, the transportation and insurance accounts have been given alternative definitions corresponding to the f.o.b. and c.i.f. valuation bases for imports. In Table I merchandise, transportation, and insurance transactions should be shown on the same basis. An X in the following tabulation indicates the various types of transportation transactions included on each basis:

	F.o.b. Basis		C.i.f. Basis	
	Credit	Debit	Credit	Debit
Freight on exports				
Received by residents	X		X	
Freight on imports				
Paid to residents			X	
Paid to foreigners		X		
Freight on other traffic abroad, including cross-trade				
Received by residents	X		X	
Freight on transit traffic				
Received by residents	X		X	
Freight on other domestic traffic				
Paid to foreigners		X		X

With respect to transactions in connection with ocean shipping, data corresponding to both valuation bases are required in the Supplement to Table I.

If the railway system of your country extends beyond your frontiers, its transactions outside your territory should ordinarily be shown in the transportation account. However, if the foreign lines constitute separate corporations (subsidiaries) or accounting units (branches), the net of their current receipts and expenditures should be entered as investment income in item 1 of Table VII. In any case, the immovable transportation facilities abroad should be treated as foreign investments.

In the following notes, exports and imports refer to the adjusted data as entered in item 1.1 of Table I.

TABLE V. TRANSPORTATION

A. RECEIPTS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Vessels		Aircraft	Rail	Road	Unclassified	Total
	Ocean	Other					
RECEIPTS							
1. Gross freight (1.1 through 1.3)							
1.1 On imports							
1.2 On exports (Include in Table I, item 4.1) .							
1.3 Other (Include in Table I, item 4.1)							
2. Passenger fares (2.1 plus 2.2) (Include in Table I, item 4.2)							
2.1 International traffic							
2.2 Other							
3. Port disbursements (3.1 plus 3.2) (Include in Table I, item 4.2)							
3.1 Repairs							
3.2 Other							
4. Miscellaneous (4.1 plus 4.2) (Include in Table I, item 4.2)							
4.1 Charter hire							
4.2 Other							
5. Totals							
5.1 C.i.f. basis (1 through 4)							
5.2 F.o.b. basis (5.1 minus 1.1)							

INSTRUCTIONS FOR TABLE V

Item

1. Include here gross freight payments received by domestically-operated carriers from both residents and foreigners, to the extent indicated in the notes to the sub-items.

1.1 Freight on imports paid to domestically-operated carriers should be entered here. Freight charges accrued after customs declaration should be excluded. This item is equal to Table II, item 3.1.

1.2 Freight on exports paid to domestically-operated carriers should be entered here. Freight receipts for transport within the territory of your country should be excluded. The cost of transportation services rendered to foreigners by your country without receiving payment from foreigners should be included with a contra-entry in Table X.

1.3 This item should include freight payments received by domestically-operated carriers from residents and foreigners in cross trade (i.e., between any two foreign countries), transit traffic within your country, foreign coastal traffic, and other traffic within foreign territory. If freights earned in foreign coastal traffic or within the territory of foreign countries are large, they should be shown separately in an appendix to this table in order to facilitate studies of freight on international (as opposed to intranational) movement of goods. For treatment of transportation services rendered without receiving payment, see note to item 1.2.

2. The items in this group should include passenger fares and payment for shipboard and similar expenses received from foreigners by domestically-operated carriers. See note to item 11.

2.1 Include in this item payments received from foreigners by domestically-operated ships and aircraft in international service.

2.2 Include here payments received for services rendered by domestically-operated carriers in foreign coastal traffic or within territories of foreign countries.

3. These items should cover disbursements by foreign-operated carriers within your country.

3.1 Exclude conversions and reconversions of foreign ships and aircraft which should be entered under Table II(a), item 1.6

3.2 Include such items as fuel, ships' stores and similar supplies, harbor fees, dues, and expenditures of crews.

4.1 This item should cover receipts on account of charter hire of domestically-owned carriers to foreign operators.

4.2 This item may include, e.g., transit charges (other than freight for foreign goods) not included in other items (cost of loading or unloading, etc.), although these will, in most cases, be covered by item 3.2, and mail fees earned by domestically-operated carriers.

5.1 This is the total of transportation receipts appropriate to imports valued c.i.f. in Table I.

5.2 This is the total of transportation receipts appropriate to imports valued f.o.b. in Table I.

TABLE V. TRANSPORTATION

B. PAYMENTS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Vessels: Ocean	Vessels: Other	Aircraft	Rail	Road	Unclassified	Total
PAYMENTS							
6. Gross freight (6.1 plus 6.2) (Transfer to Table I, item 4.1)							
6.1 On imports							
6.2 Other							
7. Passenger fares (7.1 plus 7.2) (Include in Table I, item 4.2)							
7.1 International traffic							
7.2 Other							
8. Port disbursements (8.1 plus 8.2) (Include in Table I, item 4.2)							
8.1 Repairs							
8.2 Other							
9. Miscellaneous (9.1 plus 9.2) (Include in Table I, item 4.2)							
9.1 Charter hire							
9.2 Other							
10. Totals							
10.1 F.o.b. basis (6 through 9)							
10.2 C.i.f. basis (10.1 minus 6.1)							
11. Memorandum item: passenger fares received from residents							

Item

6.1 This item is equal to Table II, item 3.2

Include any foreign costs of transport accrued after shipment from the exporting country such as freight paid to foreign-operated carriers or costs of trans-shipment. Exclude costs accrued after customs declaration in your country. The value of transportation services received from foreigners without payment should be included with a contra-entry in Table X.

6.2 Enter here payments to foreign-operated carriers for freight transport services rendered in domestic coastal traffic or within the territory of your country.

7. Passenger fares and shipboard and similar expenses paid by residents to foreign-operated carriers should be included here.

7.1 If the amounts paid to foreign-operated ships and aircraft cannot be separated from travel expenditures, include them in Table IV instead of in this item.

7.2 Payment to foreign-operated carriers for services rendered in domestic coastal traffic or within the territory of your country should be included here.

8. This item should cover disbursements abroad by domestically-operated carriers.

8.1 Repairs should exclude conversions and reconversions of ships and aircraft which should also be entered under Table II(a), item 2.5.

8.2 Include payments for such items as fuel, ships' stores, and similar supplies, harbor fees, dues, and expenditures of crews. Wages paid to foreign crews and transferred to the country in which the sailor is a resident should be entered under Table IX, item 1.1.

9.1 Payments on account of charter hire or rent of foreign-owned carriers by domestic operators are to be entered here.

9.2 Include, among other things, mail fees paid to foreign-operated carriers.

10.1 This is the total of transportation payments appropriate to imports valued f.o.b. in Table I.

10.2 This is the total of transportation payments appropriate to imports valued c.i.f. in Table I.

11. Passenger fares and shipboard expenses paid by residents to domestically-operated carriers in connection with travel beyond the borders of your country are to be included here. This information is required to yield total receipts of your country from international transportation, whether from domestic or foreign sources. If the system applied in estimating travel expenditures necessitates the inclusion in the travel account of payments made to domestically-operated carriers (ships, aircraft, buses, etc.) in connection with travel beyond the borders of the reporting country, such domestic transactions will have to be offset under item 2, while item 11 will have to be left blank. If so, indicate that fact.

TABLE VI. INSURANCE PREMIUMS AND CLAIMS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $............ per............

Item	Credit (Receipts)	Debit (Payments)
INSURANCE ON ACCOUNT OF INTERNATIONAL TRANSPORT OF GOODS (EXCLUDING REINSURANCE)		
1. Premiums (1.1 through 1.3)		
1.1 On imports		
1.2 On exports		
1.3 Other		
2. Claims payments (2.1 through 2.3)		
2.1 On imports		
2.2 On exports		
2.3 Other		
3. Totals		
3.1 F.o.b. basis		
3.2 C.i.f. basis		
OTHER INSURANCE (INCLUDING REINSURANCE OF INTERNATIONAL TRANSPORT OF GOODS)		
4. Premiums (4.1 plus 4.2)		
4.1 Reinsurance		
4.2 Other insurance		
5. Claims (5.1 plus 5.2)		
5.1 Reinsurance		
5.2 Other insurance		
6. Total (4 plus 5)		
7. Grand totals		
7.1 F.o.b. basis (3.1 plus 6) (Transfer to Table I, item 5; cf. instructions)		
7.2 C.i.f. basis (3.2 plus 6)		

INSTRUCTIONS FOR TABLE VI

This table covers payments of insurance premiums and claims between residents and foreigners. In accordance with the definition of resident followed in this Manual, transactions of residents with domestic branches and subsidiaries of foreign insurance companies should be excluded, but transactions of residents with domestic agents of foreign insurance companies should be included, and conversely for domestic insurance companies. Reinsurance transactions between branches or subsidiaries and parent companies should be included, but income from investment and capital movements should be excluded.

The treatment of insurance premiums on account of international transport of goods is parallel to the treatment of freight. See General Note to Table V.

Item

1. See Appendix to this Table.

1.1 Enter as a credit insurance premiums paid to domestic insurance companies by residents and foreigners. Enter as a debit insurance premiums paid to foreigners on imports insured abroad whether this payment was made directly to the foreign insurance company or indirectly as a part of the payment to the foreign exporter for the goods imported.

1.2 Enter as a credit premiums received by domestic insurance companies from residents and foreigners. Only premiums received for bearing transportation risks outside your territory should be included here.

1.3 The credit entry consists (a) of premiums received from foreigners in connection with international shipments other than exports and imports of your country, and (b) of premiums received from residents in connection with merchandise transactions abroad.
Premiums paid by residents to foreigners on account of merchandise transactions abroad should not be included since they are regarded as being made on behalf of the foreign purchaser.

2. See Appendix to this Table and note on Table IX, item 14.

2.1, 2.2 Enter as a credit claims paid by foreign companies to residents; enter as a debit claims paid by domestic companies to foreigners.

2.3 Enter as a debit claims paid by domestic insurance companies to foreigners. Insurance claims paid to residents by foreign companies are excluded in order to avoid duplication with Table II(c).

3.1 If imports are recorded f.o.b. in Table I, enter as a credit the sum of items 1.2, 1.3, and 2; and enter as a debit the sum of items 1 and 2.

3.2 If imports are recorded c.i.f. in Table I, enter as a credit the sum of items 1 and 2; and enter as a debit item 2.

4., 5. These items should include premiums received from or paid to foreigners, and claims payments received from or made to foreigners.

Part of life insurance premiums and claims payments represent capital investments and disinvestments, respectively. These transactions, therefore, bring about a change in the debtor-creditor position of the reporting country which, in principle, should be registered in the capital account. It has been considered, however, that the amount of life insurance directly contracted by residents of

(continued on page 42)

Item

one country with foreign insurance companies is negligible since the bulk of international life insurance is undertaken through foreign subsidiaries and branches which are considered residents of the country where they are located. If, in exceptional cases, it is known that the life insurance transactions of the reporting country reflect considerable capital movements, details of such movements should be given in comments on the table.

7.1 Transfer to Table I, item 5 if imports in Table I are valued f.o.b.

7.2 Transfer to Table I, item 5 if imports in Table I are valued c.i.f.

APPENDIX TO TABLE VI

SIMPLIFIED TREATMENT OF INSURANCE PREMIUMS AND CLAIMS ON ACCOUNT OF INTERNATIONAL TRANSPORTATION OF GOODS

PREMIUMS

In some cases it may be difficult to ascertain the extent to which imports are insured abroad and to obtain the necessary classification of the premium receipts of domestic insurance companies on account of international transportation of goods. For such cases the following simplified treatment is recommended.

Where imports are valued f.o.b. in Table I, enter under Table VI, item 1 on a net basis the difference between all premiums received by domestic insurance companies from residents and foreigners on account of international transportation of goods (credit) and all premiums paid on imports, whether insured in your country or abroad (debit). The credit item can probably be reported and the debit item estimated without too great difficulty. Where imports are valued c.i.f. rather than f.o.b., enter only the credit item as already indicated in Table VI.

CLAIMS

Information on insurance claims paid by foreign insurance companies to residents and the necessary classification of the claims payments of domestic companies may be difficult to obtain. In such cases the following simplified treatment is recommended. It can be used independently of the valuation principle used in recording merchandise.

Make no credit entry under item 2, but enter as debits any claims paid by domestic insurance companies to residents and foreigners on account of international transportation of goods.

This simplification is permissible assuming the following further modifications are made:

(1) Table IX, item 14 should include only that part of the financial losses arising out of loss and damage to goods in international trade which is not covered by insurance. (See note to that item.)

(2) Theoretically, insurance claims paid by domestic companies to residents on account of damage to goods (as distinct from total loss) in international trade other than exports and imports should be deducted in the entry in Table II(c), item 2 (the insurance element in that item should read "premiums less claims").

Usually both (1) and (2) will be negligible and need not be estimated. In any case the entry for uninsured financial losses under Table IX, item 14, will probably be less difficult to estimate than the total losses, whether or not covered by insurance, called for in the full version of Table IX, item 14.

The methods described above are inadequate for a bilateral classification of the insurance transactions. However, the item of insurance on account of international transportation of goods is so small that the error involved even in the bilateral statements will normally be negligible. Wherever this is the case, the simplified treatment is acceptable.

TABLE VII. INTERNATIONAL INVESTMENT INCOME

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	Credit (Receipts)	Debit (Payments)
1. Direct investment* (1.1 through 1.5)(Transfer to Table I, item 6.1).		
1.1 Interest from subsidiaries		
1.2 Dividends from subsidiaries		
1.3 Undistributed profits of subsidiaries		
1.4 Profits of branches.		
1.5 Other		
2. IMF and IBRD (2.1 plus 2.2) (Include in Table I, item 6.2)		
2.1 Charges on IMF advances		
2.2 Interest on IBRD loans* and obligations		
3. Other creditor capital* (3.1 through 3.4) (Include in Table I, item 6.2)		
3.1 Interest on intergovernment loans		
3.2 Interest on other Government obligations*		
3.3 Interest on other portfolio securities*.		
3.4 Other interest		
4. Other equity capital* (4.1 plus 4.2) (Transfer to Table I, item 6.3)		
4.1 Dividends on portfolio securities*.		
4.2 Other income		
5. Total (1 through 4)		

* For definition, see Introductory Note to Tables XI through XIV.

INSTRUCTIONS FOR TABLE VII

The entries in this table should be net of taxes paid to the country in which the asset is situated, and should exclude stock dividends or bonus shares since these do not represent income paid out.

Many countries in which direct investment by foreigners is substantial have no records of the investment income involved. In these cases, it is recommended that the indirect method of estimation, described in Table B5 of Appendix B, be used.

See further Introductory Note to Tables XI through XIV.

Item

1. Undistributed profits, and interest and dividends due but not transferred, should be balanced by a contra-entry in the capital account.

1.1 Include interest due but not remitted.

1.2 Include dividends due but not remitted.

1.3 Include net undistributed profits to the extent that the stock is held in your country (if creditor) or outside your country (if debtor). Undistributed profits are earnings (after interest and local taxes) during the reporting period that are not paid out as dividends. A stock dividend does not represent income paid out. For contra-entries in the capital account see Introductory Note to Tables XI through XIV.

2.1 This item should include primarily charges levied by the International Monetary Fund under Article V, Section 8(c) of the Fund Agreement. Service charges and handling charges made under Article V, Section 8(a) and 8(b) should also be included.

2.2 Enter as a credit interest received on obligations of the International Bank for Reconstruction and Development; enter as a debit interest paid on IBRD loans.

3.2, 3.3 Include discounts.

3.4 Include bank advances and overdrafts and advances by insurance companies to policy holders.

4. Income from a partnership derived from invested capital (e.g., in the case of a "sleeping partner") should be entered here. Income derived from a partnership in return for services rendered by a partner should be entered in Table IX, item 5; in doubtful cases, include all partnership income in that item.

4.1 Do <u>not</u> include stock dividends or bonus shares.

4.2 Include net income from noncommercial real estate.

TABLE VIII. GOVERNMENT TRANSACTIONS
(not included elsewhere)

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $............ per............

Item	Credit (Receipts)	Debit (Payments)
1. Receipts and expenditures of your Government (1.1 through 1.7)		
1.1 Diplomatic, etc., expenditures		
1.2 Contributions to international agencies		
1.3 Pensions		
1.4 Payments to or from nonmetropolitan areas		
1.5 Military expenditures		
1.6 Surplus property		
1.7 Other		
2. Receipts from or payments to other Governments (2.1 through 2.5)		
2.1 Foreign diplomatic etc., expenditures		
2.2 Expenditures by international agencies		
2.3 Pensions		
2.4 Foreign military expenditures		
2.5 Other		
3. Grand total (1 plus 2)		
3.1 Military expenditures and surplus property (1.5 plus 1.6 plus 2.4) (Transfer to Table I, item 7.1)		
3.2 Other (3 minus 3.1) (Transfer to Table I, item 7.2)		

INSTRUCTIONS FOR TABLE VIII

As indicated by the title, this table is to cover only those transactions not appropriate to other tables in the schedule. It excludes, for example, ordinary government imports and exports (Table II), interest on government debt (Table VII), grants and reparations (Table X), and government capital transactions (Tables XIII and XIV).

The first part of the table covers receipts and expenditures of your Government only; the second part covers transactions between foreign Governments and residents of your country but not your Government. Items covering expenditures by your Government abroad should include all payments to international agencies for administrative purposes, regardless of where the agencies are located--that is, whether they are located abroad or in your country. Items covering expenditures by foreign Governments in your country should include administrative expenditures in your country by international agencies. This is a consequence of the treatment of international agencies as international areas outside national boundaries and not as residents of the countries in which they are located.

Item

1.1 Diplomatic, consular, and similar expenditures abroad are covered by this item. Official travel expenditures, including transportation fares, should be excluded and entered in Tables IV and V.

1.2 This item covers contributions to international agencies for administrative purposes. The quota subscriptions, and charges or interest paid to the International Monetary Fund and to the International Bank for Reconstruction and Development, are not to be included here since they are included in Tables XIII and VII, respectively.

1.3 Enter as a credit contributions by foreigners to your Government pension funds. Enter as a debit pensions paid by your Government to foreigners. Under the definition of resident adopted in this schedule, members of your country's diplomatic or consular staff abroad are considered residents of your country rather than of the country to which accredited.

1.4 This item includes receipts by your country from its colonies (credit item), and contributions by your country to its colonies (debit item), if they are in payment for services rendered. If they represent grants, they should be entered in Table X, item 7. If your country is a non-metropolitan area, this item should read "Pavments to or from metropolitan area".

1.5 Enter as a credit receipts of your Government from foreign military forces stationed in your country, such as receipts from leases of naval and other strategic bases as well as receipts from sales of food and equipment consumed in your country. If such goods are shipped abroad, they should be entered in Table II(a), item 1.9.

Enter as a debit expenditures of your country's military forces stationed abroad, such as payments for leases of naval or other strategic bases, as well as expenditures for purchases of food and equipment consumed in the country of purchase. If such goods are consumed by your military forces outside the country of purchase, they should be entered in Table II(a), item 2.8; if they are sold or given away, they should be entered in Table II(c), item 1. Include under debits any local currency made available to and spent by your troops abroad.

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TABLE VIII
(REPEATED)

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Credit (Receipts)	Debit (Payments)
1. Receipts and expenditures of your Government (1.1 through 1.7)		
1.1 Diplomatic, etc., expenditures		
1.2 Contributions to international agencies		
1.3 Pensions		
1.4 Payments to or from nonmetropolitan areas		
1.5 Military expenditures		
1.6 Surplus property		
1.7 Other		
2. Receipts from or payments to other Governments (2.1 through 2.5)		
2.1 Foreign diplomatic etc., expenditures		
2.2 Expenditures by international agencies		
2.3 Pensions		
2.4 Foreign military expenditures		
2.5 Other		
3. Grand total (1 plus 2)		
3.1 Military expenditures and surplus property (1.5 plus 1.6 plus 2.4) (Transfer to Table I, item 7.1)		
3.2 Other (3 minus 3.1) (Transfer to Table I, item 7.2)		

INSTRUCTIONS FOR TABLE VIII(contd)

Item

1.6 Acquisition by purchase or gift of foreign surplus property in the form of merchandise (blankets, medical supplies, ships, etc.), whether located in your country or abroad, is considered equivalent to current merchandise imports and should be entered as a debit in Table II, item 1, rather than here. See note to Table II(a), item 2.8. Acquisition of foreign surplus property other than merchandise (e.g., military installations) should, however, be entered as a debit here; and all disposal of your surplus property, whether (a) merchandise or not, (b) located abroad or in your country, or (c) sold or given by your Government to foreigners, should be entered as a credit here. Exports from your country of such surplus property should be excluded from Table II. The disposal of this war-accumulated property is not considered similar to merchandise exports from current production. See note to Table II(a), item 3.7.

1.7 This item includes fees (consular invoice fees, visas, etc.) received by your Government agencies abroad. It may also include certain taxes or tax refunds such as income taxes paid by a person, while abroad, to his country of permanent domicile. (Such person may be regarded, for balance of payments purposes, as a resident of the country of transitory residence even though, for taxation purposes, his country of permanent domicile considers him a resident.) Tax disbursements arising from international taxation agreements should be included here. Tax payments on income from foreign investment should not be included since such income is recorded net of tax in Table VII. Exclude settlements on account of post, telegraph, telephone, and radio that are entered in Table IX, item 6.

2.1 Expenditures in your country by foreign Governments for diplomatic, consular, and similar purposes should be entered here. Official travel expenditures, including transportation fares, should be excluded; see note to item 1.1.

2.2 This item covers administrative expenditures in your country by international agencies.

2.3 The credit item here includes pensions received by residents of your country from foreign Governments; the debit item includes contributions by residents of your country to Government pension funds abroad, including those to international agencies. As in item 1.3 above, members of your country's diplomatic or consular staff abroad are considered residents of your country.

2.4 This item covers military expenditures in your country made by foreign Governments other than the payments made to your Government. See note to item 1.5 (debit).

2.5 See note to item 1.7.

TABLE IX. MISCELLANEOUS SERVICES

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Credit (Receipts)	Debit (Payments)
1. Personal services (1.1 plus 1.2)		
1.1 Workers' earnings		
1.2 Other personal services		
2. Pensions		
3. Management fees, etc.		
4. Brokerage fees, etc. (4.1 plus 4.2)		
4.1 Underwriters' commissions		
4.2 Other		
5. Profits or losses on business activity abroad		
6. Communications		
7. Advertising		
8. Subscriptions to press		
9. Copyrights		
10. Film rental		
11. Patent royalties		
12. Other rentals and royalties		
13. Lottery tickets and prizes		
14. Other items (indicate nature)		
____________________		
____________________		
____________________		
____________________		
15. Total (items 1 through 14) (Transfer to Table I, item 8)		

INSTRUCTIONS FOR TABLE IX

In addition to the miscellaneous services specified, this table is designed to record any other transactions in goods and services that do not fit into the preceding tables or, for statistical reasons, cannot be classified elsewhere. Those miscellaneous current transactions that are mixed in character but are believed to consist predominantly of donations should be included in Table X rather than here.

Item

1.1 Enter as a credit earnings of residents working abroad, and as a debit earnings of foreigners working in your country or on domestically-operated carriers (see note to Table V, item 8.2). In principle, the entries should cover gross earnings (less taxes) with separate entries under item 5 of Table IV for expenditures by the worker in the country of his employment. For statistical reasons, however, the entries will normally cover earnings net of these expenditures.

1.2 This item covers earnings for services, e.g., those of a professional character, performed by residents of your country for foreigners (credit item) or by foreigners for residents of your country (debit item), without the movement of the worker into or out of the reporting country. It excludes services recorded elsewhere, such as those to travelers in Table IV.

2. This item includes pensions received from, or contributions to, private pension funds. It does not include premium payments on annuity policies or the payment of annuities, which are to be entered in the insurance account, Table VI.

3. Include here management fees and reimbursements for home office expenses received from branches and subsidiaries outside your country (credit item); and such fees and reimbursements paid to the parent organization abroad by branches and subsidiaries located in your country (debit item).

4.1 Enter as a credit commissions on underwriting foreign securities in your country, and as a debit commissions on underwriting domestic securities abroad. Show the gross capital movement in Tables XI and XIII. This item does not refer to insurance underwritings.

4.2 Exclude commissions from transport services already covered in Table V.

5. Include here profits (credit item) or losses (debit item) on business activity abroad which are not included elsewhere. As in Table VII, profits should be net of income tax paid to foreign Governments. Profits and losses from merchandise transactions abroad are recorded in Table II(c) and those from dealings in foreign security markets appear in Tables XI and XIII through statistical necessity, and therefore should not be included here. See note to Table VII, item 4, for treatment of partnership income.

6. This item covers international settlements on account of post, telegraph, telephone, and radio. It should exclude both profits on direct investments, which should appear in Table VII, and direct payments to transportation companies by Governments (e.g., for mail), which should appear in Table V.

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TABLE IX.
(REPEATED)

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Credit (Receipts)	Debit (Payments)
1. Personal services (1.1 plus 1.2)		
1.1 Workers' earnings		
1.2 Other personal services		
2. Pensions		
3. Management fees, etc.		
4. Brokerage fees, etc. (4.1 plus 4.2)		
4.1 Underwriters' commissions		
4.2 Other		
5. Profits or losses on business activity abroad		
6. Communications		
7. Advertising		
8. Subscriptions to press		
9. Copyrights		
10. Film rental		
11. Patent royalties		
12. Other rentals and royalties		
13. Lottery tickets and prizes		
14. Other items (indicate nature)		
____________________		
____________________		
____________________		
____________________		
15. Total (items 1 through 14) (Transfer to Table I, item 8).		

Item

8. Exclude any publications included in Table II.

10. Include here rentals on exposed motion picture film not bought by the importing country; to avoid double counting this item should be excluded from Table II. See particularly Table II(a), items 3.4 and 4.4.

14. In addition to unclassified transactions in goods and services, include here also as a debit any financial losses sustained by residents on account of damage to or loss of goods in international merchandise transactions. These losses, whether or not covered by insurance, should be entered here unless the modified treatment of insurance claims described in the instructions to Table VI has been followed, in which case no entry will be required.

If goods shipped to the reporting country are lost en route after the domestic importer has acquired title to them, he may have to bear the loss. This may be covered wholly or partly by insurance, but in either event he presumably has paid, or will have to pay, to the foreign exporter the full invoice value of the goods lost. Consequently, recorded imports will understate payments made to foreign exporters by the value of these goods. Similarly, the value entered for imports arriving in damaged condition may understate the amounts paid to the foreign exporter. See the adjustment called for in Table II(b), item 8.4.

Conversely, the value of recorded exports will overstate payments received for exports from foreign importers by the damage to and loss of goods exported borne by the domestic exporter.

An adjustment is therefore required for the loss of and damage to exports (negative credit entry) and imports (debit entry) borne by the domestic exporter or importer whether or not covered by insurance. This adjustment consists of three elements: (a) the part of the losses covered by a foreign insurance company, (b) the part covered by domestic insurance companies, and (c) the residual losses borne by the domestic importers and exporters.

A similar adjustment is required for Merchandise Transactions Abroad, entered in Table II(c). As items 1 to 3 in that table are defined, the losses on account of damage are reflected in the figures for purchases and sales, while no entry is provided for the cost of goods totally lost. The claims payments made by foreign insurance companies on account of such losses are not entered in the balance of payments, since the appropriate item (Table VI, item 2.3) does not call for their insertion; the part of the losses covered in this way may therefore be similarly omitted. Accordingly in this case the adjustment should represent that portion of the value of goods lost which is covered by (a) domestic insurance companies, or (b) ultimately by the residents buying the goods.

If the modified treatment of insurance claims outlined in the Appendix to Table VI is followed, the adjustment called for under item 14 is equal to

(1) loss of and damage to exports and imports borne by domestic exporters and importers and not covered by insurance, plus

(2) loss of goods in international trade other than exports and imports sustained by residents and not covered by insurance,

Both of these items ordinarily will be negligible.

This treatment is made possible by canceling out the credit entry under Table VI, item 2 for claims payments made by foreign insurance companies to residents against the debit entry under this item for the financial losses they cover, and by moving the part of the financial losses which is covered by domestic insurance companies to Table VI.

TABLE X. DONATIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Credit (Receipts)	Debit (Payments)
PRIVATE		
1. Personal remittances (1.1 plus 1.2) (Include in Table I, item 9.1)		
1.1 In cash		
1.2 Other		
2. Institutional remittances (2.1 plus 2.2) (Include in Table I, item 9.1)		
2.1 In cash		
2.2 Other		
3. Legacies, etc. (Include in Table I, item 9.2)		
4. Migrants' transfers (4.1 through 4.4) (Include in Table I, item 9.2)		
4.1 Goods		
4.2 Currency and coin		
4.3 Other short-term assets		
4.4 Long-term assets		
5. Total (1 through 4)		
OFFICIAL		
6. Reparations (6.1 through 6.4) (Transfer to Table I, item 9.3)		
6.1 Goods		
6.2 Services		
6.3 Securities		
6.4 Cash		
7. Grants (7.1 through 7.3) (Transfer to Table I, item 9.4)		
7.1 Goods		
7.2 Services		
7.3 Cash		
8. Total (6 plus 7)		
9. Total donations (5 plus 8)		

INSTRUCTIONS FOR TABLE X

This table groups together the counterparts of transactions involving no quid pro quo (see UNDERLYING PRINCIPLES, section 2). They include gifts, reparations, and migrant transfers. Reparations are a type of compulsory donation. Migrant transfers, as explained more fully in the note to item 4 below, are in effect an automatic donation from the migrant in his capacity as a foreigner to the migrant in his capacity as a resident of the reporting country (or vice versa).

The transactions are divided into two groups, private and official. The latter group covers donations extended by your official institutions (debit) and donations received by residents of your country from international agencies and other foreign official institutions (credit).

Item

1. Include here only remittances between individuals, entering as a credit those received in your country from emigrants and other foreigners, and as a debit remittances abroad by immigrants and other residents. Remittances between individuals and institutions should be included in item 2. Do not include remittances that are for the remitter's own account since these change the assets or liabilities of the reporting country and should be reported in Tables XI or XII.

2. Include remittances between institutions and between institutions and individuals. The item covers missionary, educational, and other benevolent contributions.

3. Include transfers of items arising from legacies, bequests, inheritances, dowries, and the like.

4. These items are the counterpart of the international transfer of property that automatically occurs when a person with property changes his residence from one country to another. The entire property of the migrant, whether located in the country he leaves or in other countries, is involved in this transfer. The transfer of assets and liabilities from one country to another occurs even though the property is not moved. The property includes goods (e.g., personal and household belongings), currency and coin, other short-term assets, and long-term assets (e.g., titles to investments). The shift of the property itself from foreign to domestic ownership will be shown in Table II if it is merchandise and in Tables XI and XII if it is capital; but the counterpart of this shift--i.e., the migrant's transfer--should be entered here. Enter as a credit item all such transfers to your country (i.e., the country of immigration) from other countries; enter as a debit item all such transfers from your country (i.e., the country of emigration) to other countries.

6. Restitutions should not be included with reparations. If sizable, they should be shown in a footnote.

6.2 Services consist mainly of freight. The contra-entry to freight on exports will appear in Table V; the freight on imports will appear in Table V if imports are recorded f.o.b., and in Table II if they are recorded c.i.f.

6.3 This item covers reparations paid by transfer of titles to investments.

7. Enter the total of grants received from foreign official institutions (credit) and extended by your official institutions (debit). They should be listed separately in Supplement A to Table I. Govern-

(continued on page 56)

Item

ment receipts and payments between metropolitan areas and colonies should be included here if they are grants and in Table VIII, item 1.4, if they represent services rendered. Repayments for goods and services originally received as grants should be entered as "reverse donations"; repayments made by your country as debits, repayments received by your country as credits. OEEC countries should include as credits all ECA aid received and utilization of drawing rights received from other OEEC countries; and as debits utilization of drawing rights extended to other OEEC countries and the 5 per cent segment of counterpart funds earmarked for administrative and certain other expenditures by the United States.

7.1 Include not only goods imported and exported but also gifts of surplus property. The contra-entries will appear in Table II, or Table VIII; see instructions to those tables.

7.2 See note to item 6.2.

GENERAL NOTE TO TABLES XI THROUGH XIV
(also applicable to Table VII)

Tables XI and XIII show long-term capital movements in the form of transactions. Tables XII and XIV record short-term movements in the form of increases or decreases in assets and liabilities since the last return. Increases in your assets and decreases in your liabilities are debits, reflecting an outflow of capital; decreases in your assets and increases in your liabilities are credits, reflecting an inflow of capital.

DEFINITIONS

The following definitions are intended to give general indications of the scope of the terminology used in these tables. They will have to be interpreted in terms of the institutional organization of investment in each country.

Long-term investments: Those without maturity (e.g. shares) or those maturing more than 12 months after the obligation was incurred; also short-term investments in default for reasons other than governmental blocking.

Short-term investments: Those maturing on demand or within 12 months after the obligation was incurred, the renewal of an obligation being construed as the assumption of a fresh obligation.

Official institutions (abbreviation, "official"): Central banks, central government departments and agencies, and government-controlled institutions holding foreign assets or incurring foreign liabilities, other than commercial banks. Inter-governmental institutions, e.g., the IMF, IBRD, and UN, should be treated as foreign official institutions, whether or not located in your country. Local governments and municipalities are not considered as official institutions but as part of the private sector.

Banking institutions (abbreviation, "banks"): Commercial banks and any other unofficial enterprises accepting short-term deposits; and, in countries with exchange control, any other authorized dealers in foreign exchange.

Direct investment: Direct investment of country X is the amount invested by residents of X in enterprises or other commercial property abroad that are effectively controlled by residents of X. It comprises the following three types:

(a) An enterprise in country Y which is a branch of an enterprise in country X. Offices that act as agents rather than principals are not to be included, since transactions of an agent are considered to be transactions of the country in which the agent's principal is located.

(b) An enterprise in Y which is a subsidiary of an enterprise in X, i.e., is incorporated in Y but controlled by residents of X. "Control" in this case should be inferred if (i) 50% or more of the voting stock is owned by residents of X, or (ii) 25% or more of the voting stock is concentrated in the hands of a single holder or organized group of holders in X, or (iii) a resident of X has in fact a controlling voice in its policies.

(c) Commercial real estate in Y owned by residents of X.

A direct investment may be owned by two or more countries jointly; similarly, a direct investment in Y may be owned by an enterprise in X which is itself a direct investment of an enterprise in Z (or even in Y).

Creditor Capital: Notes, bonds, debentures, and intercompany claims (open book accounts).

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Equity capital: Common stock (ordinary shares), preference stock, and net claims on branches (since creditor claims on branches cannot be conveniently separated from equity capital).

Portfolio securities: Government, other public, and corporate bonds and shares, excluding direct investments.

Government obligations: Securities issued or guaranteed by a Government or other official institutions.

IBRD obligations: Securities issued by the International Bank for Reconstruction and Development, or bearing its guarantee.

IBRD loans: Loans made by the International Bank for Reconstruction and Development, or bearing its guarantee.

TABLES XI AND XIII

All transactions between residents and foreigners involving increases or decreases in long-term assets or liabilities should be entered in Tables XI and XIII--in Table XI if the transaction is undertaken by a private individual or institution in your country (or by a bank on behalf of the individual or institution), and in Table XIII if undertaken by an official or banking institution in your country on its own behalf. For example, the sale or purchase abroad by a private person of his Government's securities should be classified as a private transaction under government obligations in Table XI, item 2.2, column 5 or 6, and not as an official transaction in Table XIII. New obligations issued, and loans extended, to foreigners which are guaranteed by your Government should be entered in Table XIII. Thus, if a private institution issues shares abroad bearing its Government's guarantee, this should appear in Table XIII, item 3.2, column 5. The vesting by your Government of assets held by your residents, which is normally done under compulsory powers, is not an international transaction and does not enter into the balance of payments; but the sale abroad by your Government of such assets should be entered in Table XIII. The identity of the foreign person or institution undertaking a transaction is irrelevant for determining which of the two tables should be employed, but does help to determine the item in which the transaction should be entered. For example, loans extended by your banking institutions to foreign official or banking institutions should be entered in Table XIII, item 2.1, column 1, while those extended to foreign private individuals or businesses should be entered in Table XIII, item 2.2.

Except for changes in interbank deposits, the entries in Tables XI and XIII will record all transactions increasing or decreasing your country's direct investments abroad, and foreign countries' direct investments in your country, whether long-term or short-term. Changes in banking institutions' deposits due to or from head offices, branches, or subsidiaries abroad should not be included in Table XIII, but in Table XIV.

For direct investments abroad owned by your country, undistributed profits of subsidiaries should be entered as an increase in assets; undistributed profits of foreign subsidiaries in your country should be entered as an increase in liabilites. Such profits are also entered in Table VII, item 1.3 and in Table I, item 6.1. Investments in kind, i.e., the transfer of machinery, equipment, raw materials, semifinished goods, etc., between parent concerns and branches or subsidiaries, and the payment of organizational expenses, etc., should be included in the calculation of the capital inflow or outflow under direct investment. If the

(continued on page 59)

indirect method of calculating investment income described in Table B5 of Appendix B is used, the sum of the entries for branches and subsidiaries in these tables should equal item 3 in that calculation.

In the case of a portfolio investment, undistributed profits are disregarded entirely since the investor cannot control their disposition.

Finally, since they involve no movement of capital, no entry is required for changes in the long-term creditor-debtor relationship between countries that reflect only:

(a) changes in the market value of portfolio securities;

(b) bad debts written off;

(c) the issue of stock dividends or bonus shares.

For refunding operations on any type of security, both the obligations paid off and the new ones issued should be included in these tables. The amount of loans which should be entered in these tables for any given period should be only the amount that the borrower has actually drawn, not the total amount of the credit commitment.

TABLES XII AND XIV

All outstanding short-term foreign assets and liabilities of residents should be entered in Tables XII and XIV--in the former if the resident creditor or debtor is a private individual or institution, and in the latter if an official or banking institution. Obligations of residents held by domestic banks on behalf of foreigners and obligations of foreigners held by domestic banks on behalf of residents should be recorded in the table appropriate to the resident who is in fact the creditor or debtor. The identity of the foreign debtor or creditor is irrelevant for determining which of the two tables should be employed, but in some cases determines the item in which an asset or liability should be entered. For example, all liabilities of your official and banking institutions are classified in Table XIV as to whether the foreign creditor is either (1) an official or banking institution or (2) a private individual or nonbanking institution.

TABLE XI. LONG-TERM* CAPITAL TRANSACTIONS BY INDIVIDUALS AND NONBANKING INSTITUTIONS

Reporting Country ....

Currency .... Unit ....

Period Covered ....

Exchange Rate: U.S. $.................... per....................

Item	ASSETS Increase (Debit)	ASSETS Decrease (Credit)	ASSETS Net Increase (1-2)	ASSETS Transfers To Table I †	LIABILITIES Increase (Credit)	LIABILITIES Decrease (Debit)	LIABILITIES Net Increase (5-6)	LIABILITIES Transfers To Table I †
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Direct investment* (1.1 through 1.3)				11.1				11.1
1.1 Branches								
1.2 Subsidiaries (1.2.1 plus 1.2.2)								
1.2.1 Creditor capital*								
1.2.2 Equity capital*								
1.3 Commercial real estate								
2. Portfolio securities* (2.1 through 2.4)								
2.1 New foreign Government obligations*				11.2				
2.2 Other Government obligations*				11.2				11.2
2.3 Other bonds				11.2				11.2
2.4 Shares				11.3				11.3
3. Amortization (3.1 plus 3.2)				11.4				11.4
3.1 Government obligations*								
3.2 Other								
4. Other contractual repayments (4.1 plus 4.2)				11.5				11.5
4.1 Government obligations*								
4.2 Other								
5. Other long-term capital movements				11.6				11.6
6. Total investments (1 through 5)				11				11

* Defined in Introductory Note to Tables XI through XIV.

† Figures in columns 4 and 8 refer to the items in Table I to which the amounts in columns 3 and 7, respectively, should be transferred.

INSTRUCTIONS FOR TABLE XI

Enter in this table all transactions of your private individuals and nonbanking institutions with foreigners which involve increases or decreases in long-term assets or liabilities other than loans received or extended under guarantee of your Government (which belong in Table XIII). If a person with long-term assets or liabilities at home or abroad becomes, or ceases to be, a resident of your country, the effect on your creditor or debtor position of the change of residence should be reported as a capital movement in this table. If the nature of the assets or liabilities involved is not known, the entry should be made in item 5. See the Introductory Note to Tables XI through XIV for a description of the transactions to be entered in this table.

Columns

1 through 4 — Assets comprise obligations of foreigners and direct investments abroad owned by residents of your country. Transactions increasing assets are debits; those decreasing assets are credits. Net decreases should be entered with a minus (-) sign in column 3. The numbers in column 4 indicate the items in Table I to which the amounts in column 3 should be transferred.

5 through 8 — Liabilities comprise foreign-owned obligations of residents, and foreign-owned direct investments in your country. Transactions increasing liabilities are credits; those decreasing liabilities are debits. Net decreases should be entered with a minus (-) sign in column 7. The numbers in column 8 indicate the items in Table I to which the amounts in column 7 should be transferred.

Item

2. Include voluntary, i.e., noncontractual, repayments and repurchases, whether or not effected through the market. Amortization and other contractual repayments should be shown in items 3 and 4. See notes to these items.

2.1 Enter the amount purchased by your private individuals and nonbanking institutions of new obligations of foreign official institutions issued in your market.

2.2 Include IBRD obligations.

3. This item covers contractual periodic repayments on assets (credit) and liabilities (debit), including periodic repurchases for purposes of retirement. Periodic repayments and repurchases are those made in annual or more frequent installments.

3.1 Include IBRD obligations.

4. This item covers the contractual nonperiodic repayments on assets (credit) and liabilities (debit), including contractual repurchases by the issuer not covered by item 3.

4.1 Include IBRD obligations.

5. Exclude transactions in commercial real estate (item 1.3). Purchases of noncommercial real estate abroad by residents should be entered in column 1, and sales should be entered in column 2. Sales to foreigners of noncommercial real estate located in your country should be entered in column 5, and purchases from foreigners should be entered in column 6. Mortgage loans granted by residents should be entered in column 1, and mortgage loans granted to residents in column 5. Real estate and other fixed assets bought or sold by your diplomatic and military missions abroad or by foreign diplomatic and military missions in your country should be excluded here and entered in Table VIII. Include all migrants' long-term capital that has not been included elsewhere in this table because the type of asset or liability is not known. See note to Table X, item 3.

TABLE XII. SHORT-TERM* FOREIGN ASSETS AND LIABILITIES OF INDIVIDUALS AND NONBANKING INSTITUTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Items	This return	Last return	Change (1-2)	Valuation Correction	Corrected Change (3+4)	Transfers to Table I†
	(1)	(2)	(3)	(4)	(5)	(6)
ASSETS						
1. Currency and coin						12.1
2. Deposits						12.1
3. Government obligations*						12.1
4. Import prepayments						12.2
5. Export credits extended						12.2
6. Other						12.2
7. Total (1 through 6)						12
LIABILITIES						
8. Import credits received						12.2
9. Export prepayments						12.2
10. Other						12.2
11. Total (8 through 10)						12

* Defined in Introductory Note to Tables XI through XIV.

† Figures in this column refer to items in Table I to which the amounts in column 5 should be transfered.

INSTRUCTIONS FOR TABLE XII

This table summarizes the short-term foreign capital assets and liabilities of your private individuals and nonbanking institutions at the beginning and end of the period reported, from which the capital movements over the period are derived. Short-term assets and liabilities entering your direct investments abroad and foreign direct investments in your country, however, should be entered in Table XI rather than here.

Column

4 The changes in column 3 represent the nominal net changes in the values of the assets and liabilities since the last return. To some extent, however, these changes may have taken place without an international movement of capital. For example, the currency of the reporting country may have depreciated or appreciated against certain foreign currencies during the period, thus affecting the value, in domestic monetary units, of all foreign assets and liabilities denominated in these foreign currencies. Again, assets may have been written off over the period. Changes in the totals of assets and liabilities due to changes in valuation rather than to international capital movements should be eliminated by the use of column 4. If the effect of such changes has been to overstate the increase or to understate the decrease shown in column 3, the entry in column 4 should be a minus; if the reverse, a plus. In the case of exchange rate adjustments, the entry is equal to the value of the assets or liabilities involved at the old exchange rate minus their value at the new exchange rate. The assets and liabilities involved are those existing at the time of the exchange rate adjustment.

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Column

6 The numbers in column 6 refer to the items in Table I to which the amounts in column 5 should be transferred.

Item

1. Include foreign notes and coin freely circulating in your country as well as other foreign currency holdings. Do not include gold coin.

3. Enter holdings of short-term portfolio security obligations issued or guaranteed by foreign official institutions.

4.}
5.} These items cover foreign claims of resident individuals and nonbanking businesses arising from financing of merchandise trade.

4. This item covers payments to foreigners for merchandise which has not yet passed from foreign to domestic ownership. Do <u>not</u> include imports held by your residents either in bonded warehouses in your country or in stocks abroad. Such imports are entered in Table II, items 1.2 and 8, respectively.

5. This item covers claims on foreigners for merchandise transferred to foreign ownership but not paid for. Include open-book accounts, trade bills, and claims arising from acceptances made by residents for account of foreigners. Do <u>not</u> include merchandise exported and held in stocks abroad by residents (Table II, item 8).

6. Include bank acceptances and short-term obligations of foreign local Governments unless guaranteed by the Central Government (see note to item 3).

8. This item covers liabilities to foreigners for imports for which payment has not been made. See note to item 5.

9. This item covers payments received for exports which have not yet passed from domestic to foreign ownership. See note to item 4.

TABLE XIII. LONG-TERM* CAPITAL TRANSACTIONS BY OFFICIAL AND BANKING INSTITUTIONS*

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	ASSETS				LIABILITIES			
	Increase (Debit)	Decrease (Credit)	Net Increase (1-2)	Transfers To Table I †	Increase (Credit)	Decrease (Debit)	Net Increase (5-6)	Transfers To Table I †
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Official* loans (1.1 through 1.4)								13.1
1.1 Inter-official*				13.1				
1.2 To or from foreign banks*				13.1				
1.3 New obligations* sold abroad								
1.4 Other				13.6				
2. Bank* loans (2.1 plus 2.2)								13.2
2.1 To or from official and banking institutions* abroad				13.2				
2.2 Other				13.6				
3. Portfolio securities* (3.1 through 3.4)				13.3				13.3
3.1 IBRD obligations*								
3.2 Government obligations*								
3.3 Other bonds								
3.4 Other shares								
4. Amortization (4.1 through 4.4)				13.4				13.4
4.1 Inter-official* loans								
4.2 IBRD loans* and obligations*								
4.3 Government obligations*								
4.4 Other								
5. Other contractual repayments (5.1 through 5.4)				13.5				13.5
5.1 Inter-official* loans								
5.2 IBRD loans* and obligations*								
5.3 Government obligations*								
5.4 Other								
6. Other long-term capital movements (6.1 plus 6.2)				13.6				13.6
6.1 IMF and IBRD subscriptions								
6.2 Other								
7. Total (1 through 6)				13				13

* Defined in Introductory Note to Tables XI through XIV.

† Figures in columns 4 and 8 refer to items in Table I to which the amounts in columns 3 and 7, respectively, should be transferred.

INSTRUCTIONS FOR TABLE XIII

Enter in this table all transactions of your official and banking institutions with foreigners representing increases or decreases in long-term assets or liabilities. Include also loans received or extended by private individuals or nonbanking institutions under guarantee of your Government. See the Introductory Note to Tables XI through XIV for a description of the transactions to be included in this table.

Column

1 through 4 — Assets comprise domestically-owned obligations of foreigners, and domestically-owned direct investments abroad. Transactions increasing assets are debits; those decreasing assets are credits. Net decreases should be shown with a minus (-) sign in column 3. The numbers in column 4 indicate the items in Table I to which the amounts in column 3 should be transferred.

5 through 8 — Liabilities comprise foreign-owned obligations of residents, and foreign-owned direct investments in your country. Transactions increasing liabilities are credits; those decreasing liabilities are debits. Net decreases should be shown with a minus (-) sign in column 7. The numbers in column 8 indicate the items in Table I to which the amounts in column 7 should be transferred.

Item

1. Include drawings and noncontractual repayments other than those included in item 3. Your official loans should be listed separately in Supplement B to Table I.

1.1 Include loans received from the IBRD.

1.3 Enter the amounts purchased by foreigners of new obligations of your official institutions issued in foreign markets. Purchases by foreigners of obligations issued in the domestic market and all other portfolio security transactions by your official and banking institutions should be entered in item 3.

1.4 This item covers loans received from and extended to foreign private individuals and nonbanking businesses by your official institutions.

2.2 This item covers loans received from and extended to foreign private individuals and nonbanking businesses by your banking institutions.

3. Include noncontractual repurchases of securities for purposes of retirement. See note to Table XI, item 2. Exclude direct investments which should be entered in item 6.2.

3.2 Exclude new issues abroad of your official institutions' obligations. See note to item 1.3.

3.3 Include new issues abroad of your banking institutions' obligations.

4. See note to Table XI, item 3.

(continued on page 67)

[redacted] [redacted]

TABLE XIII
(REPEATED)

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	ASSETS				LIABILITIES			
	Increase (Debit)	Decrease (Credit)	Net Increase (1-2)	Transfers To Table I †	Increase (Credit)	Decrease (Debit)	Net Increase (5-6)	Transfers To Table I †
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Official* loans (1.1 through 1.4)								13.1
1.1 Inter-official*				13.1				
1.2 To or from foreign banks*				13.1				
1.3 New obligations* sold abroad								
1.4 Other				13.6				
2. Bank* loans (2.1 plus 2.2)								13.2
2.1 To or from official and banking institutions* abroad				13.2				
2.2 Other				13.6				
3. Portfolio securities* (3.1 through 3.4)				13.3				13.3
3.1 IBRD obligations*								
3.2 Government obligations*								
3.3 Other bonds								
3.4 Other shares								
4. Amortization (4.1 through 4.4)				13.4				13.4
4.1 Inter-official* loans								
4.2 IBRD loans* and obligations*								
4.3 Government obligations*								
4.4 Other								
5. Other contractual repayments (5.1 through 5.4)				13.5				13.5
5.1 Inter-official* loans								
5.2 IBRD loans* and obligations*								
5.3 Government obligations*								
5.4 Other								
6. Other long-term capital movements (6.1 plus 6.2)				13.6				13.6
6.1 IMF and IBRD subscriptions								
6.2 Other								
7. Total (1 through 6)				13				13

* Defined in Introductory Note to Tables XI through XIV.

† Figures in columns 4 and 8 refer to items in Table I to which the amounts in columns 3 and 7, respectively, should be transferred.

Item

4.2 Enter in column 2 amortization payments received on IBRD obligations held by your official and banking institutions, and enter in column 6 amortization payments made on IBRD loans extended to your official and banking institutions.

5. See note to Table XI, item 4.

5.2 See note to item 4.2.

6.1 This item covers payment of subscriptions to the International Monetary Fund and International Bank for Reconstruction and Development, including the initial one-hundredth of one per cent for administrative purposes, and all other installments paid, whether in gold, U.S. dollars, or local currency (including non-interest-bearing notes). Do not include the uncalled capital of the IBRD. Contra-entries for local currency subscriptions should be made in Table XIV, item 8.

6.2 Include in this item your official and banking institutions' transactions in direct investments abroad and foreign direct investments in your country. For direct investments in banks, see Introductory Note to Tables XI through XIV. Enter in column 2 sales to foreigners of your official and banking institutions' foreign direct investments, and enter in column 6 purchases by your official and banking institutions of foreign direct investments in your country.

TABLE XIV. SHORT-TERM* FOREIGN ASSETS AND LIABILITIES AND GOLD HOLDINGS OF OFFICIAL AND BANKING INSTITUTIONS*

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per....................

Item	CENTRAL OFFICIAL INSTITUTIONS*						OTHER OFFICIAL*		BANKS*		TOTAL OFFICIAL AND BANKING INSTITUTIONS*					
	Treasury	Central Bank	Stabil-ization Fund	Similar Fiscal Agencies	Total	Total (last return)	Total (this return)	Total (last return)	Total (this return)	Total (last return)	This return (5+7+9)	Last return (6+8+10)	Change (11-12)	Valu-ation Correc-tion	Correc-ted Change (13+14)	Trans-fers to Table I †
	(As of date of this return)															
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
FOREIGN SHORT-TERM* ASSETS																
1. Payments and clearing agreements																14.1
2. Loans																14.4
3. Government trade credits																14.4
4. Committed assets																14.4
5. Other restricted assets																14.4
6. Other																14.4
SHORT-TERM* LIABILITIES TO FOREIGN OFFICIAL* AND BANKING* INSTITUTIONS																
7. Payments and clearing agreements																14.1
8. Liabilities to IMF and IBRD																14.2
9. Loans																14.3
10. Government trade credits																14.3
11. Other																14.3
OTHER SHORT-TERM* LIABILITIES TO FOREIGNERS																
12. Government trade credits																14.4
13. Other																14.4
GOLD COIN AND BULLION																
14. Total value																15
14.1 Pledged																
14.2 Other																
15. Total quantity (000 ounces)																

* Defined in Introductory Note to Tables XI through XIV.

† Figures in this column refer to items in Table I to which amounts in column 15 should be transferred.

INSTRUCTIONS FOR TABLE XIV

This table summarizes the short-term foreign capital assets and liabilities of your official and banking institutions at the beginning and end of the period reported, from which capital movements over the period are derived. See Introductory Note to Tables XI through XIV for treatment of banking institutions' direct investments. Forward foreign exchange contracts should not be included since they are not international transactions covered by the balance of payments.

Column

2 Foreign short-term assets and liabilities of all departments of the Central Bank should be included here.

4, 6, 7, 8 List on a supplementary page the names of the fiscal agencies included in columns 4, and 6. and the other official institutions included in columns 7 and 8.

14 The changes in column 13 represent the nominal net changes in the values of the assets and liabilities since the last return. To some extent, however, these changes may have taken place without an international movement of capital. For example, the currency of the reporting country may have depreciated or appreciated against certain foreign currencies during the period, thus affecting the value, in domestic monetary units, of all foreign assets and liabilities denominated in these currencies. Again, assets may have been written off over the period. Changes in the totals of assets and liabilities due to valuation changes rather than to international capital movements should be eliminated by the use of column 14. If the effect of such changes has been to overstate the increase or to understate the decrease shown in column 13, the entry in column 14 should be a minus; if the reverse, a plus. In the case of exchange rate adjustments, the entry is equal to the value of the assets or liabilities involved at the old rate minus their value at the new rate. The assets and liabilities involved are those existing at the time of the exchange rate adjustment.

16 The numbers in column 16 indicate the items in Table I to which the amounts in column 15 should be transferred.

Item

1. Include only facilities used, not the maximum limits allowed by the agreements. Include any assets held in the name of your private individuals and businesses. Drawing rights granted by one OEEC country to another as the counterpart of ECA conditional aid should not be entered here; their utilization should be entered in Table X, item 7.

2. This item covers short-term loans extended by your official and banking institutions. Attach a list giving details of these loans.

3. This item covers import prepayments and credits extended by your official institutions on account of Government imports and exports. See notes to Table XII, items 4 and 5. Trade bills held by banks for their own account and bank acceptances, etc., should be entered in either item 5 or item 6.

(continued on page 70)

INSTRUCTIONS FOR TABLE XIV (contd)

Item

4. Committed assets represent those which are set aside as security against your foreign debts or as cover against specific international transactions and which will be released only upon payment of such indebtedness or completion of such transactions. Include assets committed to cover import documentary credits established abroad. Do not include assets held as legal reserves against general liabilities, or gold coin and bullion pledged as collateral against foreign debts; the latter is covered by item 14.1.

5. Restricted assets are those subject to any limitation on international use or transferability imposed by the debtor country, whether enforced by regulations, agreement, or otherwise, except committed assets and balances under payments and clearing agreements. Assets "frozen" for political reasons are to be classed as restricted. Include current foreign coin and currency (other than gold) not freely importable into the issuing country. Since the degree of restriction may vary greatly, indicate in accompanying notes the distribution of the total by various categories of assets (such as blocked sterling, transferable sterling, etc.).

6. In addition to unrestricted deposits and holdings of Treasury bills include current foreign coin and currency (other than gold) freely importable into the issuing country.

7. See note to item 1. Include any liabilities held in the name of foreign private individuals and nonbanking businesses.

8. This item covers deposit liabilities and demand obligations due to the IMF and IBRD.

9. This item covers short-term loans received by your official and banking institutions. Attach a list giving details of these loans.

11. In addition to deposits include an estimate for current coin and currency of your country and short-term obligations of your official and banking institutions (e.g., Treasury bills or bank acceptances) held by foreign official and banking institutions.

12.
13. These items cover liabilities to foreign private individuals and nonbanking businesses. See instructions to items 9, 10, and 11.

14. Enter book values in columns 1 to 13, and in column 14 an adjustment for transactions at other than book values and for changes in book values during the period. Column 15 should then reflect transactions values and should be transferred to Table III, item 8, as well as to Table I, item 15. Include in the holdings as of last return gold restituted to your country during the reporting period.

14.1 Enter gold pledged as collateral against foreign debts.

15. Enter holdings in thousands of fine troy ounces.

APPENDICES

APPENDIX A
GEOGRAPHIC CLASSIFICATION

Appendix A is designed to provide a classification, in Table A, of international transactions by geographic areas and, to some extent, by currencies. A full classification by currencies within the geographic groups is not appropriate to some items, and to provide it in detail for others would involve excessive labor; in preparing the classification outlined here, however, an effort has been made to select items and geographic groups that will throw as much light as possible on currency relationships.

1. UNIFORM AREA CLASSIFICATION

For purposes of international comparison, uniformity in the geographic classification is essential. It is recognized, however, that no classification which is uniform for all countries will be entirely appropriate to each reporting country. Therefore, Table A is available in two forms--one providing a uniform area classification (Table A) and another with blank headings (Table A, Special) in which the reporting country may enter any countries or areas, not shown separately in the uniform classification, that are of particular importance in its international transactions.[1]

Precise definitions of the geographic areas are supplied in the Instructions for Table A. Overseas possessions are generally not included with the metropolitan areas[2], except in the case of the United States and its possessions. Since comparability from year to year is important, the composition of the areas as they are today should be followed in reports for past years, even if the areas were differently constituted at that time.

As pointed out in the Introduction to this Manual, international agencies are considered as international areas outside national boundaries, and hence transactions with them should be excluded from the geographic areas in which the institutions are located and entered in the columns for Rest of World.

2. GENERAL PRINCIPLES OF ALLOCATION

In general, international transactions should be classified geographically according to the residence of the foreign participant (i.e., the transferor or transferee). That is to say, your payments should be allocated to the area in which the foreign payee resides, and your receipts to the area in which the foreign payor resides. This means that your merchandise trade should be recorded by the foreign country of purchase or sale rather than by country of origin or destination.[3] Goods and services received without payment by the reporting country, and the contra-entries under donations, should be allocated to the area in which the foreign transferor resides; and goods and services supplied by the reporting country to foreigners without payment, together with the contra-entries under donations, should be allocated to the area in which the foreign transferee resides.

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[1] Only Table A, Uniform, is shown here. Table A, Special, is identical with it except for the blank column headings and the omission of the total columns.

[2] Reporting countries that have important trading or financial transactions with these overseas possessions, either singly or in groups, may report them in Table A, Special, in which the column headings have been left blank.

[3] In Table A, merchandise transactions are also classified according to country of origin and destination since most countries use this classification in their published trade returns, and since it is useful for purposes of economic analysis.

For example, purchases of goods and services by Britain from Latin America should be entered in the British bilateral statement with Latin America and in the Latin American bilateral statement with Britain. Similarly, the sale by a Britisher of a U.S. Government bond to a Latin American would be entered in the British bilateral statement with Latin America, and in the Latin American bilateral statement with Britain, as a transfer of British assets to Latin America.[4] The result of such an allocation is a series of bilateral statements of the balance of payments between your country and each of the areas set forth in the preceding section. Moreover, each of these bilateral statements balances (except for errors and omissions) in the same way as the global statement of your country with the rest of the world.

This allocation principle is not followed, however, for those transactions--mostly short-term capital movements--which are reported and entered in your global statement on a net creditor-debtor basis (i.e., the net difference between net assets at the beginning of the period and those at the end), rather than on a gross transferor-transferee basis (i.e., aggregate transactions during the period). Movements entered on a creditor-debtor basis are allocated most conveniently on the basis of the residence of the creditor or debtor. As long as this creditor-debtor allocation is the same as the transferor-transferee allocation, no problem is raised; but whenever payments between two countries are made in short-term claims on a third country a multilateral settlement is involved for which a corresponding adjustment must be made, if possible, to convert the record to a transferor-transferee basis (see section 3, Multilateral Settlements, below).

Nonmonetary and monetary gold movements, as entered in your global balance of payments, cannot always be separately allocated geographically because they represent net changes and involve domestic transactions. However, the combination of the two types (i.e., monetary plus nonmonetary) represents international gold transactions which can be allocated by area.

3. MULTILATERAL SETTLEMENTS

It has already been noted that short-term capital movements, and certain other capital movements, e.g., direct investment, are reported and entered in the global balance of payments on a net creditor-debtor or outstandings basis rather than on a gross transferor-transferee basis. Such movements are derived by deducting the amounts of the outstanding foreign assets and liabilities at the beginning of the period from the amounts at the end, instead of by aggregating gross credits or debits on transactions as they occur during the period. While the net result is the same by either method as far as capital movements between the reporting country and the world are concerned, it is not the same as regards the geographic classification. By the method of taking the difference in outstanding amounts on two dates, a British draft on dollar balances in New York in favor of Latin America would be recorded in the British balance of payments as a short-term capital transaction with the United States (i.e., a reduction in outstanding British claims against the United States); by the method of aggregating credits and debits on individual transactions, the British draft would be recorded as a capital transaction with Latin America (the area to which British dollar balances are transferred).

As a consequence of recording short-term capital movements on a creditor-debtor basis, a British purchase of Latin American goods by a draft on New York results in only one entry in the bilateral

[4] Since the British asset transferred to Latin America in this case is a U.S. bond, there is no change in long-term claims of Latin America on Britain. Hence a long-term capital transaction between two areas does not necessarily indicate a change in long-term assets and liabilities between them.

statement of the United Kingdom with Latin America (namely, a debit under merchandise). No balancing transaction is shown. Similarly, the bilateral statement of the United Kingdom with the United States has an unbalanced entry (a decrease in British assets in the United States); and the bilateral statement of the United States with Latin America also has an unbalanced entry (an increase in liabilities to Latin America). In each of the three reverse bilateral statements there are corresponding unbalanced entries, making, in all, six unbalanced bilateral statements. This situation arises whenever there is a transfer between two countries of short-term claims on a third country. Such transfers are called multilateral settlements; they require adjustment items to complete the bilateral statements so that each will balance.

In the example already given, the adjustment for multilateral settlements shows that the British dollar balances were in fact used to pay Latin America rather than the United States. The debit in the British bilateral statement with Latin America on account of a purchase of goods (entered in Table A, item 1, column 22) is matched by a credit in the adjustment account (item 12.1.1, column 21) showing that dollars have been transferred to Latin America. In the British bilateral statement with the United States, the decline in British assets in New York (item 18, column 1) is matched by a debit in the adjustment account (item 12.1.1, column 2) showing that the dollars were used by the British for settlement with a third country. In the United States bilateral statement with Latin America, the increase in U.S. liabilities to Latin America (item 18, column 22) is matched by a debit in the adjustment account (item 12.2, column 22) showing that Latin America acquired that portion of its dollar balances from some country other than the United States. In each of the three reverse bilateral statements there are corresponding opposite entries in the adjustment account. Theoretically, any of the types of short-term claims which enter Tables XII and XIV may be involved in multilateral settlements, but the most common operations in this category are payments in the form of transfers (e.g., by check or by telegraph)or bank balances held in a third country (i.e., a country other than that of the payor and payee). Ordinarily such balances will be denominated in the currency of the third country, but the currency denomination is irrelevant. The essential element of a multilateral settlement is the transfer of a claim on a third country, whether or not denominated in that country's currency.[5]

Because international agencies are treated as international areas, money transfers between them and your country are multilateral settlements if made in short-term claims on a foreign country.

Most long-term capital movements are recorded on the basis of the transferor or transferee in the transaction; consequently, the transfer of long-term claims on a third country seldom requires adjustment for multilateral settlements. Although multilateral settlements in long-term claims may be involved in the case of direct investments computed on an outstandings basis, the amounts are believed to be small and adjustment for them may be impracticable. Ordinarily, adjustment entries for multilateral settlements will be confined to short-term claims.

Examples of the entries required for typical multilateral settlements follow the Instructions for Table A.

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[5] Multilateral settlements may also be effected by means of bills of exchange. If a bill arising out of trade between two countries is accepted by a financial house in a third country, a multilateral settlement is involved (i.e., payment by the importing country to the exporting country in the form of a claim on the accepting country). The subsequent discounting of the bill may also involve a multilateral settlement.

4. PRINCIPAL AND AGENT

As a general rule, if one of the partners to an international transaction is known to be acting as agent on behalf of a principal in another country, the transaction should be allocated to the country of the principal rather than to that of the agent. The concept of agent may apply to any intermediary who acts for account of others (rather than for his own account) in connection with transactions in commodities and services, or financial transactions. In practice, it will frequently be difficult to determine that the party making or receiving payment is acting as agent rather than principal in the transaction. Unless such determination can be made with some assurance, the transaction should be allocated to the country to which the payment is made or from which it is received.

An illustration of such a transaction is a Latin American country (principal) paying interest through a New York bank (fiscal agent) to a British holder of Latin American dollar bonds. In carrying out this transaction, the Latin American country might remit the funds required to the New York fiscal agent which would pay the interest coupons of the British bondholders. In the balance of payments of the Latin American country, this should be recorded as an interest payment to the United Kingdom, and in the United Kingdom balance of payments as an interest receipt from the Latin American country. In both statements, the fact that the payment went through New York is ignored in the geographic allocation of the interest item; but it involves a multilateral settlement consisting in a transfer of dollars from Latin America to the United Kingdom. Adjustment for this multilateral settlement has to be made in the balance of payments statements of all three countries concerned.

A more complex case may occur in connection with direct investment. Branches or subsidiaries distribute goods or handle financial transactions for account of head offices and vice versa; and corporations may have no genuine operating functions in the countries in which they are incorporated. In such cases it may be impossible to determine with precision whether the relationships are those of principal or agent and hence to which country allocation should be made. The entry should be allocated to the country to which the payment is made or from which payment is received, unless there are strong grounds for regarding the office in that country as a mere agency without significant functions in its own right.

In this Manual it has been assumed that, where payment for a merchandise import is on a c.i.f. basis, the foreign exporter who arranged the transportation and insurance acted merely as agent. Hence, in Table A, the transaction should be allocated to the country of the principal (i.e., the country of the carrier or insurance firm). If this country is different from that of the exporter, the transaction is likely to involve a multilateral settlement.

TABLE A UNIFORM AREA CLASSIFICATION OF BALANCE OF PAYMENTS:
A. CURRENT TRANSACTIONS AND ADJUSTMENT ITEMS

Reporting Country ....

Currency .... Unit ....

Period Covered ....

Exchange Rate: U.S. $.................. per..................

Item	United States		Canada		United Kingdom		Rest of Sterling Area						Continental Europe*				Middle East†		Far East†		Latin America†		Rest of World		Unallocated		Total		
							In Europe		In Far East		Elsewhere		OEEC Countries		Eastern														
	Credit (1)	Debit (2)	Credit (3)	Debit (4)	Credit (5)	Debit (6)	Credit (7)	Debit (8)	Credit (9)	Debit (10)	Credit (11)	Debit (12)	Credit (13)	Debit (14)	Credit (15)	Debit (16)	Credit (17)	Debit (18)	Credit (19)	Debit (20)	Credit (21)	Debit (22)	Credit (23)	Debit (24)	Credit (25)	Debit (26)	Credit (27)	Debit (28)	Net Credit (29)
CURRENT TRANSACTIONS																													
1. Merchandise (1.1 through 1.4)																													
1.1 "General" trade																													
1.2 Merchandise transactions abroad																													
1.3 Coverage, valuation, stocks adjustments																													
1.4 Adjustments to purchase - sales basis																													
2. Nonmonetary gold movement (net)																													
3. Foreign travel																													
4. Transportation (4.1 plus 4.2)																													
4.1 Gross freight																													
4.2 Other																													
5. Investment income (5.1 plus 5.2)																													
5.1 Direct investment																													
5.2 Other																													
6. Government, not included elsewhere																													
7. Miscellaneous (including Insurance)																													
8. Donations (8.1 through 8.3)																													
8.1 Private transfers																													
8.2 Reparations																													
8.3 Official grants																													
9. Total (1 through 8)																													
10. Net credit (item 9: credit minus debit)																													
ADJUSTMENT ITEMS																													
11. International gold transactions																													
12. Multilateral settlements (12.1 plus 12.2)																													
12.1 In claims (12.1.1 through 12.1.3)																													
12.1.1 On U.S. (mostly dollars)																													
12.1.2 On U.K. (mostly sterling)																													
12.1.3 On other foreign countries																													
12.2 In liabilities to foreigners																													
13. Total (11 plus 12)																													
14. Net credit (item 13: credit minus debit)																													
ERRORS AND OMISSIONS, (21 minus 14 minus 10)																													

* Excludes Spain, which is included in columns 23 and 24.

† Excludes sterling area and overseas possessions of the United States.

TABLE A UNIFORM AREA CLASSIFICATION OF BALANCE OF PAYMENTS

B. MOVEMENT OF CAPITAL AND MONETARY GOLD

Reporting Country ....

Currency .... Unit ....

Period Covered ....

Exchange Rate: U.S. $.............. per...............

Item	United States		Canada		United Kingdom		Rest of Sterling Area						Continental Europe *				Middle East †		Far East †		Latin America †		Rest of World		Unallocated		Total		
							In Europe		In Far East		Elsewhere		OEEC Countries		Eastern														
	Assets (1)	Liabs (2)	Assets (3)	Liabs (4)	Assets (5)	Liabs (6)	Assets (7)	Liabs (8)	Assets (9)	Liabs (10)	Assets (11)	Liabs (12)	Assets (13)	Liabs (14)	Assets (15)	Liabs (16)	Assets (17)	Liabs (18)	Assets (19)	Liabs (20)	Assets (21)	Liabs (22)	Assets (23)	Liabs (24)	Assets (25)	Liabs (26)	Assets (27)	Liabs (28)	Net Assets (29)
MOVEMENT OF CAPITAL AND MONETARY GOLD																													
NET MOVEMENT INCREASING OR DECREASING (-) OF ASSETS AND LIABILITIES ABROAD																													
PRIVATE (excluding banks)																													
15. Long-term capital (15.1 through 15.3)																													
15.1 Direct investment																													
15.2 Contractual repayments																													
15.3 Other																													
16. Short-term capital (16.1 plus 16.2)																													
16.1 Currency, deposits, Government obligations																													
16.2 Other																													
OFFICIAL AND BANKING INSTITUTIONS																													
17. Long-term capital (17.1 through 17.4)																													
17.1 Official loans																													
17.2 Bank loans																													
17.3 Contractual repayments																													
17.4 Other																													
18. Short-term capital (item 26)																													
19. Monetary gold movement																													
20. Total movement (15 through 19)																													
21. Net assets (item 20: assets minus liabilities)																													
COMPUTATION OF ITEM 18																													
OUTSTANDING AMOUNTS OF ASSETS AND LIABILITIES ABROAD																													
SHORT-TERM OFFICIAL ACCOUNTS																													
22. End of period (22.1 through 22.3)																													
22.1 Payments agreements balances																													
22.2 Liabilities to official and banking institutions																													
22.3 Other																													
23. Beginning of period (23.1 through 23.3)																													
23.1 Payments agreements balances																													
23.2 Liabilities to official and banking institutions																													
23.3 Other																													
24. Change (22 minus 23)																													
25. Valuation correction																													
26. Corrected change (24 plus 25)																													

* Excludes Spain, which is included in columns 23 and 24.

† Excludes sterling area and overseas possessions of the United States.

INSTRUCTIONS FOR TABLE A

In Table A your global balance of payments estimates are to be classified by region. The principles to be followed in classifying the various items by area are given in section 2 below; the content of the totals (columns 27, 28, and 29), by items, is indicated in section 3, below, by reference to Tables I, II, and XIV.

1. DESCRIPTION OF UNIFORM AREA CLASSIFICATION

Minor geographic units that are not named in the notes to columns below should be included with the areas in which they are located.

Columns

1 and 2 United States, including Alaska, American Samoa, Guam, Hawaii, Panama Canal Zone, Puerto Rico, and Virgin Islands.

3 and 4 Canada, including Newfoundland.

5 and 6 Great Britain and Northern Ireland. Include Channel Islands and Isle of Man.

7 and 8 Gibraltar, Iceland, Republic of Ireland, and Malta.

9 and 10 British Borneo (including North Borneo, Brunei and Sarawak), Burma, Ceylon, Hong Kong, India, Pakistan, Singapore and Malayan Federation, and other dependencies.

11 and 12 Aden (Colony and Protectorate), Australia with dependencies, Bahrein Islands, Basutoland, Bechuanaland, Bermuda, British Guiana, British Honduras, British Solomon Islands, British Somaliland, British West Indies, Cyprus, Falkland Islands and dependencies, Fiji Islands, Gambia, Gilbert and Ellice Islands, Gold Coast, Iraq, Kenya, Kuwait, Mauritius and dependencies, New Zealand and dependencies, Nigeria, Northern Rhodesia, Nyasaland, St. Helena and dependencies, Seychelles, Sierra Leone, Southern Rhodesia, Southwest Africa, Swaziland, Tanganyika, Tonga Islands, Trinidad and Tobago, Uganda, Union of South Africa, Zanzibar, and British overseas territories not specified elsewhere.

13 and 14 Austria, Belgium, Denmark (including the Faeroes), Federal Republic of Germany (three Western Zones of Occupation), France, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Trieste, and Turkey. Exclude the overseas possessions of these countries.

15 and 16 Albania, Bulgaria, Czechoslovakia, Finland, German Democratic Republic (U.S.S.R. Zone of Germany), Hungary, Poland, Rumania, U.S.S.R., and Yugoslavia.

17 and 18 Afghanistan, Anglo-Egyptian Sudan, Egypt, Ethiopia, Iran, Israel, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen. Exclude sterling area.

19 and 20 Bhutan, China, Indo-China, Japan, Korea, Nepal, Indonesia, Philippines, and Thailand. Exclude sterling area (see note to columns 9 and 10) and United States area (see notes to columns 1 and 2).

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Columns

21 and 22 Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Curacao, Dominican Republic, Ecuador, El Salvador, French Guiana, Guadeloupe and dependencies, Guatemala, Haiti, Honduras (not British Honduras), Martinique, Mexico, Nicaragua, Panama, Paraguay, Peru, Surinam, Uruguay, and Venezuela. Exclude sterling area (see note to columns 11 and 12) and United States area (see note to columns 1 and 2).

23 and 24 International institutions, and areas not elsewhere listed. The areas include mainly Spain and African possessions of Belgium, France, and Portugal. International agencies include lending and disbursing institutions such as the International Bank for Reconstruction and Development (IBRD), International Monetary Fund (IMF), Bank for International Settlements (BIS), the United Nations Relief and Rehabilitation Administration (UNRRA), and the International Refugee Organization (IRO); and institutions receiving contributions for administrative purposes such as the United Nations (UN), International Labor Organization (ILO), United Nations Educational and Scientific Organization (UNESCO), Food and Agriculture Organization (FAO), International Civil Aviation Organization (ICAO), and World Health Organization (WHO).

2. DESCRIPTION OF ITEMS

In the following instructions interpret purchases and sales of goods and services as including gifts.

Item

1.1 Enter as a credit "general" exports destined to, and as a debit "general" imports orginating in, each area as shown in your regularly published trade statistics. If you do not publish statistics of "general trade" classified by country of origin and destination, enter here the published figures corresponding most closely to such "general trade" data.

Attach a statement indicating:

(a) The coverage of the figures given (e.g., "special" or "general" trade)
(b) The valuation basis for imports (f.o.b., c.i.f., or other)
(c) The principle followed in allocation by countries (e.g., origin-destination or purchase-sale).

1.2 Allocate by countries the merchandise transactions abroad recorded in Table II, item 7. They should be allocated according to the countries of purchase and sale. Costs of transport and insurance included in the debit entries should be allocated to the countries to which payment was made for these services.

1.3 Allocate by countries the adjustments for coverage and valuation and changes in stocks recorded in Table II, items 2 and 8, as well as the adjustments for freight and insurance on imports (Table II, items 3 and 4) if imports are valued c.i.f. in item 1.1 above.

If "special trade" is entered in item 1.1, re-export trade (i.e., the difference between "general" and "special" trade as recorded in Table II, item 1.2) should also be entered here.

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Item

The adjustments for changes in stocks are designed to correct the export and import data (a) for merchandise movements not representing changes in ownership between residents and foreigners occurring during the period for which the report is made, and (b) for changes in ownership of merchandise between residents and foreigners not reflected in merchandise movements during this period. The adjustments under (a), which will generally consist of negative entries, should be allocated to the same countries that the corresponding entries under items 1.1 and 1.2 above are allocated. The adjustments under (b), which will generally be positive, should be allocated to the country of the foreign seller or purchaser.

1.4 This item provides the data required to adjust merchandise trade to the basis of country of purchase or sale; it should be filled in by all countries that have reported merchandise transactions in item 1.1 on an origin/destination or similar basis (see section 2 of General Description of Geographic Classification). If an export from R (the reporting country) is to be reallocated from D (the country of ultimate destination) to P (the country purchasing from R), a negative entry should be made in the credit column under country D and a positive entry for the same amount in the credit column under country P. Similarly, a change of allocation of imports from country O (the country of origin) to country S (the country selling to R) would require a negative debit under country O and a positive debit for the same amount under country S.

If a grant or loan is supplied in the form of goods obtained by the donor or lender in a third country, the recipient of the goods should allocate them to the third country (i.e., the exporting country) rather than to the country of the donor or lender. Allocation is made as if the recipient had purchased the goods with the proceeds of the grant or loan. Adjustment for the multilateral settlement involved should be made under item 12.1.1 (see note to that item).

2\. Since nonmonetary gold cannot be allocated by countries separately from monetary gold, only the total movement is entered here. For allocation by countries of nonmonetary and monetary gold combined, see note to item 11.

4.1 Allocate gross freight receipts to the countries to which the goods are consigned and gross freight payments to the country of the operator of the carrier. If necessary, take the flag of a ship as indicating the country of its operator. Because of c.i.f. shipments, payments are often made in claims on a third country. In such cases, if the amounts are known, an adjustment should be made under multilateral settlements. See final paragraph of section 4 of General Description of Geographic Classification.

7\. Insurance premiums on account of merchandise trade should be allocated on the same principle as gross freight (see note to item 4.1 above).

8\. Enter donations received as a credit under the country of the donor and donations extended as a debit under the country of the recipient.

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Item

9. The entries opposite this item in columns 27, 28, and 29 will exceed the sums of the entries in columns 1 to 26 by the amount of item 2, because item 2 (nonmonetary gold) can be allocated geographically only in combination with monetary gold in item 11; see notes to items 2 and 11.

10. See note to item 9.

11. This item represents international transactions in monetary and nonmonetary gold combined. Enter as credits all exports (Table III, item 1) and other outward movements (earmarkings, Table III, item 2); and as debits all imports (Table III, item 4) and other inward movements (earmarkings, Table III, item 5). Where there is a shift in ownership, the entries should be under the country of the foreign seller or foreign purchaser. Where there is merely a shift in the location of the gold without a transfer of ownership from a resident to a foreigner, or vice versa, both the gold shipment and the offsetting change in gold under earmark should be allocated: (1) to the foreign country to or from which you have moved gold, or (2) to the country of the foreign owner if a foreigner has moved gold to or from your country. While entries for such transactions will always offset one another, the procedure will yield statistics for gross gold transactions that are consistent with those in Table III.

The totals entered opposite item 11 in columns 27, 28, and 29 are for checking purposes only, since monetary and nonmonetary gold are shown separately in these columns (see items 2 and 19).

In column 29, the entry for item 11 should equal the net credit in item 2 minus net assets in item 19. Items 2 and 19, showing nonmonetary and monetary gold movements separately, are intended to replace item 11 in columns 27, 28, and 29, since item 11 shows these movements only in combination.

12. This item covers offsetting adjustments on account of multilateral settlements (see section 3 of General Description), which are either

(a) Transfers between your country and any foreign country of short-term claims on any third country (item 12.1), or
(b) Transfers between any two foreign countries of short-term liabilities of your country (item 12.2).

Since for each multilateral settlement two adjustments will be made on the same line under item 12 (a credit in one column and a corresponding debit in another), total credits in column 27 must equal total debits in column 28, leaving nothing to be entered in column 29. A number of examples, which may clarify the nature of the multilateral settlements and the adjustments required under this item, follow these instructions. Three rules underlying these adjustments and used in presenting the examples are given in the notes to items 12.1 and 12.2 below.

In exchange control countries the information necessary to enter adjustments for multilateral settlements through the domestic banking system will normally be derived from exchange control

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Item

records. Other countries may be able to report adjustments only for such official multilateral settlements as those arising from IMF and IBRD transactions, operations of stabilization funds and central banks, and grants and loans received or extended in the form of goods acquired in third countries. Where transactions with a given country or group of countries are normally effected in the currency of a third country (e.g., sterling or dollars), multilateral settlements may be estimated from the net balance of all other transactions. Net multilateral settlements for which adjustment cannot be made will be offset in errors and omissions.

Attach a statement indicating

The sources used in deriving the figures given for multilateral settlements, and

The specific types of settlements for which adjustments have been made.

12.1 Rule I: Enter as a credit in your balance of payments with each country the total of short-term claims on that country received by residents of your country from residents of third countries (including the IMF and IBRD). Enter the same amounts as debits under the third countries concerned, including IMF and IBRD.

Rule II: Enter as a debit in your balance of payments with each country the total of short-term claims on that country which have been transferred by residents of your country to residents of third countries. Enter the same amounts as credits under the third countries concerned.

If a transfer is made between a resident of your country and a foreign agent acting on behalf of a principal in a third country, the short-term claim should be considered as transferred to or from the principal rather than the agent (see section 4 of General Description).

The entry should be as of the time when the transfer of the short-term claim on the third country occurs rather than as of the time when the obligation to settle a claim on the third country arises. For example, a Latin American export to Europe payable in U.S. dollars does not give rise to a multilateral settlement until Europe in fact transfers U.S. currency or some other claim upon the United States to Latin America. Until such payment occurs, the Latin American claim (even though denominated in dollars) is upon Europe rather than the United States.

12.2 Rule III: To adjust for settlements between any two foreign countries in short-term claims on your country, enter each settlement as a credit under the country of the transferor and a debit under the country of the transferee. Include, for example, transfers between two foreign countries of bank balances held in your country, IMF sales and IBRD loans of your currency to other countries, and drafts accepted by financial institutions in your country for account of residents in one foreign country (transferor) if drawn by residents in another foreign country (transferee).

14. Column 29 is blocked out because this item is not used in the calculation of total errors and omissions. The net total of international gold transactions (item 11) is covered by items 2 and 19, and

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Item

the net total of multilateral settlements is zero. The sum of the entries in columns 1 to 25 opposite item 14 should be equal to the sum of the credits minus the sum of the debits opposite item 13.

16. Book claims and liabilities arising from transactions of your country with a principal abroad effected through his agent in a third country should be allocated to the country of the principal, if the transaction itself is so allocated (cf. section 4 of General Description).

17.4 In column 23 include subscriptions to IMF and IBRD.

19. Since monetary gold cannot be allocated by countries separately from nonmonetary gold, only the total movement is entered here. For allocation by countries of monetary and nonmonetary gold combined, see note to item 11.

20. The entries opposite this item in columns 27 and 29 will exceed the sums of the entries in columns 1 through 26 by the amount of item 19, because item 19 (monetary gold) can be allocated, geographically, only in combination with nonmonetary gold in item 11; see notes to items 11 and 19.

21. See note to item 20.

22.2 and 23.2 In column 24 include liabilities to IMF and IBRD.

3. DESCRIPTION OF TOTALS (columns 27, 28, and 29)

The items in these columns of Table A should agree with the items in Tables I, II, and XIV as indicated below:

Item

1. Table I, item 1

1.1 Table II, item 1, or if special trade, item 1.1

1.2 Table II, item 7

1.3 If imports are recorded f.o.b. in item 1.1: Table II, items 2 plus 8 (plus item 1.2 of Table II if "special" trade is recorded in item 1.1)

If imports are recorded c.i.f. in item 1.1: Table II, items 2 plus 8 minus 3 minus 4 (plus item 1.2 of Table II if "special" trade is recorded in item 1.1)

2. Table I, item 2

3. Table I, item 3

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Item	
4.	Table I, item 4
4.1	Table I, item 4.1
4.2	Table I, item 4.2
5.	Table I, item 6
5.1	Table I, item 6.1
5.2	Table I, items 6.2 plus 6.3
6.	Table I, item 7
7.	Table I, items 5 plus 8
8.	Table I, item 9
8.1	Table I, items 9.1 plus 9.2
8.2	Table I, item 9.3
8.3	Table I, item 9.4
9.	Table I, item 10
11) 12)	For these items, see section 2 of these Instructions.

Errors and Omissions: Equal to errors and omissions in Table I

15.	Table I, item 11
15.1	Table I, item 11.1
15.2	Table I, items 11.4 plus 11.5
15.3	Table I, items 11.2 plus 11.3 plus 11.6
16.	Table I, item 12
16.1	Table I, item 12.1

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Item	
16.2	Table I, item 12.2
17.	Table I, item 13
17.1	Table I, item 13.1
17.2	Table I, item 13.2
17.3	Table I, items 13.4 plus 13.5
17.4	Table I, items 13.3 plus 13.6
18.	Computed in items 22 through 26; should equal Table I, item 14
19.	Table I, item 15
20.	Table I, item 16
22.	Table XIV, column 11: assets, items 1 through 6; liabilities, items 7 through 13
22.1	Table XIV, column 11: assets, item 1; liabilities, item 7
22.2	Table XIV, column 11: items 8 through 11
22.3	Table XIV, column 11: assets, items 2 through 6; liabilities, items 12 and 13
23.	Table XIV, column 12: assets, items 1 through 6; liabilities, items 7 through 13
23.1	Table XIV, column 12: assets, item 1; liabilities, item 7
23.2	Table XIV, column 12: items 8 through 11
23.3	Table XIV, column 12: assets, items 2 through 6; liabilities, items 12 and 13
25.	Table XIV, column 14: assets, items 1 through 6; liabilities, items 7 through 13
26.	Table XIV, column 15: assets, items 1 through 6; liabilities, items 7 through 13

ADJUSTMENTS FOR TYPICAL MULTILATERAL SETTLEMENTS

The following examples illustrate how typical multilateral settlements arise and how the adjustments for them bring the bilateral statements into balance.

The columns and items used in the examples refer to those in Table A and the symbols refer to the following countries:

U.S. -- United States
U.K. -- United Kingdom
S.A. -- A sterling area country outside Europe and the Far East
L.A. -- A country in Latin America
IMF -- International Monetary Fund

The references to Rules I, II, and III in the examples are to the rules stated in the notes to items 12.1 and 12.2 in the Instructions for Table A. The claims on third countries in the examples are all claims on the United States or the United Kingdom.

The first example is given in tabular form to show how the adjustments reallocate transactions to the proper column of Table A. The columns and items are numbered as they are in Table A, but short-term capital movements are shown on a credit-debit basis rather than as changes in assets and liabilities. For reasons of space, this tabular form is not repeated in the other examples.

Example 1: S.A. imports goods from L.A. and pays in U.S. dollars or other short-term claims on U.S. The adjustments required are:

Balance of Payments of L.A. (Rule I)	Balance of Payments of S.A. (Rule II)	Balance of Payments of U.S. (Rule III)
Credit: item 12.1.1, col. 1 (U.S.)	Debit: item 12.1.1, col. 2 (U.S.)	Credit: item 12.2, col. 21 (S.A.)
Debit: item 12.1.1, col. 12 (S.A.)	Credit: item 12.1.1, col. 21 (L.A.)	Debit: item 12.2, col. 12 (L.A.)

The following tables show how the L.A. export to S.A., the payment in claims on the U.S., and the adjustments for multilateral settlement are entered in the statements of the three countries, assuming the amount involved in the transaction to be 100. The payment in claims on the U.S. increases L.A. dollar holdings (debit for L.A.), and decreases S.A. holdings (credit for S.A.). The first table shows that L.A. acquired dollars multilaterally from S.A. in payment for the goods.

Item	L.A. Balance of Payments with: U.S. Credit (1)	U.S. Debit (2)	S.A. Credit (11)	S.A. Debit (12)
1. Merchandise			100	
18. Short-term capital: U.S. dollar holdings		100		
Adjustment item:				
12.1.1. Multilateral settlements in claims on U.S.	100			100

The second table shows that S.A. used its dollar holdings multilaterally to pay L.A. for the goods.

Item	S.A. Balance of Payments with: U.S. Credit (1)	U.S. Debit (2)	L.A. Credit (21)	L.A. Debit (22)
1. Merchandise				100
18. Short-term capital: U.S. dollar holdings	100			
Adjustment item:				
12.1.1 Multilateral settlements in claims on U.S.		100	100	

The third table shows that the U.S. capital transactions with L.A. and S.A. involved only multilateral settlements--merely a shift of U.S. liabilities abroad from S.A. to L.A.

Item	U.S. Balance of Payments with: L.A. Credit (11)	L.A. Debit (12)	S.A. Credit (21)	S.A. Debit (22)
18. Short-term capital: liabilities to foreigners	100			100
Adjustment item:				
12.2 Multilateral settlements in liabilities to foreigners		100	100	

Example 2: U.K. imports goods from L.A., which are paid for by U.S. under ECA ("offshore purchase"). The goods would be entered as in Example 1 (tabular form). There is also a donation involved from U.S. to U.K. and an increase in short-term liabilities of U.S. to L.A. The adjustments required are:

U.K. Balance of Payments
(Rule II)

Debit: item 12.1.1, col. 2 (U.S.)
Credit: item 12.1.1, col. 21 (L.A.)

U.S. Balance of Payments
(Rule III)

Credit: item 12.2, col. 5 (U.K.)
Debit: item 12.2, col. 22 (L.A.)

Adjustments under Rule I are made in L.A. balance of payments.

Example 3: S.A. converts sterling into dollars through a London bank. The transaction decreases short-term liabilities of U.K. to S.A. and of U.S. to U.K. It increases U.S. liabilities to S.A. The adjustments required are:

Balance of Payments of S.A.
(Rule I)

Credit: item 12.1.1, col. 1 (U.S.)
Debit: item 12.1.1, col. 6 (U.K.)

Balance of Payments of U.K.
(Rule II)

Debit: item 12.1.1, col. 2 (U.S.)
Credit: item 12.1.1, col. 11 (S.A.)

Adjustments under Rule III are made in the U.S. balance of payments.

Example 4: U.K. purchases U.S. dollars from IMF with sterling. The transaction increases U.S. short-term liabilities to U.K. and U.K. liabilities to IMF. It decreases U.S. short-term liabilities to IMF. The adjustments required are:

U.K. Balance of Payments (Rule I)	U.S. Balance of Payments (Rule III)
Credit: item 12.1.1, col. 1 (U.S.)	Debit: item 12.2, col. 6 (U.K.)
Debit: item 12.1.1, col. 24 (IMF)	Credit: item 12.2, col. 23 (IMF)

Adjustments under Rule II would be made in the balance of payments of the IMF if a statement were drawn up for the IMF.

Example 5: S.A. buys a dollar claim on New York from L.A. by means of a sterling claim on London. This involves two multilateral settlements for both S.A. and L.A.--one in claims on U.S. and one in claims on U.K.--since S.A. acquires from L.A. a claim on a third country, U.S., and pays for it by transferring to L.A. a claim on another third country, U.K. S.A. dollar holdings increase and sterling holdings decrease, while L.A. sterling holdings increase and dollar holdings decrease. In order to show that S.A. acquired dollar claims from L.A. and transferred sterling claims to L.A., the following adjustments are required in the balance of payments of S.A.:

Purchase of dollars (Rule I)	Sale of sterling (Rule II)
Credit: item 12.1.1, col. 1 (U.S.)	Debit: item 12.1.2, col. 6 (U.K.)
Debit: item 12.1.1, col. 22 (L.A.)	Credit: item 12.1.2, col. 21 (L.A.)

In the balance of payments of L.A. the following adjustments are required:

Sale of dollars (Rule II)	Purchase of sterling (Rule I)
Debit: item 12.1.1, col. 2 (U.S.)	Credit: item 12.1.2, col. 5 (U.K.)
Credit: item 12.1.1, col. 11 (S.A.)	Debit: item 12.1.2, col. 12 (S.A.)

Adjustments under Rule III are made in the balance of payments statements for the U.S. and U.K.

Example 6: S.A. pays for goods purchased from L.A. with claims on New York bought from a London bank with sterling, and transferred to L.A. through the London bank. This transaction involves two multilateral settlements for S.A., both in claims on U.S. It is a combination of the multilateral settlements given in Examples 1 and 3. S.A. first acquires from U.K. claims on a third country, U.S., and then transfers to L.A. these claims on U.S., which is again a third country. S.A. would record an import (as in the tables in Example 1) and a decrease in London balances, but no change in New York balances. Although there is no change in the New York balances of S.A., there has been a transaction through New York resulting in a dollar, rather than a sterling, payment to L.A. This should be recorded (as in Example 3) in the adjustment items for multilateral settlements. The following adjustments are required in the balance of payments of S.A.:

Purchase of dollars from the U.K.
(Rule I)

Credit: item 12.1.1, col. 1 (U.S.)
Debit: item 12.1.1, col. 6 (U.K.)

Transfer of dollars to L.A.
(Rule II)

Debit: item 12.1.1, col. 2 (U.S.)
Credit: item 12.1.1, col. 21 (L.A.)

In the balance of payments of U.K. and L.A. for each of whom only a single multilateral settlement is involved, the following adjustments are required:

Balance of Payments of U.K.
Sale of dollars to S.A.
(Rule II)

Debit: item 12.1.1, col. 2 (U.S.)
Credit: item 12.1.1, col. 11 (S.A.)

Balance of Payments of L.A.
Receipt of dollars from S.A.
(Rule I)

Credit: item 12.1.1, col. 1 (U.S.)
Debit: item 12.1.1, col. 12 (S.A.)

TABLE B 1. ABBREVIATED BALANCE OF PAYMENTS SCHEDULE

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	United States		Canada		United Kingdom		Other Sterling Area		Continental OEEC Countries				Other and Unallocated		Total	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
GOODS AND SERVICES																
1. Merchandise																
2. Nonmonetary gold movement (net)																
3. Foreign travel																
4. Transportation and insurance																
5. Investment income																
5.1 Direct investment																
5.2 Other interest and dividends																
6. Government expenditures																
7. Miscellaneous																
8. Total goods and services																
DONATIONS																
9. Private remittances and migrants' transfers . .																
10. Official donations																
11. Total donations																
CAPITAL AND MONETARY GOLD																
12. Private capital movements																
12.1 Direct investment																
12.2 Other long-term																
12.3 Other short-term																
13. Official and banking institutions																
13.1 Loans and long-term obligations																
13.2 Contractual repayments																
13.3 Other long-term																
13.4 Short-term claims on United Kingdom . . .																
13.5 Short-term claims on United States																
13.6 Short-term claims on ______________ . .																
13.7 Short-term liabilities to official																
13.8 Other short-term																
13.9 Monetary gold																
14. Total capital and monetary gold																
15. Errors and omissions																

APPENDIX B

ABBREVIATED BALANCE OF PAYMENTS SCHEDULE

Detailed notes should be attached to the tables, giving the sources of the figures, the main items of which the entries are composed (preferably in tabular form), and the method of estimating used when direct statistics are not available.

In view of the fact that the character and relative importance of different categories of items will vary widely from country to country, considerable flexibility is expected in the use of the schedule. Many items may be of so little significance in the international transactions of a particular country that no special effort should be made to report them. What is reported, however, should conform as far as possible to the schedule. Where information is available, but not in the form required by the schedule, it should be entered in the categories that it most nearly fits and appropriate explanatory notes should be provided.

In addition to the totals for each item, the geographic classification should be shown wherever possible. Unallocated amounts should be included in the "Other and Unallocated" column. As far as possible, the areas in the geographic classification should conform to the description given in the instructions for Table A in Appendix A. A double column with a blank heading is provided to cover transactions with the area (other than those specified) that is most significant for the reporting country (e.g., "Latin America," "Middle East," "Far East," etc.). If the only geographic classification that can be given differs from the description given in the instructions for Table A, a full description of the areas covered should be supplied.

INSTRUCTIONS FOR TABLE B 1

Item

1. Enter the adjusted figures from Table B 2, item 7.

2. Enter the total given in Table B 3, item 6, column 2, as a credit if positive or as a debit if negative. If international transactions in nonmonetary gold can be distinguished regionally from those in monetary gold (see Appendix C), they should be entered in the regional columns. If not, they should be entered in the column "Other and Unallocated". See note to item 13.9.

3. Enter as a credit all expenditures of foreigners visiting the reporting country, and as a debit all payments to foreigners by residents of the reporting country traveling outside the domestic territory. Do not include passenger fares and shipboard expenses paid to ships and aircraft in international transportation unless they cannot be separated from travel expenditures.

4. Enter the totals from Table B 4.

5.1 Income from direct investment abroad should be entered as a credit, and income on direct investment in the reporting country should be entered as a debit. The figures should include undistributed profits, and the debit figure should agree with item 4 in Table B 5.

5.2 Interest received on foreign exchange assets and other investments abroad should be entered as a credit, and interest on government debt held abroad, and interest and dividends on other liabilities to foreigners, should be entered as a debit.

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Item

6. Enter as a credit all expenditures in the reporting country by foreign governments, other than payments for exports included in item 1 and for official travel included in item 3. If the reporting country is a dependent territory, include also receipts for services provided for the metropolitan country. Enter as a debit all expenditures abroad by the government, of the reporting country, other than payments for imports included in item 1, for official travel included in item 3 and for interest included in item 5. If the reporting country is a dependent territory, include payments to the metropolitan country.

7. Include all services not covered above, such as workers' earnings, management fees, film royalties, etc. Enter as a credit the net earnings brought into the reporting country by residents working abroad and as a debit the net earnings of foreigners working in the reporting country. Other receipts for services rendered should be entered as a credit, and payments for services received should be entered as a debit.

9. Two types of transactions are involved here. One type is private remittances. Enter as a credit remittances either in cash or in kind from emigrants residing abroad and other foreigners, including missionary, educational, and other institutions. Enter as a debit remittances sent abroad by immigrants in the reporting country or other residents.

The second type of transaction is migrants' transfers. These occur at the time a migrant changes his residence from one country to another. At this time all his assets and liabilities (foreign as well as domestic, long-term as well as short-term) are transferred from one country to another.

In the case of an emigrant from the reporting country, the emigrant's assets should be entered as a debit and his liabilities as a credit. In the case of an immigrant into the reporting country, the immigrant's assets should be entered as a credit and his liabilities as a debit. In practice it may often be impossible to record more than the actual cash and personal goods which a migrant has with him.

10. Enter as a credit all governmental grants received, including reparations and grants to colonies by the metropolitan country, and as a debit all governmental grants extended. List all grants separately in Table B 6.

12.1 The total under item 3.5 of Table B 5 should be included here as a credit if positive and as a debit if negative. The entry should also include a net increase in direct investment abroad as a debit and a net decrease as a credit.

12.2 Enter as a credit a decrease in private holdings of portfolio securities or other long-term foreign assets or an increase in private long-term liabilities abroad, and as a debit an increase in private holdings of portfolio securities or other long-term foreign assets or a decrease in private long-term liabilities abroad.

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Item

12.3 Enter as a credit any known decrease in private short-term foreign assets or increase in private short-term liabilities abroad, and as a debit any known increase in private short-term foreign assets or decrease in private short-term liabilities abroad.

13. Official institutions are defined as central banks, central government departments and agencies, and government-controlled institutions holding foreign assets or incurring foreign liabilities, other than commercial banks. Banking institutions are defined as commercial banks and any other unofficial enterprises accepting short-term deposits and, in countries having exchange control, any other authorized dealers in foreign exchange.

13.1 Enter as a credit loans received by official and banking institutions of the reporting country from abroad from both private and public sources (including new issues abroad of their obligations), and as a debit loans extended by these institutions to official and banking institutions abroad. List in Table B 6 all loans received and extended.

13.2 Enter as a credit amortization and other contractual repayments on loans extended by official and banking institutions of the reporting country, and as a debit amortization and other contractual repayments on loans received by these institutions.

13.3 Enter as a credit any other known decrease in official long-term assets or increase in official long-term liabilities, and as a debit any other known increase in official long-term assets or decrease in official long-term liabilities.

13.4 Enter a decrease in short-term claims on the United Kingdom (sterling balances, etc.) as a credit and an increase as a debit. In the regional columns, transactions in sterling (and other short-term claims on the United Kingdom) should be recorded, as far as possible, under the areas with which they were made; receipts should be entered as a debit and payments as a credit.

13.5 Enter a decrease in short-term claims on the United States as a credit and an increase as a debit. In the regional columns, transactions in dollars (and other short-term claims on the United States) should be allocated, as far as possible, to the areas with which the transactions occurred; receipts of dollars should be entered as a debit and payments as a credit. Dollars received from the United Kingdom in exchange for sterling should be shown as a debit under the United Kingdom, and as a credit under the area to which the dollars were paid. The sterling used for this purpose should be shown as a credit under the United Kingdom against item 13.4.

13.6 Provision is made here for recording transactions in a particular foreign currency other than dollars and sterling if they are significant for the reporting country.

13.7 Enter an increase in short-term liabilities to foreign official and banking institutions as a credit, and a decrease as a debit.

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Item

13.8 Enter an increase in other short-term liabilities or a decrease in other short-term assets as a credit, and a decrease in other short-term liabilities or an increase in other short-term assets, as a debit.

13.9 Enter a decrease in monetary gold holdings as a credit and an increase as a debit. If monetary and nonmonetary gold transactions cannot be distinguished (see Appendix C), enter the two combined (i.e., all gold transactions between residents and foreigners) in the regional columns of item 13.9; and enter the nonmonetary gold movement with the sign reversed in the column "Other and Unallocated" of item 13.9. This reversal of the sign will eliminate the nonmonetary gold movement from the total shown for item 13.9. The total nonmonetary gold movement is shown separately in item 2. See note to item 2.

15. Enter as a credit or a debit the amount needed to bring the sum of credits and debits under items 8, 11, and 14 into balance.

TABLE B 2. MERCHANDISE TRANSACTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	Credit (Receipts from Exports or Sales)	Debit (Payments for Imports or Purchases)
1. Exports and imports as published in trade returns *		
2. Coverage adjustments: additions †		
2.1 Silver (other than current coin)		
2.2 Parcel post		
2.3 Fish sold directly in foreign ports		
2.4 Government exports or imports (grants in kind, etc.)		
2.5 Plant and equipment for foreign-owned concerns		
2.6 Other (explain)		
3. Coverage adjustments: deductions ‡		
3.1 Ships' stores		
3.2 Gold		
3.3 Other (explain)		
4. Valuation adjustments		
4.1 Internal freight and insurance charges		
4.2 Freight and insurance on c.i.f. imports		
4.3 Nonmarket valuations by foreign-owned concerns		
4.4 Other		
5. Merchandise transactions abroad		
6. Adjustments for changes in stocks		
7. Merchandise adjusted (items 1 through 6) (Transfer to Table B1, item 1)		

* These figures are published in ______________________________

State whether imports are recorded f.o.b. or c.i.f. ______________________________

† If included in published figures, insert X; if negligible, insert a dash (-).

‡ If not included in published figures, insert X; if negligible, insert a dash (-).

INSTRUCTIONS FOR TABLE B 2

This table provides for the various additions to and deductions from published trade figures that are necessary to provide a full coverage of international transactions in merchandise on a purchase-sale basis. Any credit extended by the seller (i.e., post-payments) and any credit extended by the purchaser (i.e., prepayments) should be recorded as a capital movement in item 12 of Table B 1. If the reporting country has exchange control statistics of merchandise transactions, a reconciliation of those statistics with the adjusted customs figures should be given.

Item

2.1 Include silver bullion, demonetized silver coins, and newly minted coins not yet circulating.

2.5 This item covers plant and equipment supplied directly to subsidiaries and branches by foreign companies without being recorded in the trade returns.

2.6 Include surplus property purchased. Surplus property sold should be included in item 6 of Table B1.

3.1 These exports should be included in item 4 of Table B1 with other port expenditures (see Table B4).

3.2 These exports should be included in Table B 3 where the net nonmonetary gold movement is calculated.

4.1 This item should cover freight and insurance to the frontier of the reporting country (credit) if exports have been valued f.o.b. at some interior point, and freight and insurance to the frontier of the exporting country (debit) if imports have been valued by the exporting country f.o.b. at some interior point.

4.2 If imports are valued c.i.f., freight and insurance charges on imports should be deducted here to convert the figures to an f.o.b. basis. That part of the amount deducted which was paid to foreigners should be entered in item 1 of Table B 4, and the remainder should be shown in the footnote to that table. If imports are valued f.o.b., no entry should be made here.

4.3 Correction should be made here for the difference between the recorded and the market prices of exports by branches and subsidiaries of foreign firms to parent firms abroad. Enter a plus amount in the credit column for undervaluation and a minus amount for overvaluation. Similar adjustments should be made in the debit column for differences between the recorded and market prices of imports by foreign-owned branches and subsidiaries.

4.4 Adjustments should be made here for goods exported or imported on consignment when the realized value differs significantly from the recorded value. If imports are valued at domestic prices that are subsidized or controlled, an adjustment should also be made for the difference between the subsidized or controlled prices and those actually paid for imports.

5. Enter as a credit sales in foreign countries of commodities bought abroad, and as a debit the cost of acquiring these commodities (including freight and insurance) whether they were purchased in the reporting period or at an earlier date.

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Item

6. Adjustments for changes in stocks are necessary because these changes mean that recorded exports, imports, or merchandise transactions abroad have correspondingly overstated or understated merchandise transactions between residents and foreigners in the reporting period. Enter as a plus in the credit column exports sold to foreigners in the reporting period but not shipped in that period. Enter as a minus in the credit column exports shipped in the reporting period but not sold to foreigners in that period.

Enter as a plus in the debit column goods bought from foreigners in the reporting period but not recorded for that period as imports in item 1 or 2 or as cost of goods sold in item 5. Enter as a minus in the debit column goods recorded for the reporting period as imports in item 1 or 2 or as cost of goods sold in item 5, but not bought by residents in that period.

TABLE B 3. GOLD TRANSACTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	In thousands of fine ounces	In domestic currency
1. Exports (+)		
2. Imports (-)		
3. Earmarking on own account abroad (decrease +, increase -)		
4. Earmarking on foreign account in your country (increase +, decrease -)		
5. Change in monetary gold holdings (increase +, decrease -)		
6. Nonmonetary gold movement (items 1 through 5) (Transfer net plus as credit, or net minus as debit, to Table B1, item 2)		

Gold production amounted to ____________________ fine ounces during the reporting period.

INSTRUCTIONS FOR TABLE B 3

This table records gold transactions and shows the derivation of the nonmonetary gold movement.

Net gold transactions with foreigners are divided into monetary and nonmonetary. The monetary movement is represented by the change in monetary gold holdings of the country as reported in Table B 7. The nonmonetary movement is the difference between net gold transactions with foreigners and the monetary movement. This difference is the result of gold production or movement of gold into or out of consumption (including private hoards) within the country. Gold production or movement of gold out of consumption constitutes a balance of payments credit. Whether sold abroad or to the monetary authorities, it helps to increase international reserves of the reporting country in the same way as an export of goods and services. Movement of gold into consumption (i.e., into the arts, mine inventories, or private hoards) acts on international reserves in the same way as an import of goods and services, and constitutes a balance of payments debit.

Transactions should be shown throughout the table at the values at which they were actually carried out.

INSTRUCTIONS FOR TABLE B 4

This table covers all transportation and insurance items and is based on the assumption that imports are generally carried and insured by foreigners. If this is not the case, the data should be compiled on the basis of Tables V and VI.

TABLE B 4. TRANSPORTATION AND INSURANCE

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................... per....................

Item	Credit	Debit
1. Freight and insurance on imports *		
2. Other freight		
3. Passenger fares		
4. Ships' stores and other port expenditures		
5. Insurance (other than item 1)		

* Excluding ______________________ of freight and insurance paid to residents on imports.

INSTRUCTIONS FOR TABLE B 4 (contd)

Item

1. Enter as a debit freight and insurance paid to foreigners on imports. The amount paid to residents should be entered in the footnote to the table. If imports are recorded c.i.f., the sum of these figures should agree with the amount deducted from imports in Table B 2, item 4.2. If imports are recorded c.i.f. and no reasonable estimate of freight and insurance is possible, this item and the adjustment in Table B 2, item 4.2 may be omitted.

2. Enter as a credit freight receipts of domestically-operated carriers in international transportation other than freight on imports. Enter as a debit freight paid to foreign-operated carriers for services rendered in domestic coastal traffic or within the territory of the reporting country. Exclude freight paid to foreigners on exports.

3. Enter as a credit passenger fares and shipboard expenses received from foreigners by domestically-operated ships and aircraft, and as a debit payments by residents to foreign-operated carriers. If these amounts cannot be separated from travel expenditures, they should be included in Table B1, item 3, instead of here.

4. Enter as a credit all disbursements by foreign-operated carriers within the reporting country. Disbursements abroad by domestically-operated carriers should be entered as a debit.

5. This item refers to insurance transactions other than those on imports. Enter as a credit insurance claims paid by foreign companies to residents, and as a debit premiums paid to foreigners. Also enter as a credit premiums received from foreigners, and as a debit claims paid to foreigners. In the case of premiums on the international transportation of goods (other than imports and exports of the reporting country), premiums received should be entered as a credit, whether received from residents or foreigners.

TABLE B 5. DIRECT INVESTMENT
(Transactions of Foreign - Owned Enterprises)

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.............. per..............

Item	Industries					Total
1. Net transfers abroad						
1.1 Merchandise exports (+)						
1.2 Outward cash transfers (+)						
1.3 Merchandise imports with own exchange (-)						
1.4 Inward cash transfers (-)						
1.5 Total (item 1.1 through 1.4)						
2. Net foreign expenditures (other than 1.3) (-)						
3. Change in foreign investment in local company						
3.1 Local bank deposits (increase +, decrease -)						
3.2 Local inventories (increase +, decrease -)						
3.3 Other local assets (increase +, decrease -)						
3.4 Offset: local liabilities (increase -, decrease +)						
3.5 Total (items 3.1 through 3.4) (Transfer to Table B1, item 12.1)						
4. Net earnings on foreigners' investment (total items 1.5, 2, and 3.5) (Transfer to Table B1, item 5.1)						

INSTRUCTIONS FOR TABLE B 5

Direct investment in the reporting country is defined as the amount invested (whether equity, long-term creditor or short-term creditor capital) by foreigners in enterprises which are effectively controlled by them. It is assumed that in the majority of cases the enterprises are wholly owned abroad. Where foreign ownership is less than 100 per cent of the common stock equity, direct investment is still inferred as long as 50 per cent or more of the voting stock is owned by residents of a particular country, or if 25 per cent or more of the voting stock is concentrated in the hands of a single holder or organized group of holders.

This table provides an indirect method of estimating net earnings by foreigners on direct investments in the reporting country when these earnings are not reported by the companies. It also provides a check on the consistency of various types of data on direct investments, and permits the segregation of the transactions of this "foreign sector" in the economy from other international transactions of the reporting country.

The first section in the table shows (a) the transfer of funds out of the reporting country either through the local company's export of goods which are sold for foreign exchange or through its direct purchases of foreign exchange (items 1.1 and 1.2), and (b) the transfer of funds into the reporting country either through the local company's import of goods paid for by its own foreign exchange or through its use of foreign exchange to purchase local currency (items 1.3 and 1.4). Ordinarily these transfer items can be obtained from customs or exchange control records.

Let it initially be assumed that all the local company's earnings are transferred abroad to the foreign shareholders and that there is no change in the foreign investment in the local company during the reporting period. In this case the net transfers abroad recorded in the first section of the table will represent either net expenditures abroad of the local company or earnings transferred. Since foreign expenditures (home office expenses, etc.) are likely to be both limited in amount and relatively stable, it should be possible to estimate them without too serious an error, even if the local offices of the companies are unable to give exact figures. Deducting them (item 2) from net transfers abroad (item 1) would leave a figure representing the net earnings accruing to foreigners. Thus, if this first case were the typical one, the data required for an estimate of foreign earnings on direct investments in the reporting country would be generally available from customs and exchange control records.

A more difficult problem arises if the foreign investment in the company changes. If, instead of the initial assumption that earnings are all paid abroad, it is assumed that they are reinvested in the country, they will be entirely reflected in the growth of foreign investment in the local company. There will be no net transfers abroad except to cover home office expenditures. Hence it is necessary to include a section in the table covering change in the foreign investment (item 3). Since changes in the amount of foreign investment may not be reported by the local company, item 3 has been designed to show the elements of this investment in such a way that indirect evidence may be brought to bear on them. Bank deposits of the local companies (item 3.1) may be reported by the local banks; a portion, at least, of the companies' inventories (item 3.2) may be ascertained if goods warehoused or awaiting shipment in the ports are known; and it may be possible to estimate other assets such as the companies' properties (item 3.3) from real estate transfers, construction contracts, equipment imports, etc. Since these local assets may in part have been acquired with the aid of local borrowing, whether long- or short-term, it is necessary to deduct the increase in such local liabilities (item 3.4) in order to measure changes attributable to investment by foreigners.

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Foreign investment in the local company may also be increased by raising new capital abroad. In this case, however, there will be a minus entry in item 1 under either merchandise imports if supplies are bought abroad, or under inward cash transfers if local currency is needed for construction operations in the reporting country. The minus entry will offset the plus entry in item 3 (reflecting the increased investment) and together the two entries will cancel out without effect on the figure for net earnings. A repayment of debt abroad out of assets rather than earnings would similarly involve two offsetting entries. Thus the combination of the first three items gives amounts that reflect net earnings only -- net earnings, however, in a broad balance of payments sense including interest payments to foreigners and undistributed profits as well as dividends paid on the foreign equity.

A few special cases require comment. When residents as well as foreigners have supplied equity capital to the local company, changes in common stock, surplus, and undistributed profits attributable to local investors must be added to the changes in local liabilities recorded in item 3.4. If the subsidiary holds foreign assets, changes in these assets involve offsetting adjustments and may be disregarded. For example, an increase in foreign assets of the subsidiary would involve in a complete accounting (1) a minus entry in item 2, or in a new item which might be entitled "Investment abroad", and (2) a plus entry in item 3 where a new sub-item entitled "Foreign assets" would be required. Since ordinarily, however, subsidiaries do not hold substantial foreign assets and changes in such assets as they hold are slight, and since in any case the entries on account of changes in foreign assets are offsetting and the schedule as it stands will give a correct statement of investment income and the net capital movement, no provision has been made in the schedule for recording them. Finally, if dividends are paid to foreigners in local currency, they should be shown as a plus entry in a new item that would follow item 2 and be entitled "Local currency dividends paid to foreigners". It is believed, however, that local currency dividends are rarely paid to foreign controlling interests.

If possible, show separate columns for each industry affected (e.g., mining, petroleum, exporting and importing, etc.) as well as the total for all foreign-owned enterprises.

Item

1.1 **Enter all merchandise and nonmonetary gold exported by foreign-owned enterprises as a plus figure at market value (f.o.b. basis).**

1.2 **Enter as a plus figure all outward cash remittances for whatever purpose.**

1.3 **Enter as a minus figure all imports and freight and insurance on imports paid for out of the foreign exchange resources of foreign enterprises, including those arising from export proceeds retained abroad and outward remittances included in item 1.2. Do not include imports paid for in local currency.**

1.4 **Enter as a minus figure all inward cash remittances, such as the repatriation of export proceeds, or transfer of the proceeds of loans and investments for use in the reporting country.**

2. **Enter as a minus figure management fees and other home office expenses and any other foreign**

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Item

expenditures, such as royalties and salaries paid in foreign currency. Do not include interest and dividends.

3. If net investment is known directly, the details under items 3.1 through 3.4 may be omitted.

3.2 Enter the net change in stocks, both of finished products and of materials, in the hands of foreign-owned enterprises within the reporting country. An increase should be entered as a plus and a decrease as a minus. A rough estimate should be given if no other information is available.

3.3 Enter the change in other assets in the reporting country (land, buildings, plant, accounts receivable, etc.) after deducting depreciation. An increase should be entered as a plus and a decrease as a minus. If no other information is available, a rough estimate should be made on the basis of construction contracts, real estate transfers, imports of capital equipment, etc.

3.4 Enter the change in liabilities in the reporting country (domestic capital issues, change in surplus attributable to domestic investors, borrowing from banks or by debentures, tax liabilities, etc.).

TABLE B 6. OFFICIAL GRANTS AND LOANS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Credit	Debit
1. Grants		
1.1 Compensatory *		
1.2 Special †		
Total		

Item	Original Amount of Loan	Amounts Drawn		Amounts Repaid	
		In Earlier Reporting Periods	In Current Reporting Period	In Earlier Reporting Periods	In Current Reporting Period
	(1)	(2)	(3)	(4)	(5)
2. Loans					
2.1 Extended by your official institutions:					
2.1.1 Compensatory *					
2.1.2 Special †					
Total					
2.2 Received by your official institutions:					
2.2.1 Compensatory *					
2.2.2 Special †					
Total					

* Compensatory grants and loans are those provided basically to settle international transactions (e.g., ECA aid).

† Special grants and loans are those for special purposes or projects (e.g., Pan-American Highway grants and most Export-Import Bank or IBRD loans).

INSTRUCTIONS FOR TABLE B 6

The distinction between compensatory and special grants or loans in the subitems is discussed at some length in the section on compensatory official financing (see Appendix C). If in doubt as to the character of a particular loan, enter it tentatively in the subitem considered most appropriate and attach an explanatory note.

Item

1. List each grant separately; grants received should be shown as credits and grants extended, as debits. Transfer totals to Table B 1, item 10.

2.1 List each loan granted to foreign official and banking institutions separately. Enter total amounts drawn by the foreign borrower in the current reporting period as a debit in Table B 1, item 13.1, and total amounts repaid as a credit in Table B 1, item 13.2, unless the repayment was noncontractual, in which case it should be entered as a credit in item 13.1.

2.2 List each loan or long-term obligation separately. Enter total amounts drawn or received by the reporting country in the current reporting period as a credit in Table B 1, item 13.1, and total amounts repaid as a debit in Table B 1, item 13.2, unless the repayment was noncontractual, in which case it should be entered in item 13.1.

TABLE B 7. GOLD AND SHORT-TERM FOREIGN ASSETS AND LIABILITIES OF OFFICIAL AND BANKING INSTITUTIONS

Reporting Country .... Period Covered ....

Currency .... Unit .... Exchange Rate: U.S. $.................. per..................

Item	Central Bank		Other Official		Other Banks		Total				
	This Return	Last Return	This Return	Last Return	This Return	Last Return	This Return	Last Return	Change	Valuation Correction	Corrected Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
ASSETS											
1. Gold coin and bullion											
1.1 Pledged											
1.2 Other											
2. Payments and clearing agreements											
3. Short-term claims on United Kingdom											
3.1 Blocked											
3.2 Other											
4. Short-term claims on United States											
5. Short-term claims on ____________											
6. Other											
LIABILITIES TO FOREIGN OFFICIAL AND BANKING INSTITUTIONS											
7. Payments and clearing agreements											
8. Liabilities to IMF and IBRD											
9. Other											
OTHER LIABILITIES TO FOREIGNERS											
10. Total											

INSTRUCTIONS FOR TABLE B 7

This table summarizes the gold and short-term foreign assets and liabilities of the official and banking institutions of the reporting country at the beginning and end of the reporting period from which capital movements over the period are derived. Forward foreign exchange contracts should not be included, since no balance of payments transaction occurs until the contract matures.

Item	
1.	Enter book values in columns (1) to (9) and enter in column (10) an adjustment for transactions at other than book values and for mark-ups or mark-downs in book values (e.g., as a result of a change in the gold parity) during the reporting period. Column (11) should then reflect transaction values and should be transferred to Table B 1, item 13.9, and to Table B 3, item 5.
1.1	Enter gold pledged as collateral against foreign debts.
2.	Include only facilities used, not the maximum limits allowed by the agreements.
3.1	Enter blocked sterling balances.
3.2	This item covers all short-term assets in the United Kingdom other than payments and clearing agreement balances and blocked balances, including coin, notes, deposits, Treasury bills, etc.
4.	This item covers all short-term assets in the United States including coin, notes, deposits, Treasury bills, etc.
5.	Provision is made here for recording holdings of a foreign currency other than dollars and sterling if they are significant for the reporting country. Indicate the country in which the assets are held.
6.	Indicate the nature of these assets.
7.	See note to item 2.
8.	This item covers deposit liabilities and demand obligations due to the Fund and the International Bank for Reconstruction and Development.
9.	Indicate the nature of these liabilities.
10.	This item covers liabilities to foreign private individuals and nonbanking businesses.

APPENDIX C

COMPENSATORY OFFICIAL FINANCING

For analysis of exchange problems the Fund has found it illuminating to focus the balance of payments on compensatory official financing. This is the financing that the monetary authorities undertake to settle international transactions. Movements of gold and foreign exchange reserves are familiar examples of such financing; but today other forms of official financing may play an even larger role in settling the surplus or deficit in a country's balance of payments. They must all be taken into account in measuring the financial burden that the balance of payments creates for the monetary authorities. A brief indication of the scope of compensatory official financing, which is essentially a modernized version of the movement of international reserves, is given below. The references in parentheses are to the items in the Fund's standard tables that most nearly fit the compensatory financing categories.

1. International reserves

   a. Monetary gold (Table I, item 15).
   b. Short-term official assets abroad (Table I, item 14, assets, if commercial banks' foreign assets are subject to the disposition of the monetary authorities; otherwise this item with the change in the banks' foreign assets eliminated, using for this purpose columns 9 and 10, items 1 through 6, of Table XIV).
   c. Long-term assets (Table I, item 13.3, assets). Strictly speaking, these should be included only to the extent that they are readily marketable abroad and are at the disposition of the monetary authorities of the reporting country. The item has not been considered of sufficient importance, however, to subdivide along these lines in the Fund's schedules. If it is believed to be primarily of the character indicated, it should be included in compensatory official financing; otherwise, not.
   d. Liabilities to foreign official and banking institutions other than IMF and IBRD (Table I, items 14.1 and 14.3, liabilities). These represent the use or accumulation by foreign monetary authorities of balances in the reporting country for purposes of compensatory financing.

2. Liabilities to IMF and IBRD (Table I, item 14.2). Changes in these liabilities reflect largely purchases of foreign exchange from (or sales to) the IMF for balancing international transactions.

3. Official transactions in outstanding long-term obligations of the reporting country (Table I, item 13.3, liabilities). These transactions represent largely (1) the counterpart of the compensatory purchase or sale by foreign monetary authorities of long-term obligations of the reporting country, or (2) official financing of a surplus in the balance of payments of the reporting country through voluntary prepayment of public or other debt owed to foreigners. New issues of government obligations abroad for compensatory purposes are regarded as direct borrowing and hence are reported as official loans (see next category).

4. Long-term official loans for balancing international transactions (Supplement B to Table I, items 1.1 and 2.1). Item 1.1 represents official loans extended, and item 2.1 official loans received, for the purpose of balancing international transactions. Some of the immediate postwar loans of the Export-Import Bank and the IBRD, the Anglo-American loan, the Canadian credits to the United Kingdom, and, more recently, the ECA loans to many countries have been of this character.

5. Official grants (Supplement A to Table I, item 4.1). Most official grants appear to have been basically for balancing international transactions. ECA grants are clearly of this character; and even UNRRA aid, which was conceived as a humanitarian measure, was given only to those countries that were unable to make international payment for essential imports. From the side of the contributors, however, not all the UNRRA funds were compensatory in character. This is further discussed in the next section.

The above list indicates that international reserve movements and Fund advances can largely be derived from Table I, items 13.3, 14, and 15; but that official grants and loans (reported in items 9.4 and 13.1 of Table I) must be further subdivided to distinguish compensatory from special official financing. This is done in the Supplements to Table I in which individual grants and loans of a compensatory character are shown in Supplement A, item 4.1, and in Supplement B, items 1.1 and 2.1. The remaining grants and loans in these two Supplements are for special purposes or projects of a noncompensatory character.

The distinction between compensatory and "special" official financing is at times difficult to draw. An individual listing of official grants and loans is requested in the Supplements in order to permit a detailed study of the basic data that underlie the classification. The distinguishing mark of a compensatory transaction is that it is undertaken broadly to balance international transactions during the reporting period. It has a general balance of payments purpose. Without a tendency toward balance of payments surplus or deficit it would not exist. As such it is quite different from amortization or repayment at maturity of the public debt abroad (items 13.4 and 13.5 of Table I)[1] or subscriptions to the IMF or IBRD in accordance with their Articles of Agreement (included in item 13.6 of Table I). These transactions must be carried out irrespective of whether the balance of payments has a tendency toward surplus or deficit. They may increase a deficit that has to be financed instead of helping to finance it. Similarly, bank loans to finance international trade (included in item 13.2 of Table I), if extended by a country that already has a tendency toward deficit, will increase the deficit financing problem. Bank loans are ordinarily extended for business reasons in connection with particular transactions without reference to the over-all balance of payments of the country. In fact the reaction, if any, to the over-all balance is likely to be anti-compensatory since weakness in foreign currencies is likely to drive commercial banks away from foreign financing. Within the sphere of official donations, an equally clear case of special financing is found in reparations (item 9.3 of Table I). Reparations must be paid year after year, even though the paying country has a tendency toward deficit in its balance of payments and the recipient country has a tendency toward surplus.

In contrast to these clear cases of noncompensatory official financing, the "special" character of various government grants and loans is sometimes more difficult to establish. It was noted in category 5 above that UNRRA aid was basically compensatory financing from the standpoint of the recipients. Among the contributing countries, however, were a number that themselves faced deficits. The amount of each contribution was determined as a percentage of the national income of the donor without reference to the status of its balance of payments. UNRRA contributions have, therefore, generally been classified as special official financing; but two important exceptions have been made to this general rule. It seems evident that the United States and Canada contributed to UNRRA in full consciousness that it would help to finance the necessary postwar surplus in their balance of payments. The contributions were important elements in their compensatory financing programs, and have been so classified. This case calls attention to the sometimes

[1] In certain special cases where the credit of the debtor country is so strongly established in a foreign money market that it can refund at will, the maturity has been treated by the Fund as subject to the discretion of the debtor country and hence, in effect, voluntary (e.g., Australian Government bonds maturing in London). Voluntary repayments are treated as compensatory financing in category 3 above.

varied aspects of what on the surface may appear to be a single type of operation.

Loans of the Export-Import Bank and the IBRD also require interpretation. In general they are non-compensatory. Ordinarily they are undertaken not for the purpose of balancing international transactions in the current year, but to finance a particular project, such as a steel mill or a hydroelectric development. The plan for the project is studied over a period of time and, when all the conditions for the loan have been met, the funds are paid out as the project progresses without reference to the immediate status of the balance of payments. They may even go to a country that is at the moment experiencing a balance of payments surplus. Such financing of developmental projects is like the financing of similar projects by private interests, except that the official institutions may be prepared to undertake broader risks at less cost than the private market.

Immediately after the war, however, both institutions made a few large loans of an exceptional character to France, the Netherlands, and certain other war-damaged countries. These had nothing to do with particular projects. They were general purpose loans designed to assist these countries in balancing their international transactions. These exceptional loans were similar to the balance of payments credits extended to the British by the Governments of the United States and Canada. They were compensatory official financing. The same institutions may, therefore, make both compensatory and "special" loans. The distinction depends neither on the type of institution nor the nominal purpose, but rather on the basic function performed by the financing. In the global balance of payments of a country, only the marginal cases are difficult to interpret from this standpoint.

When global balance of payments figures are classified by countries and regions, however, additional problems are raised. What appears to be compensatory official financing with a particular country--say, the United States--may in fact be nothing but the use of dollar balances to settle transactions with a third country or region (e.g., Europe may settle in dollars with Latin America). The compensatory financing in this example is with Latin America rather than with the United States. Either this should be shown directly as in the abbreviated table in Appendix B (Table B1, item 13.5); or the credit entry by Europe against short-term assets in the U.S. column should be offset by a debit entry under the United States in the appropriate "multilateral settlements" item as presented in Appendix A (Table A1, item 12.1.1). A credit entry against multilateral settlements in the Latin American column will then transfer the dollar settlement to Latin America where it belongs. To make the accounting for compensatory financing precise, it would be necessary to divide multilateral settlements into official and private. This division has not been requested in item 12 of Table A1 because it is believed that most of the multilateral settlements that can in fact be reported will be official. On the assumption that the entries in item 12 are primarily official, the item should be combined with compensatory official financing in order to allocate it properly on a regional basis.

A more fundamental difficulty in allocating compensatory official financing by countries is created by the peculiarities of gold movements. Monetary gold, which is part of compensatory financing, must be distinguished from nonmonetary gold, which is essentially merchandise; but in principle the nonmonetary gold movement can be distinguished from the monetary movement only on a global basis. This is obvious when, for example, gold production is sold to the central bank without any international transactions. In such a case, it is impossible to attribute either the nonmonetary or the monetary movement involved to a particular foreign country. The same difficulty may exist even when gold is sold abroad. While in this case the country to which the gold is sent can be identified, it may be impossible to say whether the gold involved is monetary or nonmonetary. Gold production passes into central bank reserves and out again, and the question of how much of the year's movement has been monetary and how much nonmonetary is settled, not by endeavoring to trace specific parcels, but by comparing for the year as a whole the net international movement of gold with the net change in monetary gold reserves of the country (see Table III). In principle, these net movements cannot be allocated by country.

In practice, however, it is often possible to make a reasonable allocation. For example, if the gold reserves of a gold-producing country do not change, it is reasonable to conclude that all its gold exports are nonmonetary. On the other hand, if a country has no gold production and there is little gold consumption in industry or in private hoards, it is apparent that the gold movement must be almost entirely monetary. Again, if all gold is exported to or imported from a single region, it would be reasonable to attribute the whole gold movement to that region, divided between monetary and nonmonetary gold as on the global basis. Or the reporting country may have found it possible to sell its gold output abroad at premium prices to certain regions while using its gold reserves to settle at parity with another region with which it has a general balance of payments deficit. The division in this case is evident. Where ad hoc procedures of the sort suggested in this paragraph are not appropriate, however, there is no way to classify the gold regionally, except in the form of monetary and nonmonetary combined. This combined item will inevitably distort the compensatory financing story in the regional columns.

The whole philosophy behind the concept of compensatory official financing and the practical problems involved in its application are developed at length in the Fund's first Balance of Payments Yearbook. Not only does the Yearbook analyze more comprehensively the points covered in this section of the Manual, but, insofar as they relate to the concept, it deals with blocked or otherwise restricted balances, with the use of foreign for domestic currency, and with private financing. It also puts the concept in its proper setting in terms of the problem of fundamental disequilibrium. Reference should be made to the Yearbook to supplement the abbreviated guide presented here.