

Sources & Methods Used to Compile BOP Statistics for Egypt

General

The compilation of Egypt's balance of payments statistics is based on the fifth edition of the *Balance of Payments Manual (BPM5)*. The Central Bank of Egypt (CBE) derives the data for most items in the current account and for direct investment mainly from the exchange records.

It bases data on other investment and reserve assets on figures received from its own Loans and External Debt Department (LEDD) and Banking Supervision Department. Since 1997, Egypt's balance of payments data include transactions of the enterprises operating in the free zones with the rest of the world.

First: Current Account

A- Goods

The entries for general merchandise exports f.o.b. cover the proceeds of exported goods reported by banks. They are adjusted to include petroleum exports reported by the Ministry of Petroleum. The entries for general merchandise imports f.o.b. cover the payments for imported goods reported by banks. They are adjusted to include imports obtained through grants, which banks do not cover.

Because imports data reported by banks are valued c.i.f., they are adjusted to f.o.b. by deducting freight and insurance at an estimated rate of 12.5 percent of the c.i.f. value (i.e., 2.5 percent for insurance and 10 percent for freight).

The credit entries for goods procured in ports by carriers cover sales of bunker fuel to foreign ships and aircraft, whereas the debit entries cover purchases of bunker fuel by Egyptian ships and aircraft abroad.

B- Services

B1 Transportation

The **credit** entries for transportation cover amounts received by Egyptian shipping and airline companies for freight and passenger services. Other transportation covers receipts of Suez Canal dues and receipts of the Suez Mediterranean oil pipeline for transporting foreign companies' oil through pipeline services.

The **debit** entries for transportation cover amounts transferred to foreign shipping and airline companies for freight and passenger services, as well as payments for freight on imports estimated from the c.i.f. value of imports (10 percent). The entries also include payments made for maintenance and repair of Egyptian ships and aircraft at foreign ports and airports.

B2 Travel

For travel **credit**, compilers multiply the number of nights spent by tourists in Egypt (data from the Ministry of Tourism) by the average expenditure of tourists per night (CBE estimates based on a survey conducted by the Ministry of Tourism). Separate details are not available for business and personal travel.

The **debit** entries for travel cover expenditures of government officials and private employees traveling abroad, pilgrimage, expenditures of students studying abroad, training, technical and educational missions, and expenditures abroad for medical care.

B3 Other services

Insurance. The **debit** entries include an estimated value for insurance on imports (i.e., 2.5 percent of imports c.i.f.).

Other business services. The **credit** and debit entries cover receipts and payments on account of miscellaneous services, as shown in the exchange records.

Government n.i.e. The **credit** entries cover mainly expenditures of foreign embassies and international organizations located in Egypt. The **debit** entries cover mainly expenditures of Egyptian embassies abroad, and salaries and expenditures of government employees abroad. The data source is the exchange records

C – Income

Investment income

Direct investment. The **credit** entries cover profits received from abroad and income from real estate abroad, whereas the **debit** entries cover profits transferred abroad by foreign direct investors in Egypt and income on real estate in Egypt remitted abroad. The data source is the exchange records.

Starting in 2006, the CBE derives data on reinvested earnings for direct investment in Egypt from information provided by the General Authority for Investment & Free Zones (GAFI).

Portfolio investment. The **credit** entries cover interest and dividends earned on bonds and securities invested abroad. The **debit** entries cover transfers of dividends on securities and interest paid on bonds.

Other investment. The **credit** entries include interest on deposits held abroad by the banking system and also interest on cross-border deposits of Egyptian nonbank residents. The **debit** entries cover mainly interest paid to nonresidents on bank deposits, from the exchange records, and foreign loans and credits, and rescheduled interest provided by LEDD. CBE records contra-entries to rescheduled interest in *other investment liabilities* in financial account.

D - Current transfers

D1 - General government

The **credit** entries cover grants and donations received in cash and in kind by the government of Egypt. The entries also include receipts for social security contributions. The **debit** entries cover contributions to international organizations for administrative and budgetary expenditures, and grants and donations paid by the Egyptian government. Data sources for these entries include the exchange records and data from the Ministry of International Cooperation

D2 - Other sectors

Workers' remittances. The **credit** entries cover remittances received from Egyptian nationals working abroad. The **debit** entries cover remittances abroad by foreign workers in Egypt. Compilers derive the data from exchange records.

Other. The **credit** entries cover grants and donations received, in addition to the signature bonus received from foreign oil companies. The **debit** entries cover pensions paid to nonresidents by Egyptian insurance companies, as well as grants, donations, and gifts given by Egyptian residents to charitable and religious organizations abroad.

Second : Capital & Financial Account

A - Capital Account

For the capital account, CBE compiles and retrieves data from exchange records. The entries for capital account cover capital transfers, including purchases of real estate abroad by the Egyptian government (from the second half of 2005).

B - Financial Account

B1 - Direct investment

The entries for **direct investment abroad** cover amounts remitted abroad for investment and purchases of real estate. The data are drawn from the exchange records.

The entries for **direct investment in Egypt** cover cash inflows net of outflows as recorded in the exchange records, nonresidents' share in 10 percent or more of the capital in Egyptian enterprises as recorded by the Capital Market Authorities, receipts for the purchase of real estate in Egypt by nonresidents, and direct investment in the petroleum sector (covered since the third quarter of 2004). For reinvested earnings for direct investment in Egypt and investment in kind, CBE derives data from information provided by the GAFI.

B2 - Portfolio investment

The entries for **portfolio investment abroad** cover net amounts transferred abroad for the purchase of foreign securities by residents, drawn from exchange records.

Portfolio investment in Egypt covers net transactions (sales and purchases) of Egyptian securities by nonresidents as recorded by the Capital Market Authorities; nonresidents' investments in the dollar sovereign bonds issued abroad by the Egyptian government in July 2001; and other Egyptian bonds and notes issued abroad. Starting from the first quarter of the FY 2007/08, net foreigners' transactions in Treasury Bills & Certificate of Deposits are included.

B3 - Other investment**- Trade credits**

The amounts shown for liabilities of other sectors comprise drawings on and repayments of credits extended to the “other sector” by suppliers and buyers; they are derived from the LEDD. Short-term suppliers’ and buyers’ credits are registered on a net basis and are derived from exchange records.

- Loans

The compilers derive from the LEDD the amounts of drawings and repayments on loans received by the general government.

- Currency and deposits

The entries for liabilities of banks represent changes in deposits (liabilities) held by nonresidents in commercial banks, investment and business banks, and specialized banks. Compilers derive the entries from the balance sheets of the banking system.

The entries for assets of banks cover changes in the foreign assets of commercial banks, investment and business banks, and specialized banks. Compilers derive them from the balance sheets of the banking system.

- Other assets and liabilities

The entries for the other assets of monetary authorities represent changes in payment agreement balances and subscriptions to international organizations. The entries for other liabilities of monetary authorities represent changes in payment agreement balances and other short-term obligations, as shown in the CBE balance sheet.

The entries for other assets of other sectors cover: (1) net purchases and sales of foreign banknotes by banks from individuals and foreign exchange dealer companies, (2) the difference between travel receipts reported by banks and travel receipts estimated through multiplying the number of nights by the average spending per night of tourists, (3) the counterpart to interest received on cross-border deposits of Egyptian nonbank residents, which were not recorded by banks, and (4) deposits transferred abroad by residents (individuals and companies).

Third - Reserve assets

The entries for foreign exchange cover changes in the CBE's foreign exchange balances held with correspondents abroad, including changes in earmarked balances, and changes in the holdings of foreign securities and bonds as shown in the CBE's balance sheet.