

## 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 derives most current account data mainly from foreign exchange records, except for some items which undergo adjustments by CBE Banking Supervision Department, External Debt Statistics Department, Ministry of Petroleum, Ministry of Tourism, General Authority for Investment & Free Zones (GAFI), Ministry of International Cooperation, and Bank for International Settlements (BIS).

The Central Bank of Egypt derives the data on capital account from foreign exchange records.

Data on financial account are derived as follows :-

- Data on direct investment abroad come from foreign exchange records;
- Data on direct investment in Egypt are drawn from foreign exchange records, Ministry of Petroleum, General Authority for Investment & Free Zones (GAFI), and Egyptian Financial Supervisory Authority (EFSA);
- Data on portfolio investment abroad are derived from foreign exchange records;
- Data on portfolio investment in Egypt are drawn from EFSA , External Debt Statistics Department and General Department for Securities; and
- Data on other investment and reserve assets are based on figures from CBE External Debt Statistics Department, Banking Supervision Department, Ministry of Petroleum, foreign exchange records and CBE Accounting Department;

**N.B.** Since 1997, Egypt's balance of payments data has included transactions of the enterprises operating in free zones with the rest of the world.

The Central Bank of Egypt collects and compiles statistics in the domains under its responsibility by virtue of the law No. 88 for the year 2003 regarding the Central Bank, Banking Sector, and Money, specifically pursuant to Articles 75-77 of the Law. In addition, Articles 97 - 100 (previously the Banks and Credit Law No. 163 of 1957—the CBE Law) guarantee the confidentiality of the data. Dissemination of data by name or individually is prohibited.

## **First: Current Account**

### **A- Goods**

Entries for general merchandise exports f.o.b. cover proceeds of exported goods reported by banks. They are adjusted to include petroleum exports reported by the Ministry of Petroleum. Entries for general merchandise imports c.i.f. cover payments for imported goods reported by banks. They are adjusted to include petroleum imports reported by the Ministry of Petroleum, excluding purchases of bunker fuel by Egyptian ships and aircraft abroad which are reported by banks. Such imports are adjusted to a f.o.b. basis 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).

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

### **B- Services**

#### ***B1 Transportation***

**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.

**Debit entries** for transportation cover amounts transferred to foreign shipping and airline companies for freight and passenger services, repairs of aircrafts & ships and rental of planes from abroad, as well as payments for freight adjusted by adding 10 percent (the value of imports, on c.i.f. basis).

#### ***B2 Travel***

Compilers base **credit entries** for travel on the number of nights spent by tourists in Egypt (Ministry of Tourism data) and the average expenditure per night (based on a survey conducted by the Ministry of Tourism). Separate details are not available for business and personal travel.

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

### ***B3 Other services***

- **Insurance**. Credit and debit entries cover receipts and payments provided by foreign exchange records. Debit entries are adjusted by including an estimated insurance value on imports (i.e., 2.5 percent of imports - c.i.f. basis).
- **Other business services**. Credit and debit entries cover receipts and payments on account of miscellaneous services, as shown in the foreign exchange records.
- **Government n.i.e.** Credit entries cover mainly expenditures of foreign embassies and international organizations located in Egypt. Debit entries cover mainly expenditures of Egyptian embassies abroad, and salaries and expenses of government employees abroad. The data source is foreign exchange records.

### **C – Income**

- Investment income:
  - **Direct investment**. 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 foreign exchange records. Debit entries also include reinvested earnings for direct investment in Egypt provided by the General Authority for Investment & Free Zones (GAFI) and profits & interest of petroleum sector provided by the Ministry of Petroleum.
  - **Portfolio investment**. Credit entries cover interest and dividends earned on bonds and securities invested abroad by residents. The debit entries cover transfers of dividends on securities and interest paid on bonds invested in Egypt by nonresidents.
  - **Other investment**. Credit entries include interest on deposits held abroad by the banking system and also interest on cross-border deposits of Egyptian nonbank residents as recorded by BIS. The debit entries cover mainly interest paid to nonresidents on bank deposits, foreign loans and credits, rescheduled interest and interest paid to loans and credits regarding to oil sector. The information is provided by External Debt Statistics Dept., and Ministry of Petroleum . Contra-entries to rescheduled interest are recorded in other investment liabilities in the financial account.

## **D - Current transfers**

### ***D1 - General government***

**Credit entries** cover grants and donations received in cash and in kind by the Egyptian government . The entries also include receipts for social security contributions. Data sources for these entries include foreign exchange records, Ministry of International Cooperation, and Ministry of Petroleum. **Debit entries** cover contributions to international organizations for administrative and budgetary expenditures, and grants and donations paid by the Egyptian government as reported in foreign exchange records.

### ***D2 - Other sectors (Private)***

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

**Other.** The **credit** entries cover grants and donations received, in addition to the signature bonus received from foreign oil companies. 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 the foreign exchange records. Entries for capital account cover capital transfers (including the transfer of ownership of fixed asset or debt forgiveness), and acquisition or disposal of non-produced, non-financial assets (land, subsoil assets, patents, copyrights, trademarks and franchises).

### **B - Financial Account**

#### **B1 - Direct investment**

Entries for direct investment abroad cover net amounts remitted abroad for investment and purchases of real estates. Data are drawn from the foreign exchange records. Entries for direct

investment in Egypt cover cash inflows, net of outflows, as recorded in the capital and operation accounts of the joint venture companies operating in Egypt, , loans from mother company as well as remittances received for the purchase of real estate in Egypt by nonresidents. Data are drawn from the foreign exchange records . The entries for direct investment in Egypt also covers direct investment in petroleum sector inflows net of outflows as the data of the ministry of petroleum , reinvested earnings for direct investment in Egypt provided by the General Authority for Investment & Free Zones (GAFI) It includes foreigner 's purchases of Egyptian securities (that equal or exceeds 10% ) through EFSA.

## **B2 - Portfolio investment**

Entries for portfolio investment abroad cover net amounts transferred abroad by residents for the purchase of foreign securities as reported in foreign exchange records. Portfolio investment in Egypt covers net transactions in foreign currencies (sales and purchases) of Egyptian securities (less than 10%) by nonresidents as reported by the EFSA, net purchases of treasury bills by nonresidents drawn from the CBE General Department for Securities, and nonresidents' investments in Egyptian bonds issued abroad by the Egyptian government, as recorded by External Debt Statistics Dept.

## **B3 - Other investment**

### ***- Loans***

The amounts of drawings and repayments on loans received by the general government are derived from External Debt Statistics Dept.

### ***- Trade credits***

The amounts shown as liabilities of other sectors comprise drawings on, and repayments of, credits extended to the "other sector" by suppliers and buyers; they are derived from External Debt Statistics Dept.. Short-term suppliers' and buyers' credits are registered on a net basis and are derived from the foreign exchange records and Ministry of Petroleum .

### ***- Assets and liabilities***

Entries for liabilities of Egyptian banks represent changes in liabilities of nonresidents in banks. Compilers derive them from the balance sheets of the banking system. Entries for assets of Egyptian banks cover changes in banks' foreign assets. Compilers derive them from the balance sheets of the banking system.

***- Other assets and liabilities***

- Entries for the other assets of monetary authorities represent changes in payment agreement balances and subscriptions to international organizations.
- Entries for other liabilities of monetary authorities represent changes in payment agreement balances and other long- and short-term obligations.
- Entries for other assets of other sectors cover:
  - net purchases and sales of foreign banknotes by banks from individuals and foreign exchange dealers;
  - the difference between travel receipts reported by banks and travel receipts estimated by the Ministry of Tourism, based on the number of nights and the average spending per night of tourists;
  - the counterpart to interest received on cross-border deposits of Egypt non-bank residents, which were not recorded by banks;
  - deposits transferred abroad by residents (individuals and companies); and
  - Net settlement of petroleum sector debt with foreign partner and others.

**Third - Reserve assets**

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 balance sheet of the CBE. These data are provided by the Accounting Department of the CBE.