



“SOURCES OF INFORMATION AND CALCULATION METHODS”

BALANCE OF PAYMENTS OF HONDURAS

Balance Of Payments Statistics Workshop
The Bahamas, February 2020



General Features

- The Balance of Payments in Honduras is compiled under the guidelines of the International Monetary Fund, embodied in the fifth manual.
- The migration to the sixth manual will be done in the framework of the Base Year Change Project in the National Accounts.
- The calculations are done quarterly

Sources of Information

- ✓ Database of imports and exports provided by the tax collection office.
- ✓ Surveys of companies dedicated to: export and import; transport; courier; mobile telephony; electric power generation; Nonprofit institutions serving households, among others.
- ✓ Quarterly and annual surveys of companies dedicated to the processing of goods.
- ✓ Survey in border areas.
- ✓ Survey on foreign direct investment.
- ✓ Multipurpose economic survey applied to companies that develop in the different branches of economic activity.
- ✓ Combined investment and portfolio survey.
- ✓ Administrative records of the General Government and Financial System.
- ✓ Financial statements of the financial sector, public companies and social security.
- ✓ Statistical records of external debt.
- ✓ Exchange records.
- ✓ Tables attached to the financial statements of most of the financial system.

Goods: Calculation Methodology

General Merchandise

Once the database of the tax collection office is obtained, the following tasks are performed:

- ✓ The database is debugged.
- ✓ The information of companies that are under special regimes is incorporated.
- ✓ Information on the financial statements of companies dedicated to producing the main export goods in Honduras, is incorporated.
- ✓ Information on the financial statements of the companies that import fuel and electricity is incorporated.
- ✓ What corresponds to the Temporary Import Regime (*which includes goods in transit*), is subtracted.
- ✓ Information on mirror statistics from the United States and Canada is incorporated.

Goods for processing

- ✓ The Goods for processing (Maquila) are separated from the General Merchandise.
- ✓ Companies are classified according to the economic group to which they belong.
- ✓ What corresponds to the Temporary Import Regime is incorporated.
- ✓ The figures are reconciled with National Accounts.

Services: Calculation Methodology

- ✓ Data from the service surveys are consolidated and classified according to the type of services.
- ✓ Data from administrative records are added.
- ✓ The calculations are complemented with statistical estimates from the Exchange Registries.
- ✓ The value and classification of freight by type of transport is determined based on the percentage structure of the total value of CIF imports (Cost, Insurance and Freight).
- ✓ Tourism income is recorded.
- ✓ Calculations of computer, business, construction and government services are strengthened, with records of purchase and sale of currencies.

Income: Calculation Methodology

- ✓ Employee compensation is estimated using data from cross-border and quarterly surveys.
- ✓ Income from direct investment: information on distributed dividends and reinvested earnings of different sources of information is consolidated.
- ✓ Portfolio Investment and Other Investment: data on dividends distributed and interest received on deposits abroad, as well as interest payments on debt are consolidated.
- ✓ Adjustments are made for the differential between transfer price reported by companies and export price, thus impacting the calculation of reinvested earnings.

Current Transfers: Calculation Methodology

- ✓ Remittances:
 - In principle, the calculation of Remittances is based on the data of foreign exchange records, subsequently the calculations are strengthened by incorporating pocket remittances, data collected through the half-year remittance survey.
- ✓ Government Transfers: the information provided by the Ministry of Foreign Affairs and International Cooperation is recorded, complemented with data from surveys and databases of the tax collection office.
- ✓ Private Donations: we use the information collected through the survey of Nonprofit Institutions and foreign exchange records.

Direct Investment: Calculation Methodology

- ✓ From the FDI survey, balances and flows are obtained for the following instruments: capital shares and participations, assets and liabilities with direct investors, reinvested profits and losses per company.
- ✓ Based on the results of previous years, the reinvested earnings for the universe of companies with foreign equity participation are estimated (by means of expansion coefficients).
- ✓ We register in the liabilities, the loan operations between the parent companies and their subsidiaries, and between subsidiaries of the same group; provided that it is not a credit or insurance entity, because the latter are classified as “Other Investment” on loan.
- ✓ Net income is calculated once taxes are deducted, recording as credit, investment flows for reinvested earnings and the corresponding counterpart in the income account as debit.
- ✓ FDI calculations are strengthened with additional information obtained from the Affidavit of Income Tax, Multipurpose Economic Survey, and imports of the Automated Customs Income System.

Portfolio Investment: Calculation Methodology

- It is investigated whether the flows between stocks of securities, recorded in the balance sheet of commercial banks and insurers, were given by transaction or price variations.
- If the securities are denominated in foreign currency, the exchange rate variation of the period is calculated.
- The results of the Coordinated Portfolio Investment Survey are included.
- Flows are calculated by valuation of sovereign bonds and other instruments whose ISIN code has been identified.

Other Investment: Calculation Methodology

- **Monetary Authority:** BCH General Balance information is included:
 - Assignments of Special Drawing Rights (SDR)
 - Loans
 - Other equity participations by membership in international organizations.
- **General Government:**
 - Public external debt statistics (loans and bond issuance)
 - Other equity participations by membership in international organizations.
- **Financial sector:**
 - For loans, other accounts payable / receivable, deposits (assets and liabilities), We record information obtained from the General Balances of commercial banks, insurance companies and the rest of the financial sector.
- **Other Sectors:**
 - Mirror statistics of the international payment bank are used for deposits (assets) and loans (liabilities) of households and non-financial corporations.
 - The financial statements of public companies are used to identify transactions and stocks with non-residents for investments abroad (assets). The statistics of the External Debt Section provide the details of the loans, issuance of debt securities and other accounts payable that these companies may have.

Reserve Assets

- For purposes of registration in the Balance of Payments, only liquid assets in foreign currency of immediate availability are considered reserves.
- The source of information comes from the records of the Central Bank of Honduras and the reserve position in the IMF.

Challenges and Difficulties

- The main difficulty has been the low rate of response on the FDI and Services Survey.
- Challenge: Administrative records.



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