



# Balance of Payments, International Investment Position and External Debt

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Buenos Aires, January 2018

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**Balance of Payments, International Investment Position and External Debt  
INDEC Methodology No 23, 2018**

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National Institute of Statistics and Censuses (INDEC)

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# I Introduction

The National Directorate of International Accounts (DNCI) is responsible for the compilation, production and analysis of Argentina's international accounts, comprising balance of payments (BoP) statistics and International Investment Position (IIP) and external debt (ED).

BoP, IIP and ED are compiled according to international recommendations of the sixth edition of the *Balance of Payments and International Investment Position Manual, 2009 (BPM6)* and *External debt statistics: guide for compilers and users 2013*, published by the International Monetary Fund (IMF).

The BPM6 incorporates changes to the methodological framework for the compilation of the BoP and IIP, taking into account the developments in the world, such as globalisation, technological and financial innovations, and a stronger emphasis on the use of balances to analyse vulnerability and its effects on foreign economic relationships. Additionally, it includes terminology and classifications of items, financial instruments and sectors with other related macroeconomic statistics, especially in national accounts. Along this line, the BPM6 was revised and updated in parallel with the 2008 United Nations System of National Accounts (SNA 2008) to improve consistency between international accounts<sup>1</sup> and national accounts, and to strengthen the integration of both macroeconomic statistics.

This document supplies an overall perspective of the conceptual framework for the compilation of the BoP, the IIP and ED, and presents, in its section VII, the main changes and improvements made in the implementation of the BPM6. Furthermore, there is an analysis of the impact on the main accounts of the BoP of Argentina since the adoption of the new presentation format.

<sup>1</sup>The international accounts correspond to the rest of the world accounts of the SNA. They differ in that the balance of payments is from the perspective of the resident sectors, whereas national accounts data for the rest of the world are from the perspective of nonresidents.

The SNA items that are equivalent to balance of payments items include exports and imports of goods and services, primary income, secondary income, current external balance, balance on the capital account, and net lending/net borrowing." (p. 12, par. 2.31 of the BPM6).

## II Conceptual framework

The BoP is a statistical financial statement that outlines the economic transactions between residents and nonresidents, recorded in terms of flows.

The transactions of the BoP are recorded on an accrual basis, i.e. when the transactions are incurred, regardless of whether they are paid or charged (cash basis) and valued at market prices, and are defined as amounts of money that willing buyers pay to acquire something from willing sellers. When there are no available market values, approximations such as fair values, nominal values and book values are appropriate, as indicated in the BPM6.

A resident of a country is any natural or legal person whose centre of economic interest or main activity is within the national territory. The international assumption is that a natural person is a resident of a country if he or she remains or intends to remain in it for a year or more. In the case of legal persons, they are considered residents when they produce goods or provide services in the country, in significant amounts, for which they must keep a productive establishment during a year or more. There are some exceptions to the year-of-stay rule in special cases, such as for diplomats, military, transport crews, students and patients who maintain residence, although they remain outside the economic territory during more than a year. International organisations are always considered nonresidents of the compiling country.

The balance of payments includes:

1. **The current account** records trade in goods and services, and flows of primary income and secondary income between residents and nonresidents.
2. **The capital account** records transfers of capital and acquisitions and disposals of nonproduced, nonfinancial assets between residents and nonresidents.
3. **The financial account** records transactions relative to financial assets and liabilities between residents and nonresidents.

Transactions of the current account and the capital account are recorded in gross terms (that is, credits or income and debits or payments, separately), and result in the need for external net financing, settled in the financial account.

Transactions of financial assets and liabilities of the financial account are shown separately on a net basis (that is, what is shown is the increase in financial assets/liabilities minus their corresponding decrease). These transactions of the BoP have an effect on the financial asset and liability positions of the IIP.

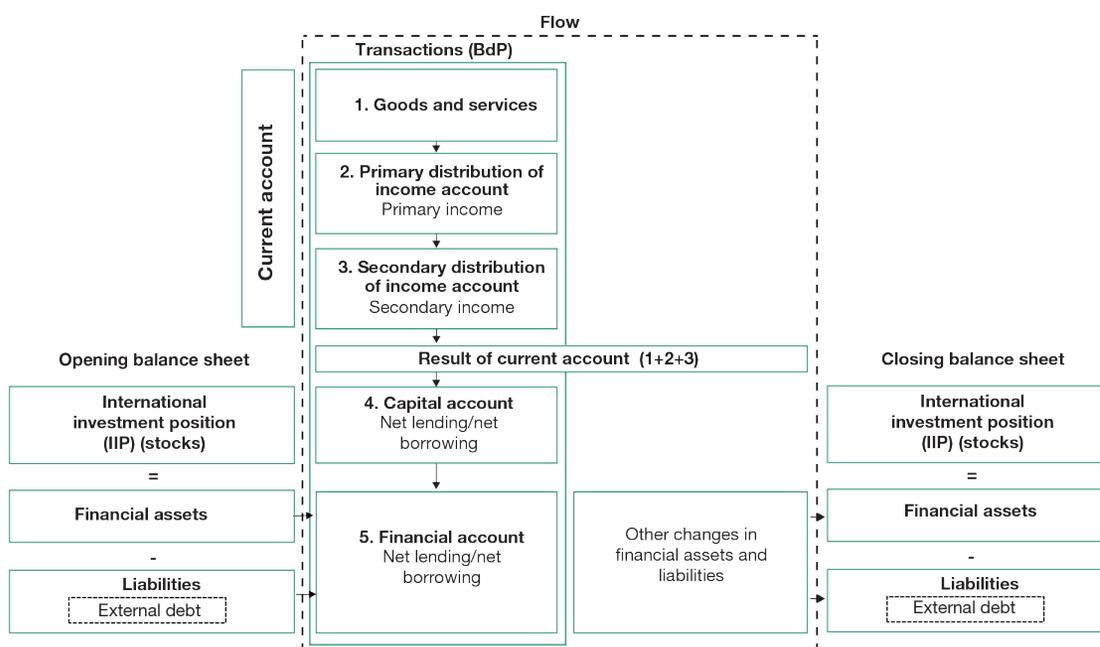
The IIP is another statistical financial statement that shows, at a given time, the market value of financial assets and liabilities of the residents of an economy compared with nonresidents, recorded in terms of stocks. The positive balance of the IIP indicates an asset position of residents compared to the rest of the world. On the contrary, a negative balance shows a liability position to nonresidents. The main reason behind IIP variations are transactions of the financial account of the BoP, but there are other effects that can cause the IIP to vary, such as the changes in the values of financial assets and liabilities.

External debt (ED) is defined as the outstanding amount of those not contingent liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to nonresidents by residents of an economy. The IMF's external debt statistics manual recommends presenting ED in two ways: a presentation in accordance with the classification used for the IIP and a presentation that takes into account the division between public external debt and private external debt.

The explanation of methodologies for BoP accounts includes the definitions of the accounts, information sources and methodology used.

Graph 1 shows the integrated system of international accounts, which presents the relationships between BoP, IIP and ED. The difference between stocks at the end of the period (balance sheet at closing) and the balance at the beginning of the period (initial balance sheet) is explained by the financial account of the BoP and other changes of financial assets and liabilities. The ED is included in liabilities.

**Graph 1. Integrated System of International Accounts**



According to BPM6 recommendations, Argentina should present the statistics on BoP, IIP and ED in terms of standard components, in line with the rest-of-the-world account of the System of National Accounts (SNA 2008) and the Central Product Classification (CPC2) of the United Nations.

The determination of standard components/accounts depends on a series of factors. The most important are the following:

- The component must exhibit a characteristic behaviour and be important in most countries, either for its behaviour or its absolute value.
- Statistical data corresponding to each component must be easily compiled.

- The component must also be important for other purposes, such as that of being included in the national accounts.
- The list of standard components should not be too extensive.
- Standard components must be compatible with other statistical systems of the IMF.

The following shows the presentation outline of the main accounts of BoP, IIP and ED by standard component, according to the MBP6.

**Table 1. Outline of standard components for BoP and IIP**

BALANCE OF PAYMENTS	INTERNATIONAL INVESTMENT POSITION
<p><b>1. Current account</b></p> <p>1.A Goods and services</p> <p>1.A.a Goods</p> <p>1.A.b Services</p> <p>1.B Primary income</p> <p>1.B.1 Compensation of employees</p> <p>1.B.2 Investment income</p> <p>1.B.3 Other primary income</p> <p>1.C Secondary income</p> <p><b>2. Capital account</b></p> <p>2.1 Net acquisitions/disposals of nonproduced, nonfinancial assets.</p> <p>2.2 Capital transfers</p> <p><b>3. Financial account</b></p> <p>3.1 Direct investment</p> <p>3.2 Portfolio investment</p> <p>3.3 Financial derivatives (other than reserves) and employee stock options</p> <p>3.4 Other investment</p> <p>3.5 Reserve assets</p>	<p><b>1. Direct investment</b></p> <p>1.1 Equity and investment fund shares</p> <p>1.2 Debt instruments</p> <p><b>2. Portfolio investment</b></p> <p>2.1 Equity and investment fund shares</p> <p>2.2 Debt securities</p> <p><b>3. Financial derivatives (other than reserves)</b></p> <p><b>4. Other investment</b></p> <p>4.1 Other equity</p> <p>4.2 Currency and deposits</p> <p>4.3 Loans</p> <p>4.4 Insurance, pension, and standardised guarantee schemes</p> <p>4.5 Trade credit and advances</p> <p>4.6 Other accounts receivable/payable</p> <p>4.7 Special drawing rights</p> <p><b>5. Reserve assets</b></p>

**Table 2. Overview of standard components for ED**

## **EXTERNAL DEBT**

### **S13 General government:**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

### **S121 Central Bank:**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)
- F12 Special drawing rights (allocations) (LT)

### **S122 Deposit-taking corporations, except the central bank:**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

### **S1Z Other sectors**

#### **S12R Other financial corporations (S123+S124+S125+S126+S127+S128+S129):**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

#### **S1V Nonfinancial corporations, households and nonprofit institutions serving households (NPISHs) (S11+S14+S15):**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

#### **Direct investment: Intercompany lending in direct investment relationships**

\* short-term (ST), long-term (LT)

## BPM6 sectorisation of accounts

BPM6 classification of accounts by sectors is based on the objectives, functions and economic behaviour of the different resident institutional units of the local economy. They are classified according to the nature of the economic activity they undertake and are described as follows:

### **S1 Total economy: it is the set of all resident institutional units.**

**S11 Nonfinancial corporations:** they are the institutional units whose principal activity is the production of market goods or nonfinancial services. This sector can be further divided into subsectors to differentiate corporations under government control (public) or foreign units (external) and the rest of the corporations (private).

**S12 Financial corporations:** they are institutional units that are principally engaged in providing financial services, including financial intermediation, and includes nonprofit institutions serving financial corporations. This sector can be further divided into subsectors to differentiate corporations under government control (public) or foreign units (external) and the rest of the corporations (private).

**S121 Central bank:** it is the national financial institution (or institutions) that exercises control over key aspects of the financial system.

**S122 Deposit-taking corporations, except the central bank:** these corporations have financial intermediation as their principal activity (such as commercial banks). To this end, they have liabilities in the form of deposits or financial instruments that are close substitutes for deposits (for example, short-term deposit certificates).

**S123 Money market funds (MMF):** they are collective investment schemes that raise funds by issuing shares or units to the public. The proceeds are invested primarily in money market instruments, transferable debt instruments with a residual maturity of less than one year. Their units may be regarded as close substitutes for deposits.

**S124 Non-MMF investment funds:** they are collective investment schemes that raise funds by issuing shares to the public. The proceeds are invested predominantly in long-term financial assets and nonfinancial assets (usually real estate). Investment fund shares are generally not close substitutes for deposits.

**S125 Other financial intermediaries, except insurance corporations and pension funds:** they consist of financial corporations that are engaged in providing financial services by incurring financial liabilities, in forms other than currency, deposits, or close substitutes for deposits, on their own account for the purpose of acquiring financial assets by engaging in financial transactions on the market (for example, financial corporations that provide financing for exports and imports, factoring services, etc.).

**S126 Financial auxiliaries:** financial corporations principally engaged in activities associated with transactions in financial assets and liabilities or with providing the regulatory context for these transactions, but in circumstances that do not involve the auxiliary taking ownership of the financial assets and liabilities being transacted (for example, broker corporations, foreign exchange bureaus, etc.).

**S127 Captive financial institutions and money lenders:** institutional units providing financial services, where most of either their assets or liabilities are not transacted on open financial markets (for example, trusts).

**S128 Insurance corporations:** incorporated, mutual, and other entities whose principal function is to provide life, accident, health, fire, or other forms of insurance to individual or legal persons or reinsurance services to other insurance corporations.

**S129 Pension funds:** consists of only those social insurance pension funds that are institutional units separate from the units that create them.

**S13 General government:** institutional units that, in addition to fulfilling their political responsibilities and economic regulation role, produce nonmarket services (and possibly goods) for individual or collective consumption, and redistribute income and wealth.

**S1321 Central government:** comprises institutional units of the central administration and nonprofit institutions (NPIs) that produce nonmarket goods and services that it principally controls and finances.

**S1322 State government:** comprises the provincial governments and the nonprofit institutions (NPIs) controlled by them.

**S1323 Local government:** comprises the municipal/departamental governments and the nonprofit institutions (NPIs) controlled by them.

**S14 Households:** institutional units formed by and individual or group of individuals. The main functions of households are to provide labour force, undertake final consumption and, in the case of enterprises, produce nonfinancial (and possibly financial) market goods and services. Business affairs of a household are performed by unincorporated enterprises within the household, except in certain specific circumstances.

**S15 Nonprofit institutions serving households:** entities mainly engaged in providing nonmarket goods and services to households or the community at large free of charge or at prices that are not economically significant.

#### Alternative analytical aggregation

Code	Name	Components
S1V	Nonfinancial corporations, households and NPISH (Other sectors - External debt statistics)	$S1V=S11+S14+S15$
S1Z	Other sectors except deposit-taking corporations, Central Bank and General government (Other sectors BPM/PII)	$S1Z=S11+S14+S15+S123+S124+S125+S126+S127+S128+S129$
S12R	Other financial corporations (Data Gaps Initiative-Phase 2)	$S12R=S123+S124+S125+S126+S127+S128+S129$

# III Methodology for Balance of Payments

## 1. Current account

### 1.A.a Goods

**Definition:** the goods account includes the physical, produced items whose economic ownership can be exchanged between a resident and a nonresident. Exports are recorded as credit entries and imports as debit entries.

**Subaccounts:**

#### 1. A.a Goods

1.A.a.1 General merchandise

1.A.a.2 Net exports of goods under merchanting

1.A.a.3 Nonmonetary gold

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#### 1.A.a.1 General merchandise

**Definition:** goods whose economic ownership is changed between a resident and a nonresident and that are not included in another specific category.

**Methodology:** the data for general merchandise derive from administrative records, from which only items that follow international criteria are considered for inclusion in the BoP. According to these criteria, exports and imports in goods are valued at FOB (free-on-board) prices at port or at the place of dispatch of merchandise. FOB value includes the price of the transaction plus freight, insurance and other costs incurred to transfer the goods to the place of shipping<sup>2</sup>.

Since free zones are considered part of the national economic territory, imports include the entry of merchandise from the rest of the world to Argentine free zones, while exports include the output of merchandise from free zones to the rest of the world. Merchandise in transit and temporary exports and imports are excluded.

**Source:** foreign trade figures produced by the National Directorate of External Sector Statistics of INDEC, based on records of the General Customs Directorate.

<sup>2</sup> The technical report Argentine Trade Exchange (ICA, for its Spanish acronym), produced by the National Directorate of External Sector Statistics of INDEC, presents imports at CIF values (cost, insurance, freight), including the FOB value plus freight, insurance and other costs (excluding import duties) incurred to transport the merchandise from port or place of shipping to the first port or place of arrival in Argentina.

## 1.A.a.2 Net exports of goods under merchanting

**Definition:** the purchase of goods by a resident to a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being present or crossing the border of the country.

**Methodology:** the estimate is calculated by means of administrative records. Due to the nature of the available data source, the measurement is done on a cash rather than on an accrual basis.

**Sources:** standardised statistics on the foreign exchange market (MULC, for its Spanish acronym) and exchange balance of the Central Bank of the Republic of Argentina (BCRA, for its Spanish acronym).

## 1.A.a.3 Nonmonetary gold

**Definition:** gold not owned by monetary authorities and held as a reserve asset (monetary gold).

**Methodology:** the estimate is calculated by means of administrative records.

**Sources:** foreign trade figures produced by the National Directorate of Statistics of the External Sector of INDEC, based on data provided by the General Customs Directorate.

## 1.A.b Services

**Definition:** the services account records all inputs (credits) and outputs (debit) from services provided between residents and nonresidents.

### Subaccounts:

#### 1.A.b Services

1.A.b.1 Manufacturing services on physical inputs owned by others

1.A.b.2 Maintenance and repair services n.i.e.

1.A.b.3 Transport

1.A.b.4 Travel

1.A.b.5 Construction

1.A.b.6 Insurance and pension services

1.A.b.7 Financial services

1.A.b.8 Charges for the use of intellectual property n.i.e.

1.A.b.9 Telecommunications, computer, and information services

1.A.b.10 Other business services

1.A.b.11 Personal, cultural, and recreational services

1.A.b.12 Government goods and services n.i.e.

---

**Methodology:** credit for all services is presented in net values, that is, after the foreign income tax has been deducted (when applicable). Debits of all services are presented in gross values, that is, before deduction of the Argentine income tax when applicable. The amount withheld by the Argentine Federal Administration of Public Revenue (AFIP, for its Spanish acronym) is attributed in secondary income as credit.

## 1.A.b.1 Manufacturing services on physical inputs owned by others

**Definition:** it is the processing, assembly, labelling, packing, and so forth undertaken in the country on goods owned by a nonresident (credit) and undertaken abroad on goods owned by a resident (debit).

**Methodology:** own estimation based on surveys and administrative records.

**Sources:** Survey on International Services (ESI, for its Spanish acronym) produced by the National Directorate of Statistics of the External Sector and National Survey of Large Businesses (ENGE, for its Spanish acronym), both INDEC surveys, and standardised statistics on the foreign exchange market and exchange balance (MULC, for its Spanish acronym) of the BCRA.

## 1.A.b.2 Maintenance and repair services n.i.e

**Definition:** they cover maintenance and repair work by residents on means of transport and other goods that are owned by nonresidents (credit) and vice versa (debit). Construction maintenance and repairs are excluded; they are included under construction. Maintenance and repair of computers are included under computer services.

**Methodology:** own estimate based on surveys, financial statements of enterprises and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

## 1.A.b.3 Transport

**Definition:** includes the process of carriage of people and objects from one location within an economic territory to another, as well as related supporting and auxiliary services. Also included are postal and courier services. It can be classified according to mode of transport and what is carried (freight or passengers).

**Subaccounts:**

### 1.A.b.3. Transport

1.A.b.3.1 Transport by sea

1.A.b.3.1.1 Passengers

1.A.b.3.1.2 Freight

1.A.b.3.1.3 Others

1.A.b.3.2. Transport by air

1.A.b.3.2.1 Passengers

1.A.b.3.2.2 Freight

1.A.b.3.2.3 Others

1.A.b.3.3 Other modes of transport

1.A.b.3.3.1 Passengers

1.A.b.3.3.2 Freight

1.A.b.3.3.3 Others

1.A.b.3.4 Postal and courier services

---

## 1.A.b.3.1 Transport by sea

### 1.A.b.3.1.1 Passengers

**Definition:** credit entries include tickets and fares of resident river and sea companies to nonresidents. Debit entries include tickets and fares of residents by nonresident river and sea companies operating in Argentina.

**Methodology:** surveys supplemented by own estimates based on quantity of travellers and cars transported by price of tickets and fares.

**Sources:** ESI and ENGE, both of INDEC, passenger data by customs frontier and enterprise, produced by the Ministry of Tourism based on information from the National Directorate of Migration and web data on transport enterprises.

### 1.A.b.3.1.2 Freight

**Definition:** includes transport by sea of objects other than people. Credit entries include export freight between ports charged by resident sea-transport companies, and debit entries include import freight paid to nonresident enterprises.

**Methodology:** the credit value results from own estimations based on surveys. The estimate of debit is performed using administrative records.

**Sources:** ESI and ENGE, both of INDEC, foreign trade figures produced by the National Directorate of Statistics of the External Sector of INDEC based on data provided by the General Customs Directorate.

### 1.A.b.3.1.3 Others

**Definition:** this account includes services that are auxiliary to transport, such as those provided at ports to modes of transport and agents' fees. The category includes cargo handling charges billed separately from freight, storage and warehousing, packing and repackaging, towing not included in freight services, pilotage and navigational aid for carriers, cleaning of transport equipment and brokerage services.

**Methodology:** own estimate based on surveys and accounting data from enterprises.

**Sources:** ESI and ENGE, both of INDEC, and financial statements of sea-transport enterprises.

## 1.A.b.3.2 Transport by air

### 1.A.b.3.2.1 Passengers

**Definition:** includes items such as tickets and excess baggage. Credit entries include the value of tickets sold by Argentine airlines to nonresidents, and debit entries include the value of tickets sold by nonresident airlines to residents.

**Methodology:** surveys supplemented by own estimates based on the number of passengers transported by the price of tickets.

**Sources:** ESI and ENGE, both of INDEC, traveller information by customs frontier and enterprise produced by the Ministry of Tourism based on information of the National Directorate of Migration and web data of transport enterprises.

#### 1.A.b.3.2.2 Freight

**Definition:** includes transport by air of objects other than persons. Credit entries include export freight and between ports charged by resident airlines, and debit entries include import freight paid to nonresident airlines.

**Methodology:** the credit value is a result of own estimations based on surveys. The estimate of debit is performed using administrative records.

**Sources:** ESI and ENGE, both of INDEC, and foreign trade figures produced by the National Directorate of Statistics of the External Sector of INDEC based on data provided by the General Customs Directorate.

#### 1.A.b.3.2.3 Others

**Definition:** comprises services provided at airports to aviation companies. Includes air traffic control, cleaning of transport equipment, airport fees and agents' fees.

**Methodology:** own estimate based on surveys.

**Sources:** ESI and ENGE, both of INDEC.

### 1.A.b.3.3 Other modes of transport

#### 1.A.b.3.3.1 Passengers

**Definition:** includes, as credit entries, the amount of tickets sold by resident bus and train companies to nonresidents and, as debit entries, those sold by nonresident bus companies to residents.

**Methodology:** surveys supplemented by own estimates based on the number of passengers transported by the price of tickets.

**Sources:** ESI and ENGE, both of INDEC, traveller information by customs frontier and enterprise, produced by the Ministry of Tourism based on information of the National Directorate of Migration and web data of transport enterprises.

#### 1.A.b.3.3.2 Freight

**Definition:** comprises transport by land of objects other than persons. Includes transport freight by truck, train, own means, and oil and gas pipelines. Credit entries include export freight charged by resident companies, while debit entries include import freight paid to nonresident enterprises.

**Methodology:** the credit calculation is the result of an own estimate based on administrative records supplemented by a survey. The estimate of debit is performed using administrative records.

**Sources:** ESI and ENGE, both of INDEC and foreign trade figures produced by the National Directorate of Statistics of the External Sector of INDEC based on data provided by the General Customs Directorate.

### 1.A.b.3.3.3 Others

**Definition:** includes, as credit entries, services provided in Argentina to nonresident land-transport companies and, as debit entries, services provided to resident land-transport companies abroad.

**Methodology:** own estimate based on surveys.

**Sources:** ESI and ENGE, both of INDEC.

### 1.A.b.3.4 Postal and courier services

**Definition:** covers input (credit) and output (debit) for pick-up, transport, and delivery of letters, newspapers, periodicals, brochures, other printed matter and packages.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

## 1.A.b.4 Travel

**Definition:** includes goods and services for own use acquired by travellers and the stays abroad during periods of less than a year.

### Subaccounts:

#### 1.A.b.4 Travel

1.A.b.4.1 Business travel

1.A.b.4.2 Personal travel

**1.A.b.4.1 Business travel:** includes expenditure of carrier crews stopping off or laying over; government employees on official travel; employees travelling on behalf of their employer; and seasonal, border, and other short-term workers who are not resident in the economy in which they are employed.

**1.A.b.4.2 Personal travel:** covers expenditures incurred by persons going abroad for purposes such as vacations, participation in recreational and cultural activities, visits with friends and relatives, pilgrimage, and education and health related purposes (health and educational services not included in travel are discussed in Section II, "Conceptual framework", of the present document).

**Methodology:** own estimate based on surveys and administrative records. The total travel expenditure is calculated by multiplying the total number of travellers by the average total expenditure by traveller for each type of traveller and destination/origin.

**Sources:** International Tourism Survey (ETI, for its Spanish acronym) produced by the National Directorate of Statistics of the External Sector of INDEC and figures on travellers produced by the Ministry of Tourism of the Nation based on data from the National Directorate of Migration.

## 1.A.b.5 Construction

**Definition:** covers the creation, renovation, repair, or extension of fixed assets in the form of buildings performed by an enterprise outside its economic territory, within a duration of no more than a year. Acquisition of goods and services by the enterprises undertaking that construction work from the economy of location of the construction work is also recorded under construction.

### Subaccounts:

#### 1.A.b.5 Construction

- 1.A.b.5.1 Construction abroad
  - 1.A.b.5.2 Construction in the compiling economy
- 

**1.A.b.5.1 Construction abroad:** credit entries include construction work abroad for nonresidents by resident enterprises; debit entries comprise the goods and services acquired by these enterprises from the economy in which the construction activity is being undertaken.

**1.A.b.5.2 Construction in the compiling economy:** debit entries include construction work for residents by nonresident construction enterprises; credit entries comprise the goods and services acquired in the compiling economy by these nonresident construction enterprises.

**Methodology:** own estimate based on surveys.

**Sources:** ESI and ENGE, both of INDEC.

## 1.A.b.6 Insurance and pension services

**Definition:** includes services of resident enterprises providing insurance and reinsurance of different types to nonresidents and vice versa.

### Subaccounts:

#### 1.A.b.6 Insurance and pension services

- 1.A.b.6.1 Direct insurance
  - 1.A.b.6.2 Reinsurance
  - 1.A.b.6.3 Auxiliary insurance services
  - 1.A.b.6.4 Pension and standardized guarantee services
- 

### 1.A.b.6.1 Direct insurance

**Definition:** includes services of freight insurance, life insurance, accident insurance, health expenditure insurance, general liability, general, fire insurance, etc.

**Methodology:** there are considered to be no credit operations in this category. Debit entries include the cost of the import insurance services acquired with nonresident corporations. This arises from an own estimate based on import insurance acquired with nonresidents and the rate of the cost of the insurance service.

**Sources:** foreign trade figures produced by the National Directorate of Statistics of the External Sector of INDEC based on data provided by the General Customs Directorate and statistics of the insurance sector compiled by the Superintendency of National Insurance.

### 1.A.b.6.2 Reinsurance

**Definition:** includes the provision of reinsurance services between insurance and reinsurance companies.

**Methodology:** own estimate based on reinsurance acquired from nonresidents and the rate of the cost of service of reinsurance. Reinsurance figures are presented on a cash rather than on an accrual basis, due to the lack of information for the estimate with the latter methodology.

**Sources:** statistics of the insurance sector compiled by the Superintendency of National Insurance.

### 1.A.b.6.3 Auxiliary insurance services

**Definition:** include services auxiliary to insurance operation, such as agents' commissions, insurance and pension consultancy services, evaluation, actuarial services, etc.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

### 1.A.b.6.4 Pension and standardised guarantee services

**Definition:** includes pension schemes operated with an autonomous fund and standardised guarantees issued in great quantities and in a similar manner, such as guarantees for export credits between residents and nonresidents.

**Methodology:** there are no estimates for this area, since it is not a usual operation in Argentina.

### 1.A.b.7 Financial services

**Definition:** includes financial intermediation and auxiliary services between residents and nonresidents. Covers rights paid for the services and those related to letters of credit, financial leasing and transactions in foreign currencies. Also comprises commissions and other charges related to transactions in securities: brokerage, placements of issues, underwritings and redemptions, asset management services, security custody services, etc. Service charges on purchases of IMF resources are included, as are commitment fees of international entities.

**Subaccounts:**

#### 1.A.b.7 Financial services

1.A.b.7.1 Explicitly charged and other financial services

1.A.b.7.2 Financial intermediation services indirectly measured (FISIM)

### 1.A.b.7.1 Explicitly charged and other financial services

**Definition:** services are charged for by explicit charges and require no special calculation.

**Methodology:** own estimate based on accounting data, web data, surveys and administrative records.

**Sources:** financial statements of enterprises, service rates of asset managers abroad (web data), ESI and ENGE, both of INDEC, MULC of BCRA, data on financial assets deposits in the Caja de Valores S.A. and information on commissions paid by the National administration produced by the National Directorate of Public Credit of the Ministry of Finance of the Nation.

### 1.A.b.7.2 Financial intermediation services indirectly measured (FISIM)

**Definition:** measures the share of the service included in interests of loans and deposits of financial entities, and estimated as the differential between interest charged or paid and pure interest calculated at a given reference rate.

**Methodology:** credit data is calculated as the difference between total interest charged and paid by the Argentine financial system minus what should be charged/paid if the reference rate were estimated. For debit, the figure is zero, since there is a lack of accurate information on loan and deposit interests of residents with financial entities abroad, the estimation is done using a reference rate, which results in FISIMs equal to zero.

**Source:** National Directorate of National Accounts of INDEC.

### 1.A.b.8 Charges for the use of intellectual property n.i.e.

**Definition:** includes charges paid and received between residents and nonresidents related to the use of proprietary right (such as patents, trademarks, copyrights, industrial processes, etc.) and charges for licenses to reproduce or distribute (or both) intellectual property embodied in produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works and sound recordings).

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

## 1.A.b.9 Telecommunications, computer, and information services

### Subaccounts:

#### 1.A.b.9 Telecommunications, computer, and information services

1.A.b.9.1 Telecommunications services

1.A.b.9.2 Computer services

1.A.b.9.3 Information services

#### 1.A.b.9.1 Telecommunications services

**Definition:** encompass the inputs (credit) and outputs (debit) for broadcast or transmission of sound, images, or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, business network services, teleconferencing, etc.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

#### 1.A.b.9.2 Computer services

**Definition:** consist of transactions between residents and nonresidents of services related to computer data-processing services. Includes technical support consultancy (hardware), software application (software), data-processing and hosting services, software licenses sales, including the development, production, supply, and documentation of customised software made to order for specific users, maintenance and repairs of computers and peripheral equipment.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

#### 1.A.b.9.3 Information services

**Definition:** includes news agency services, such as the provision of news and direct subscriptions to newspapers and periodicals, database and web search portal services.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

## 1.A.b.10 Other business services

### Subaccounts:

#### 1.A.b.10 Other business services

1.A.b.10.1 Research and development services

1.A.b.10.2 Professional and management consulting services

1.A.b.10.2.1 Legal services, accounting, management consulting, managerial services, and public relations services

1.A.b.10.2.2 Advertising, market research, and public opinion polling services

1.A.b.10.3 Technical, trade-related, and other business services

1.A.b.10.3.1 Architectural, engineering, and other technical services

1.A.b.10.3.2 Waste treatment and depollution, agricultural, and mining services

1.A.b.10.3.3 Operating leasing services

1.A.b.10.3.4 Trade-related services

1.A.b.10.3.5 Other business services

#### 1.A.b.10.1 Research and development services

**Definition:** consist of services that are associated with basic research, applied research, and experimental development of new products and processes. Outright sales of the results of research and development (such as represented in patents, copyrights, and sale of information about industrial processes) are included.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

#### 1.A.b.10.2 Professional and management consulting services

**Definition:** includes legal services, accounting, management consulting, managerial services, and public relations services; and advertising, market research, and public opinion polling services.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

#### 1.A.b.10.3 Technical, trade-related, and other business services

**Definition:** includes architectural, engineering, and other technical services; waste treatment and depollution, agricultural, and mining services; operating leasing services; trade-related services; and other business services, such as placement of personnel, security, investigative services, translation, photographic services, publishing, etc.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

## 1.A.b.11 Personal, cultural, and recreational services

### Subaccounts:

#### 1.A.b.11 Personal, cultural, and recreational services

1.A.b.11.1 Audiovisual and related services

1.A.b.11.2 Other personal, cultural, and recreational services

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### 1.A.b.11.1 Audiovisual and related services

**Definition:** consist of inputs of resident providers (credit) and output for hired services with nonresident providing companies (debit) of transactions related to the production of motion pictures, radio and television programs, and musical and theatre productions. Also included are sales of manuscripts, recordings and original films and their licenses.

**Methodology:** own estimate based on surveys, accounting data and administrative records.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA and budget operations of the national government compiled by the National Accounting Office.

### 1.A.b.11.2 Other personal, cultural, and recreational services

**Definition:** include inputs and outputs for health services, education services and services relating to sporting and other activities.

**Methodology:** own estimate based on surveys, accounting data, administrative records and direct respondents.

**Sources:** ESI and ENGE, both of INDEC, financial statements of enterprises, MULC of the BCRA, budget operations of the national government compiled by the National Accounting Office and the Argentine Football Association (AFA).

## 1.A.b.12 Government goods and services n.i.e.

**Definition:** covers all transactions for official services not included in the previous classifications. Includes transactions of embassies, consulates, military and defence bases with residents of the country in which they are located. Transactions covered in this category are goods and services (such as office supplies and furniture, water, electricity, etc.) and personal expenses of diplomats and consulate officials and their dependants in the country in which they reside.

**Methodology:** credit is estimated based on administrative records of consular revenue abroad and own estimates based on the number of nonresident persons working at foreign embassies and consulates credited in the country and their salaries for the rest of the account. The data for debit arise from an own estimate based on administrative records.

**Sources:** National Accounting Office, Ministry for Foreign Affairs and Worship of Argentina, Argentine National Bank and Directorate of Consumer Price Indices of INDEC.

## 1.B Primary income

**Definition:** primary income represents the return that accrues to institutional units for their contribution to the production process or for the provision of financial assets and renting natural resources to other institutional units.

### Subaccounts:

#### 1.B Primary income

- 1.B.1 Compensation of employees
  - 1.B.2 Investment income
  - 1.B.3 Other primary income
- 

### 1.B.1 Compensation of employees

**Definition:** include, wages, salaries and other benefits that individual persons receive for working for a resident in a different economy. It can be in cash or in kind, and includes compensation of temporary workers (offering services for less than a year), border workers and local personnel of embassies and consulates.

**Methodology:** for local personnel of embassies, credit is an own estimate based on number of employees, and debit arises from administrative records. The information on Entidad Binacional Yacypetá derives from accounting data. For the rest of the enterprises, there is an own estimate based on surveys, accounting data and administrative records.

**Sources:** Ministry of Foreign Relations and Cult of the Argentine Republic, budget operations of the Central administration compiled by the National Accounting Office, financial statements of enterprises, surveys of the National Directorate of Statistics of the External Sector, Coordinating Unit of Large Enterprises Statistics and Directorate of Consumer Price Indices of INDEC, and the Argentine National Bank.

### 1.B.2 Investment income

#### Subaccounts

#### 1.B.2 Investment income

- 1.B.2.1 Direct investment
  - 1.B.2.2 Portfolio investment
  - 1.B.2.3 Other investment
  - 1.B.2.4 Reserve assets
-

## Direct investment

Direct investment is a category of cross-border investment that represents the aim of an enterprise residing in one economy to acquire a lasting interest in an enterprise that is resident in another economy. This lasting interest assumes the existence of a long-term relationship between the direct investor and the direct investment enterprise, and a significant degree of influence of the investor in the enterprise's decision-making. According to the BPM6, direct investment relationships arise when a direct investor directly owns equity that entitles it to 10 percent or more of the voting power in the direct investment enterprise.

### 1.B.2.1 Direct investment income

**Definition:** direct investment income includes the earnings of direct investors residing in an economy, for capital invested in nonresident enterprises, that can be generated by shares and other equity, or by debt. The income arising from direct investment is calculated both for direct investment abroad (credit) and for direct investment in the country (debit).

#### Subaccounts:

#### 1.B.2 Investment income

##### 1.B.2.1 Direct investment

1.B.2.1.1 Income on equity and investment fund shares

1.B.2.1.1.1 Dividends and withdrawals from income of quasi-corporations

1.B.2.1.1.2 Reinvested earnings

1.B.2.1.2 Interest

#### 1.B.2.1.1 Income on equity and investment fund shares

**Definition:** direct investment income arising from shares and other equity.

**Methodology:** for credit entries, accrued earnings<sup>3</sup> by direct investment enterprises abroad are recorded and, for debit entries, ratios corresponding to nonresident investors. In credit entries, it also includes all results of affiliates abroad and income from shares of other corporations abroad with a significant degree of influence of deposit-taking corporations, except the central bank, arising from financial statements; and income of nonfinancial corporations, households and NPISHs estimated based on financial statements of local enterprises with shares in enterprises abroad and earnings from real-estate holdings abroad. In debit entries, it includes accrued operational earnings from direct investment in Argentina of deposit-taking corporations, except the central bank, and earnings of nonfinancial corporations, whose quarterly estimates are calculated based on a sample of enterprises with shares of nonresidents who provide information to the National Securities Commission (CNV, for its Spanish acronym). Additionally, to estimate earnings of enterprises not under obligation to release quarterly financial statements, an expansion method was implemented. These estimates are subsequently supplemented with information arising from financial statements of enterprises surveyed in the National Survey of Large Enterprises (ENGE, for its Spanish acronym), performed annually by INDEC, and the annual survey on direct investment of resident enterprises of the Central Bank of the Republic of Argentina (BCRA, for its Spanish acronym).

<sup>3</sup> See OECD Benchmark Definition of Foreign Direct Investment: Fourth Edition, page 74, paragraph 208.

**Sources:** financial statements of enterprises reporting data to the CNV, ENGE of INDEC, annual survey on direct investment of resident enterprises of the BCRA and financial statements of financial entities provided by the BCRA.

#### 1.B.2.1.1.1 Dividends and withdrawals from income of quasi-corporations<sup>4</sup>

**Definition:** "dividends are the distributed earnings allocated to the owners of equity for placing funds at the disposal of corporations". (page 187, paragraph 11.24 of the BPM6).

**Methodology:** for credit entries, estimation of nonfinancial corporations, households and NPISHs is calculated based on the report of the BCRA on evolution of the foreign exchange market (MULC, for its Spanish acronym), supplemented by data on financial statements. For debit entries, estimates of dividends for deposit-taking corporations, except the central bank, are considered to be the minutes of shareholders' meetings reported to the Buenos Aires Stock Exchange (BCBA, for its Spanish acronym) and information on the stage of development of the net worth of financial entities provided by the BCRA; and for nonfinancial corporations, households and NPISHs, information from the foreign exchange market (MULC, for its Spanish acronym) and information on financial statements of enterprises reporting to the CNV or the ENGE.

**Sources:** MULC of the BCRA, information on approved dividends of local enterprises listed in the Buenos Aires Stock Exchange, annual survey on direct investment of resident enterprises of the BCRA, stage of development of the net worth of enterprises reporting to the CNV or the ENGE, and stage of development of the net worth of financial entities provided by the BCRA.

#### 1.B.2.1.1.2 Reinvested earnings

**Definition:** the direct investors' share of retained earnings of the direct investment enterprise, that is, those not distributed among them as dividends or distribution or withdrawals, in the case of quasi-corporations.

**Methodology:** reinvested earnings arise from the difference between accrued earnings and dividends.

**Sources:** MULC of the BCRA, information on approved dividends of local enterprises listed in the Buenos Aires Stock Exchange, annual survey on direct investment of resident enterprises of the BCRA financial statements of enterprises reporting data to the CNV, ENGE of INDEC, and financial statements of financial entities provided by the BCRA.

#### 1.B.2.1.2 Interest

**Definition:** a form of investment income that is receivable by the owners of certain kinds of financial assets for putting them at the disposal of another institutional unit. In this subaccount, interest refers to the compensation for disposal of financial assets by direct investors in the direct investment enterprise, and vice versa.

**Methodology:** regarding credit, there is no information available on nonfinancial corporations, households and NPISHs. For debit, estimates of accrual of interest on debt between affiliates of nonfinancial corporations, households and NPISHs arise from the quarterly survey performed by the BCRA on external debt of the private sector. According to the MBP6, debt between the financial sector and parent enterprises is not part of the functional category "Direct investment", therefore, interest is not either.

**Source:** survey on external debt of the private sector, produced by the BCRA.

<sup>4</sup> A quasi-corporation is an unincorporated business that operates as if it were an entity separate from its owner(s). It is treated as if it were a corporation. The category includes branches, notional residents for ownership of land and other natural resources owned by nonresidents, trusts, and so on.

## 1.B.2.2 Portfolio investment

The BPM6 defines portfolio investment as "cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets". (page 110, paragraph 6.54 of the BPM6).

**Definition:** portfolio investment income includes flows of inputs between residents and nonresidents arising from positions involving debt or equity securities listed in regulated markets, and not recorded as direct investment or reserve assets. Credit entries are income originating from portfolio investment abroad. Debit entries correspond to income arising from investment of nonresidents in the country.

### Subaccounts:

#### 1.B.2.2 Portfolio investment

1.B.2.2.1 Investment income on equity and investment fund shares

1.B.2.2.2 Interest

### 1.B.2.2.1 Investment income on equity and investment fund shares

**Definition:** portfolio investment income generated by shares and other equity listed in regulated markets.

**Methodology:** for credit entries, both for deposit-taking corporations and for nonfinancial corporations, households and NPISHs, recording is by equity shares in the form of portfolio investment by average rate of return listed in the BCBA and the United States (S&P500). Debit recording is by dividends approved in shareholders, meetings for shares and ADRs<sup>5</sup> of resident enterprises held by of nonresidents.

**Sources:** Caja de Valores S.A., Banco Santander Río, Grupo Financiero Galicia S.A., Buenos Aires Stock Exchange<sup>6</sup> Argentine National Bank, Bolsar.com, Bloomberg and US Department of Treasury.

### 1.B.2.2.2 Interest

**Definition:** interest is the input of investment charged by debt security holders (negotiable bonds and obligations).

**Methodology:** for credit entries, estimates for the general Government sector include interest charged for investments as collateral for financial operations, transitory investments due to liquidity overhang and the establishment of funds and other assets for specific purposes. Among these operations, we may note the guarantees of the 1992 Financial Plan<sup>6</sup>. For deposit-taking corporations, except the central bank, it includes income from portfolio investment in debt securities abroad, applying the average rate of the LIBOR at 90 days to the average stock of securities; for nonfinancial corporations, households and NPISHs accrued interest is estimated, applying to the average rate of assets in securities a weighted average rate of return of the yield of

<sup>5</sup> ADRs (American Depositary Receipts) are negotiable certificates that represent shares in foreign corporations. They are a result of US legislation not allowing residents to invest in stocks of entities with foreign addresses.

<sup>6</sup> The refinancing agreement also considered guaranteeing the payment for a year's worth of interest services of bonds, in parallel and at a discount. To this end, fixed-term deposits were made in the Federal Reserve, eligible for certain portfolio investments in bonds. Any income from these deposits that exceeds the amount required as guarantee becomes freely available to the Government. The face value of Par and Discount bonds issued by the Treasury within the 1992 Financial Plan are guaranteed by a zero coupon bond of the same nominal value and with the same or previous expiry date.

different debt securities. In debit, estimates for General government correspond to accrued interest of public debt securities held by nonresidents. For the central bank, it includes accrued interest of long-term and short-term debt securities held by nonresidents, obtained from the accounting records of the BCRA, from which percentages securities held by nonresidents are estimated. For deposit-taking corporations, except the central bank, interest of debt securities held by nonresidents are estimated by applying, to the average stock, the weighted yield of debt securities. The latter methodology is also applied for nonfinancial corporations.

**Sources:** financial statements and survey on external debt of the private sector provided by the BCRA, General Treasury of the Nation, Caja de Valores S.A., Bloomberg and Accounting Management of the BCRA.

### 1.B.2.3 Other investment

Other investment is a residual category that includes transactions other than those recorded in direct investment, portfolio investment, financial derivatives and reserve assets.

**Definition:** income arising from other investment includes interest of deposits, loans, trade credit and advances, and other accounts receivable/payable; income arising from equity shares and investment fund shares not classified in any other functional category and investment attributable to insurance entitlements, standardised guarantees and pension funds. Interest due for SDR allocation and charges for loans in nonmonetary gold are also recorded as other investment.

#### Subaccounts:

##### 1.B.2.3 Other investment

1.B.2.3.2 Interest

1.B.2.3.2M Memorandum: Interest before FISIM

#### 1.B.2.3.2.2 Interest

**Definition:** interest is a kind of investment input charged by owners of deposits, loans, and other accounts receivable in exchange for making financial assets available to another institutional unit.

**Methodology:** as credit entries, estimates of General government include accrued interest of loans issued for the establishment of the Entidad Binacional Yacyretá, in charge of the development and operation of the dam. For deposit-taking corporations, except the central bank, accrued interest for deposits and loans abroad to nonresidents is estimated, applying, to the average stock, the LIBOR rate to three months and, for nonfinancial corporations, households and NPISHs, there is an estimation of interest of bank deposits by LIBOR rate to three months. In the case of trade financing, it is assumed that such credit operations do not accrue interest. As debit entries, estimates for the Central Bank include accrued interest for loans issued by multilateral bodies, such as the Bank of International Settlements (BIS), and bilateral bodies, commercial banks and other institutions. For general government, it includes interest of loans issued by multilateral, bilateral and other bodies to the National Treasury and provinciales governments. They are estimated based on data provided by the National Public Credit Bureau (ONCP, for its Spanish acronym), according to the residence of the creditor, and the own survey on provincial external debt. For deposit-taking corporations, except the central bank, there is an estimate of accrued interest of deposits, applying, to the average stock, the reference rate of deposits less the rate of FISIMs; accrued interest of lines of credit (of other financial entities abroad), applying, to the average stock, the average rate of commercial lines of credit; accrued interest of loans of international organisations, applying, to the average stock, the weighted average rate of financial loans. For nonfinancial

corporations, households and NPISHs, it includes accrual of interest on loans of international organisations, banks and suppliers. The estimate is calculated based on information from the survey on external debt of the private sector of the BCRA.

**Sources:** financial statements provided by the BCRA, financial statements of the Entidad Binacional Yacuyetá, BIS, Central Bank of Uruguay, US Federal Reserve, survey on external debt of the private sector by the BCRA, ONCP and own survey on provincial external debt.

### 1.B.2.4 Reserve assets

“Reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing).” (page 111, paragraph 6.64 of the BPM6).

#### Subaccounts:

#### 1.B.2.4 Reserve assets

##### 1.B.2.4.2 Interests on reserve assets

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#### 1.B.2.4.2 Interest on reserve assets

**Definition:** investment income arising from reserve assets includes income on equity and investment fund shares, and interest.

**Methodology:** there are only credit entries for accrued interest of placement of international reserves of the BCRA.

**Source:** Accounting Management of the BCRA.

## 1.C Secondary income

**Definition:** recording in the secondary account includes current transfers between residents and nonresidents. A current transfer is a transaction in which one institutional unit provides a good, service, financial asset or other asset to another unit without receiving from the latter any good, service or asset in return as a direct counterpart. Transfers may be in cash or in kind.

#### Subaccounts:

#### 1.C Secondary income

##### 1.C.1 General government

##### 1.C.2 Financial corporations, nonfinancial corporations, households and NPISHs

##### 1.C.3 Adjustment for change in pension entitlements

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## 1.C.1 General government

**Definition:** includes transfers in cash or in kind between governments of different countries or between governments and other nonresidents.

### Subaccounts:

#### 1.C.1 General government

- 1.C.1.1 Current taxes on income, wealth, etc.
  - 1.C.1.2 Social contributions
  - 1.C.1.3 Social benefits
  - 1.C.1.4 Current international cooperation
  - 1.C.1.5 Miscellaneous current transfers of general government
- 

### 1.C.1.1 Current taxes on income, wealth, etc.

**Definition:** corresponds to taxes retained by the government of an economy to nonresidents for their operation in the national territory.

**Methodology:** calculated based on administrative records.

**Source:** Argentine Federal Administration of Public Revenue (AFIP).

### 1.C.1.2 Social contributions

**Definition:** includes social contributions of nonresident workers to Argentine social security.

**Methodology:** estimation based on surveys.

**Source:** Survey on International Services (ESI, for its Spanish acronym) of the National Directorate of Statistics of the External Sector of INDEC.

### 1.C.1.3 Social benefits

**Definition:** includes retirement and pension payments made by the social security of the compiling economy to resident beneficiaries abroad.

**Methodology:** based on administrative records.

**Source:** National Administration of Social Security (ANSES).

### 1.C.1.4 Current international cooperation

**Definition:** includes current transfers in cash or in kind between governments or between governments and international organisations. This category covers transfers in kind in form of clothing, military equipment, food, and others received from other governments and regular contributions to international organisations.

**Methodology:** estimate based on administrative records.

**Source:** budget allocations informed by the National Accounting Office.

### 1.C.1.5 Miscellaneous current transfers of general government

**Definition:** includes fines for infringement of national laws and regulation charged to nonresidents.

**Methodology:** estimate based on administrative records.

**Source:** Secretariat of Fishing.

## 1.C.2 Financial corporations, nonfinancial corporations, households and NPISHs

**Subaccounts:**

### 1.C.2 Financial corporations, nonfinancial corporations, households and NPISHs

- 1.C.2.1 Personal transfers
  - 1.C.2.2 Other current transfers
    - 1.C.2.0.1 Current taxes on income, wealth, etc.
    - 1.C.2.0.2 Social contributions
    - 1.C.2.0.3 Social benefits
    - 1.C.2.0.4 Net nonlife insurance premiums
    - 1.C.2.0.5 Nonlife insurance claims
    - 1.C.2.0.6 Current international cooperation
    - 1.C.2.0.7 Miscellaneous current transfers
- 

### 1.C.2.1 Personal transfers

**Definition:** includes all current transfers in cash or in kind between residents and nonresidents, such as migrant workers' remittances.

**Methodology:** for debit, they are estimated with a survey supplemented with administrative records based on the number of residents born abroad, applying an average remittance.

**Sources:** : ESI of INDEC, MULC of BCRA, National Directorate of Social and Population Statistics and Directorate of Consumer Price Indices, both of INDEC, and Argentine National Bank.

### 1.C.2.2 Other current transfers

**Definition:** includes gifts, endowments, inheritances, contributions to philanthropic or religious institutions, taxes paid, social security contributions paid by individuals to governments and collection of retirement and pension payments of foreign governments, net insurance premiums and reimbursed accident insurance.

### 1.C.2.0.1 Current taxes on income, wealth, etc.

**Definition:** includes current tax payments of residents to foreign governments.

**Methodology:** not included in the estimate for this category, due to the lack of information on taxes withheld abroad to residents for their charges to nonresidents. Consistently, recording of service operations is done in net values (after corresponding income tax deduction).

### 1.C.2.0.2 Social contributions

**Definition:** includes social contributions paid by residents of the compiling economy in foreign social security funds.

**Methodology:** estimate based on surveys.

**Source:** Survey on International Services (ESI, for its Spanish acronym) produced by the National Directorate of Statistics of the External Sector.

### 1.C.2.0.3 Social benefits

**Definition:** credit entries include retirements and pensions paid to residents of the compiling economy by foreign governments.

**Methodology:** the estimate is based on direct respondents.

**Sources:** Spanish Department of Labour and Social Works, Itaú Bank and Bank of Tokyo.

### 1.C.2.0.4 Net nonlife insurance premiums

**Definition:** includes net insurance and reinsurance premiums. Net premiums are a result of deducting service charges from the total number of issued or ceded premiums.

**Methodology:** own estimate based on administrative records.

**Source:** Superintendency of National Insurance.

### 1.C.2.0.5 Nonlife insurance claims

**Definition:** includes collected insurance and accident insurance claims.

**Methodology:** the calculation is based on administrative records. Due to the lack of coherent information on accrued claim values, they are estimated on a cash basis.

**Source:** Superintendency of National Insurance.

### 1.C.2.0.6 Current international cooperation

**Definition:** includes transfers received from the Organisation for Economic Co-operation and Development (OECD) not identified as intended for the Government.

**Methodology:** the sources used for estimation are foreign statistics.

**Source:** Organisation for Economic Development and Co-operation (OECD).

### 1.C.2.0.7 Miscellaneous current transfers

**Definition:** covers all current transfers not included in other categories. Includes claims for seizures by reason of binational works, fines and penalties, compensation for damage not covered by insurance, gifts, endowments, inheritances, contributions to philanthropic or religious institutions, donations, study grants and subscriptions to foreign entities.

**Methodology:** estimate based on accounting data and surveys.

**Sources:** financial statements of enterprises and ESI of INDEC.

## 2. Capital account

**Definition:** The capital account shows capital transfers receivable and payable between residents and nonresidents and the acquisition and disposal of nonproduced, nonfinancial assets between residents and nonresidents.

**Subaccounts:**

### 2. Capital account

#### 2.1 Gross acquisitions/disposals of nonproduced, nonfinancial assets

#### 2.2. Capital transfers

##### 2.2.1 General government

###### 2.2.1.1 Debt forgiveness

###### 2.2.1.2 Other capital transfers

##### 2.2.2 Financial corporations, nonfinancial corporations, households and NPISHs

###### 2.2.2.1 Debt forgiveness

###### 2.2.2.2 Other capital transfers

## 2.1 Gross acquisitions/disposals of nonproduced, nonfinancial assets

**Definition:** covers purchase/sale of land for enclaves and purchase/sale of proprietary rights on concessions and trademarks, contracts, licenses and goodwill. Includes purchase/sale of athlete transfers between resident and nonresident clubs.

**Methodology:** estimate based on surveys, administrative records, accounting data and direct respondents.

**Sources:** ESI of INDEC, MULC of BCRA, financial statements of enterprises and Argentine Football Association (AFA).

## 2.2 Capital transfers

**Definition:** capital transfers are transfers in which the ownership of an asset (other than cash or inventories) changes from one party to another; or which obliges one or both parties to acquire or dispose of an asset (other than cash or inventories); or where a liability is forgiven by the creditor. Cash transfers involving disposals of noncash assets (other than inventories) or acquisition of noncash assets (other than inventories) are also capital transfers.

### 2.2.1 General government

#### 2.2.1.2 Other capital transfers

**Definition:** includes the remaining capital transfers, except debt forgiveness.

**Methodology:** estimate based on administrative records and surveys.

**Sources:** budget operations compiled by the National Accounting Office, ESI of INDEC and MULC of BCRA.

### 2.2.2 Financial corporations, nonfinancial corporations, households and NPISHs

#### 2.2.2.1 Debt forgiveness

**Definition:** the voluntary cancellation of all or part of a debt obligation within a contractual agreement between a creditor and a debtor.

**Methodology:** estimate based on information from financial statements of enterprises and the survey on private sector external debt of the BCRA.

**Sources:** financial statements of enterprises and survey on private sector external debt of the BCRA.

## 3. Financial account

**Definition:** recording is of transactions in financial assets and liabilities between residents and nonresidents.

**Subaccounts:**

### 3. Financial account

3.1 Direct investment

3.2 Portfolio investment

3.3 Financial derivatives (other than reserves)

3.4 Other investment

3.5 Reserve assets

## 3.1 Direct investment

### Definition:

Direct investment is a category of cross-border investment that represents the aim of an enterprise residing in one economy to acquire a lasting interest in an enterprise that is resident in another economy. This lasting interest assumes the existence of a long-term relationship between the direct investor and the direct investment enterprise, and a significant degree of influence of the investor in the enterprise's decision-making. According to the BPM6, direct investment relationships arise when a direct investor directly owns equity that entitles it to 10 percent or more of the voting power in the direct investment enterprise.

Real estate investment by residents in another economy is treated as direct investment, since there is a notional resident unit in the territory in which the property is located, and the nonresident owns the unit.

### Subaccounts:

#### 3.1 Direct investment

##### 3.1.1 Equity and investment fund shares

###### 3.1.1.1 Equity other than reinvestment of earnings

###### 3.1.1.2 Reinvestment of earnings

##### 3.1.2 Debt instruments

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### 3.1.1 Equity and investment fund shares

#### 3.1.1.1 Equity other than reinvestment of earnings

##### 3.1.1.1.1 Direct investor in direct investment enterprises

**Definition:** includes additions and reductions to equity, and mergers and takeovers between enterprises in a direct investment relationship.

**Methodology:** regarding assets, additions of nonfinancial corporations, households and NPISHs are obtained in surveys, while mergers and takeovers are estimated based on publications of the Buenos Aires Stock Market (BCBA, for its Spanish acronym), financial statements of enterprises and journalistic information. Real estate investment is estimated based on square meters constructed abroad and their average price. Regarding liabilities of deposit-taking corporations, except the central bank, flows are estimated from additions arising from the stage of development of net worth provided by the BCRA, and mergers and takeovers arise from analysing changes in the list of shareholders. Nonfinancial corporations, households and NPISHs are estimated from the report on development of the MULC, publications of the BCRA, financial statements of enterprises and journalistic information. In the case of nonfinancial corporations, these liabilities are estimated based on the report on the MULC, the publications of the BCRA, financial statements of enterprises and journalistic information.

**Sources:** financial statements of local enterprises with shares in nonresident enterprises, MULC and annual survey on direct investment in resident enterprises, both of the BCRA, Buenos Aires Stock Exchange, CNV, journalistic information, Uruguay Statistics Institute, US Real Estate Chamber and stage of development of net worth provided by the BCRA.

### 3.1.1.2 Reinvestment of earnings

**Definition:** it is the direct investor's share of the retained earnings of the direct investment enterprise, before reinvested earnings payable are deemed distributed as dividends (or the equivalent in the case of quasi-corporations).

**Methodology by sector.** Assets: (I) for deposit-taking corporations, except the central bank, there is a consideration of results of affiliates abroad and direct investment abroad as shares in other enterprises held by resident financial entities, for (II) nonfinancial corporations, households and NPISHs, reinvestment of earnings arises from the difference between results obtained by foreign enterprises with shares of residents and dividends paid. Liabilities: (I) deposit-taking corporations, except the central bank, arises from the difference between accrued earnings of financial entities with shares of nonresidents and dividends, (II) for nonfinancial corporations, households and NPISHs, as in the case of assets, reinvestment of earnings is calculated as the difference between accrued earnings of direct investment enterprises and dividends.

**Sources:** financial statements of financial entities provided by the BCRA, financial statements of enterprises providing information to the CNV, ENGE of INDEC, financial statements of local enterprises with shares in nonresident enterprises and annual survey on direct investment of resident enterprises of the BCRA.

### 3.1.2 Debt instruments

**Definition:** those instruments that require the payment of principal or interest (or both) to a creditor, in a direct investment relationship.

**Methodology:** in the case of assets, there is currently no information available to estimate these flows for nonfinancial corporations, households and NPISHs. For liabilities of nonfinancial corporations, households and NPISHs, information on borrowing of affiliates is initially estimated based on different sources for the last released quarter, and later revised with data from the survey on external debt of the private sector of the BCRA. Estimates of reverse investment and investment between fellow enterprises, as recommended by the BPM6, are still pending.

**Sources:** survey on external debt of the private sector of the BCRA and financial statements of enterprises reporting data to the CNV.

## 3.2 Portfolio investment

**Definition:** the BPM6 defines portfolio investment as cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets.

## Subaccounts:

### 3.2 Portfolio investment

#### 3.2.1 Equity and investment fund shares

##### 3.2.1.1 Central bank

##### 3.2.1.2 Deposit-taking corporations, except the central bank

##### 3.2.1.3 General government

##### 3.2.1.4 Other sectors

###### 3.2.1.4.1 Other financial corporations

###### 3.2.1.4.2 Nonfinancial corporations, households and NPISHs

#### 3.2.2 Debt securities

##### 3.2.2.1 Central bank

##### 3.2.2.2 Deposit-taking corporations, except the central bank

##### 3.2.2.3 General government

##### 3.2.2.4 Other sectors

###### 3.2.2.4.1 Other financial corporations

###### 3.2.2.4.2 Nonfinancial corporations, households and NPISHs

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## 3.2.1 Equity and investment fund shares

### 3.2.1.2 Deposit-taking corporations, except the central bank

**Definition:** consists of portfolio investment in shares and other equity by deposit-taking corporations (assets) and capital investment of deposit-taking corporations (liabilities).

**Methodology:** assets are calculated from financial statements of resident financial entities with investment abroad. In the case of liabilities, estimation is based on the number of shares represented by ADRs and shares of resident financial entities held by nonresidents. Subsequently, adjustments are made to avoid duplication in cases in which direct investors hold listed shares or ADRs.

**Sources:** financial statements of financial entities provided by the BCRA, Caja de Valores S.A., Santander Río Bank, Grupo Financiero Galicia S.A., Buenos Aires Stock Exchange, Argentine National Bank, Bolsar.com and Bloomberg.

#### 3.2.1.4 Other sectors

##### 3.2.1.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** consists of portfolio investment in shares and other equity by nonfinancial corporations, households and NPISHs (assets) and capital investment by nonfinancial corporations (liabilities).

**Methodology:** for assets, estimation of holding of shares and debt securities is based on data on Government debt securities, shares and liabilities of private US enterprises, and public and private bonds. Portfolio investment is imputed as Argentine securities and shares by foreign accounts indirectly corresponding to

final resident holders in the country. In the case of liabilities, estimation is based on the number of shares represented by ADRs and shares of resident nonfinancial corporations held by nonresidents. Subsequently, adjustments are made to avoid duplication in cases in which direct investors hold listed shares or ADRs.

**Sources:** US Department of Treasury, Deutsche Bundesbank, Caja de Valores S.A., Banco Santander Río, Grupo Financiero Galicia S.A., Buenos Aires Stock Exchange, Argentine National Bank, Bolsar.com, and Bloomberg.

## 3.2.2 Debt securities

**Definition:** consist of negotiable instruments that embody the right of the issuer to finance investments by placing the debt security in the capital market.

### 3.2.2.1 Central bank

**Definition:** debt securities in assets and liabilities of the BCRA.

**Methodology:** only transactions in liabilities are recorded, obtained from accounting records and statistics of the BCRA. Correspond to placement of long-term and short-term debt securities owed by nonresidents. The nonresidence criterion is determined with information provided by the Caja de Valores S.A.

**Sources:** BCRA and Caja de Valores S.A.

### 3.2.2.2 Deposit-taking corporations, except the central bank

**Definition:** debt securities in assets and liabilities of deposit-taking corporations.

**Methodology:** the estimate of both assets and liabilities arises from financial statements.

**Source:** financial statements of financial entities provided by the BCRA.

### 3.2.2.3 General government

**Definition:** debt securities in assets and liabilities of the General government.

**Methodology:** both the estimate of assets and of liabilities is based on administrative records of the Central administration and provincial governments. In the case of assets, it includes salary variation of investments as collateral of financial operations, transitory investments due to liquidity overhang and the establishment of funds and other assets for specific purposes. Among these operations, we may note the guarantees of the 1992 Financial Plan. For liabilities, underwriting of public securities held by nonresidents is considered. For placement of bonds, information on resident of investors, supplied by placement agents, is used. If this information is not available, the assumption is that placement in international markets is for nonresidents and placements in the country, for residents. To determine the flows of provincial external debt, there is a quarterly survey supplemented with other sources. Amortisation and capitalisation of the period is distributed between residents and nonresidents according to the quarterly average equity, resulting from the simple average of the investment structure at the beginning and at the end of the period.

**Sources:** ONCP, General Treasury of the Nation of the Ministry of Treasury of the Nation, Caja de Valores S.A. and survey on provincial external debt.

### 3.2.2.4 Other sectors

#### 3.2.2.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** debt securities in assets and liabilities of nonfinancial corporations, households and NPISHs.

**Methodology:** the estimation of assets is based on information from the Treasury International Capital (TIC). For liabilities, the report of the last quarter is an estimate based on different sources, and for the definitive estimate the survey on private sector external debt of the BCRA is used.

**Sources:** survey on external debt of the private sector of the BCRA, Treasury International Capital and Bloomberg.

## 3.3 Financial derivatives (other than reserves)

**Definition:** a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on) can be traded in their own right in financial markets.

**Subaccounts:**

### 3. Financial derivatives (other than reserves)

#### 3.3.3 General government

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### 3.3.3 General government

**Definition:** asset and liability financial derivatives of the General government.

**Methodology:** the only estimate is of liabilities corresponding to coupons linked to GDP growth and issued during the 2005 debt exchange. The nominal value of coupons is obtained from administrative records and residency is determined based on information from the Caja de Valores S.A.

**Sources:** ONCP and Caja de Valores S.A.

## 3.4 Other investment

**Definition:** other investment is a residual category that includes transactions not included in direct investment, portfolio investment, financial derivatives or reserve assets.

## Subaccounts:

### 3.4 Other investment

- 3.4.1 Other equity
  - 3.4.2 Currency and deposits
    - 3.4.2.1 Central bank
    - 3.4.2.2 Deposit-taking corporations, except the central bank
    - 3.4.2.3 General government
    - 3.4.2.4 Other sectors
      - 3.4.2.4.1 Other financial corporations
      - 3.4.2.4.2 Nonfinancial corporations, households and NPISHs
  - 3.4.3 Loans
    - 3.4.3.1 Central bank
      - 3.4.3.1.1 Credit and loans from the IMF (other than reserves)
    - 3.4.3.2 Deposit-taking corporations, except the central bank
    - 3.4.3.3 General government
      - 3.4.3.3.1 Credit and loans from the IMF (other than reserves)
    - 3.4.3.4 Other sectors
      - 3.4.3.4.1 Other financial corporations
      - 3.4.3.4.2 Nonfinancial corporations, households and NPISHs
  - 3.4.5 Trade credit and advances
    - 3.4.5.4 Other sectors
      - 3.4.5.4.1 Other financial corporations
      - 3.4.5.4.2 Nonfinancial corporations, households and NPISHs
  - 3.4.6 Other accounts receivable/payable—other
    - 3.4.6.2 Deposit-taking corporations, except the central bank
    - 3.4.6.3 General government
    - 3.4.6.4 Other sectors
      - 3.4.6.4.1 Other financial corporations
      - 3.4.6.4.2 Nonfinancial corporations, households and NPISHs
  - 3.4.7 Special drawing rights
- 

### 3.4.1 Other equity

**Definition:** equity that is not in the form of securities. It can include equity in quasi-corporations, such as branches, trusts, limited liability and other partnerships, unincorporated funds, and notional units for ownership of real estate and other natural resources; and equity in international organisations.

**Methodology:** for assets, only inputs from the Inter-American Development Bank (IDB), the International Bank for Reconstruction and Development (IBRD) and the Inter-American Investment Corporation (IIC) are recorded.

**Sources:** National Directorate of Projects with International Credit Organisations.

## 3.4.2 Currency and deposits

**Definition:** currency includes banknotes and coins of fixed nominal value and issued or authorised by central Banks, and deposits include all claims that are on deposit-taking corporations.

### 3.4.2.1 Central bank

**Definition:** ownership or holding of currency or deposits by the BCRA.

**Methodology:** includes changes in holding of currency and deposits not considered as reserve assets. For the BCRA, the consideration is that all its holding in currency and deposits are reserve assets, thus there are no records of assets in this subaccount. Regarding liabilities, the consideration is that nonresidents possess limited holdings in Argentine pesos. Thus, the NDNI does not include this type of debt in its estimation.

**Source:** Accounting Management of the BCRA.

### 3.4.2.2 Deposit-taking corporations, except the central bank

**Definition:** ownership or holding of currency and deposits by deposit-taking corporations.

**Methodology:** for assets, it includes changes in holding of banknotes and coins in foreign currency, based on financial statements. In the case of liabilities, it includes deposits in pesos and in foreign currency of nonresidents in resident financial entities, based on financial statements.

**Source:** financial statements of financial entities provided by the BCRA.

### 3.4.2.3 General government

**Definition:** ownership or holding of currency and deposits by the General government.

**Methodology:** for assets, it includes deposits of the General Treasury of the Nation and assets of provincial governments.

**Sources:** Ministry of Treasury.

### 3.4.2.4 Other sectors

#### 3.4.2.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** ownership and holdings of currency and deposits by nonfinancial corporations, households and NPISHs.

**Methodology:** estimation of assets as deposits is based, quarterly, on statistics of the BIS, the Central Bank of Uruguay and Treasury International Capital (US Treasury). For estimation of flow of foreign banknotes and coins, information on net imports of banknotes and coins, provided by Customs, is used. Subtracted

from this flow are: i) the net change in currency holdings of the BCRA, ii) net change in currency holdings of commercial banks and iii) a percentage of inputs and outputs of expenditure of foreign tourists in the country and Argentinians abroad, respectively.

**Sources:** Accounting Management of the BCRA, financial statements provided by the BCRA, BIS, Treasury International Capital and Directorate of Foreign Trade Statistics of INDEC.

### 3.4.3 Loans

**Definition:** financial assets that are created when a creditor lends funds directly to a debtor.

#### 3.4.3.1 Central bank

**Definition:** loans in active positions as liabilities of the BCRA.

**Methodology:** flows in assets include transactions in net position to the IMF and the active part by repos and currency swaps informed by the BCRA. In the case of liabilities, it includes loans issued by multilateral and bilateral bodies, commercial banks and others to the BCRA. The data provided by the BCRA is compiled and the residence of each line of credit is determined by creditor.

**Source:** Accounting Management of the BCRA.

#### 3.4.3.2 Deposit-taking corporations, except the central bank

**Definition:** loans in asset positions as liabilities of deposit-taking corporations.

**Methodology:** assets include loans and other credit by financial intermediation, in pesos and foreign currency, issued by resident financial entities to nonresidents. Information is based on financial statements. For liabilities, it includes lines of credit issued by financial institutions registered abroad to resident financial entities as direct financing, based on their financial statements.

**Source:** financial statements of financial entities provided by the BCRA.

#### 3.4.3.3 General government

**Definition:** loans in asset positions as liabilities of the General government.

**Methodology:** recording of assets includes loans issued to the Entidad Binacional Yacyretá. Regarding liabilities, it includes loans issued by multilateral and bilateral bodies and others to the National Treasury and local governments.

**Sources:** ONCP, financial statements of the Entidad Binacional Yacyretá and own survey on provincial external debt.

#### 3.4.3.4 Other sectors

##### 3.4.3.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** loans in asset positions as liabilities of nonfinancial corporations, households and NPISHs.

**Methodology:** in the case of assets, there is no available information for estimation. For liabilities, it includes all loans to the nonfinancial private sector from external creditors (international organisations and financial institutions) not constituting commercial debt. The report of the last quarter is an provisory estimate based on different sources, and for the definitive data the survey on private sector external debt of the BCRA is used.

**Sources:** MULC and survey on private sector external debt of the BCRA.

## 3.4.5 Trade credit and advances

**Definition:** trade credit and advances consist of credit extended directly by the suppliers of goods and services to their customers, advances for work that is in progress and prepayment by customers for goods and services not yet provided.

### 3.4.5.3 Deposit-taking corporations

**Definition:** trade credit and advances for asset positions and liabilities of deposit-taking corporations.

**Methodology:** includes commercial liabilities of deposit-taking corporations. The information is obtained from the survey on external debt of the private sector produced by the BCRA. For the last quarter, the NDIA calculates a provisional estimate, which is later replaced by data published by the BCRA.

**Source:** survey on external debt of the private sector by the BCRA.

#### 3.4.5.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** trade credit and advances associated with asset positions and liabilities of nonfinancial corporations, households and NPISHs.

**Methodology:** includes assets outside the country of Argentine exporting enterprises linked to direct commercial financing and imports paid in advance. Information on commercial debt is obtained from the survey on external debt of the private sector of the BCRA. For the last quarter, the NDIA calculates a provisional estimate, which is later replaced by data published by the BCRA.

**Sources:** Directorate of Foreign Trade Statistics of INDEC, MULC and survey on external debt of the private sector by the BCRA.

## 3.4.6 Other accounts receivable/payable—other

**Definition:** includes accounts receivable/payable, other than those included in trade credit and advances or other instruments.

### 3.4.6.2 Deposit-taking corporations, except the central bank

**Definition:** other accounts receivable/payable of deposit-taking corporations.

**Methodology:** there is no available information on assets for estimation. For liabilities, it includes other liabilities for financial intermediation in pesos and foreign currency arising from financial statements.

**Source:** financial statements of financial entities provided by the BCRA.

#### 3.4.6.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** other accounts payable/receivable of nonfinancial corporations, households and NPISHs.

**Methodology:** there is no available information for the estimation of assets. Regarding liabilities, it includes records of flows of other debt liabilities obtained from the survey on external debt of the private sector produced by the BCRA.

**Sources:** survey on external debt of the private sector by the BCRA.

#### 3.4.7 Special drawing rights (SDR)

**Definition:** they consist of international reserve assets created by the IMF and assigned to its members to supplement their reserve assets.

**Methodology:** SDR allocations are recorded as liabilities issued by an IMF member country and received by the IMF (since there is a repayment obligation of the allocation in certain circumstances, and they accrue interest).

**Sources:** IMF.

### 3.5 Reserve assets

**Subaccounts:**

#### 3.5 Reserve assets

3.5.1 Monetary gold

3.5.2 Special drawing rights

3.5.3 Reserve position in the IMF

3.5.4 Other reserve assets

3.5.4.1 Currency and deposits

3.5.4.2 Securities

3.5.4.3 Financial derivatives

3.5.4.4 Other assets

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**Definition:** "reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing)". (page 111, paragraph 6.64 of the BPM6).

**Methodology:** compilation of information periodically released by the BCRA in the reserve template of liquidity of international reserves.

**Source:** Report on international reserves/liquidity in foreign currency of the BCRA.

## 4. Net errors and omissions

**Definition:** it is a balancing or statistical discrepancy account to balance any overestimation or underestimation of recorded components. Thus, if the balance of these components represents credit, the item of net errors and omissions is a debit of the same value and vice versa. Since some errors and omissions produced when compiling data are usually self-compensating, the extent of residual items is not necessarily an indication of overall precision. Yet, when the net residual is high, it proves difficult to interpret the BoP.

# IV Methodology for International Investment Position

**Definition:** The IIP is a statistical statement that shows, at a point in time, the market value of the stock of an economy's financial assets and liabilities to nonresidents. Positions are shown at the beginning and at the end of a period and are registered in terms of stocks. The changes in stocks at the beginning of the period and at the end of the period are explained by the transactions of the financial account of the BoP, changes in asset and liability prices, profit or loss due to currency exchange rates and other changes. The difference between an economy's external financial assets and liabilities is the economy's net IIP. A positive balance reflects an asset position of residents to the rest of the world, while a negative balance represents a liability position to nonresidents.

The IIP is presented by functional category: direct investment, portfolio investment, financial derivatives (other than reserves), other investment and reserve assets.

## Subaccounts:

### International Investment Position

#### 1. Direct investment

- 1.1 Equity and investment fund shares
- 1.2 Debt instruments

#### 2. Portfolio investment

- 2.1 Equity and investment fund shares
- 2.2 Debt securities

#### 3. Financial derivatives (other than reserves)

#### 4. Other investment

- 4.1 Other equity
- 4.2 Currency and deposits
- 4.3 Loans
- 4.4 Insurance, pension, and standardised guarantee schemes
- 4.5 Trade credit and advances
- 4.6 Other accounts receivable/payable
- 4.7 Special drawing rights

#### 5. Reserve assets

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## 1. Direct investment

**Definition:** Direct investment is a category of cross-border investment that represents the aim of an enterprise residing in one economy to acquire a lasting interest in an enterprise that is resident in another economy. This lasting interest assumes the existence of a long-term relationship between the direct investor and the direct investment enterprise, and a significant degree of influence of the investor in the enterprise's decision-making. According to the BPM6, direct investment relationships arise when a direct investor directly owns equity that entitles it to 10 percent or more of the voting power in the direct investment enterprise.

Real estate investment by residents in another economy is treated as direct investment, since there is a notional resident unit in the territory in which the property is located, and the nonresident owns the unit.

#### Subaccounts:

### 1. Direct investment

- 1.1 Equity and investment fund shares
    - 1.1.1 Direct investor in direct investment enterprises
  - 1.2 Debt instruments
    - 1.2.1 Direct investor in direct investment enterprises
- 

## 1.1 Equity and investment fund shares

### 1.1.1 Direct investor in direct investment enterprises

**Definition:** includes the net worth of direct investment enterprises weighted by the shares of the direct investor. Assets include direct investment abroad and liabilities comprise direct investment in the country.

**Methodology:** for assets, it includes the net worth of branch affiliates of the local entity located abroad and direct investment abroad in shares of other corporations held by deposit-taking corporations; in the case of nonfinancial corporations, households and NPISH, weighted net worth and real estate investment abroad are considered. For liabilities, it includes the weighted net worth of shares of non residents in deposit-taking corporations and nonfinancial corporations. The restrictions of Argentine accounting standards for applying inflationary adjustment could cause a limited view of the price effect on financial statements. This could affect the valuation of net worth.

**Sources:** financial statements of local enterprises with shares in nonresident enterprises, Buenos Aires Stock Exchange, CNV, annual survey on direct investment in resident enterprises, journalistic information, Uruguay Statistics Institute, US Real Estate Chamber and stage of development of net worth provided by the BCRA.

## 1.2 Debt instruments

**Definition:** those instruments that require the payment of principal or interest or both to a creditor, in a direct investment relationship.

### 1.2.1 Direct investor in direct investment enterprises

**Methodology:** recording of the stock of debt to parent enterprises and affiliates of nonfinancial corporations.

**Sources:** survey on external debt of the private sector of the BCRA and financial statements of enterprises reporting data to the CNV.

## 2. Portfolio investment

**Definition:** the BPM6 defines portfolio investment as cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets.

## Subaccounts:

### 2. Portfolio investment

- 2.1 Equity and investment fund shares
    - 2.1.2 Deposit-taking corporations, except the central bank
    - 2.1.4 Other sectors
      - 2.1.4.1 Other financial corporations
      - 2.1.4.2 Nonfinancial corporations, households and NPISHs
  - 2.2 Debt securities
    - 2.2.1 Central bank
    - 2.2.2 Deposit-taking corporations, except the central bank
    - 2.2.3 General government
    - 2.2.4 Other sectors
      - 2.2.4.1 Other financial corporations
      - 2.2.4.2 Nonfinancial corporations, households and NPISHs
- 

## 2.1 Equity and investment fund shares

### 2.1.2 Deposit-taking corporations, except the central bank

**Definition:** consists of portfolio investment in shares and other equity by deposit-taking corporations (assets) and capital investment of deposit-taking corporations (liabilities).

**Methodology:** for assets, it includes investments in resident deposit-taking corporations as shares in other corporations abroad. For liabilities, it includes shares and ADRs of resident deposit-taking corporations held by nonresidents.

**Sources:** financial statements of financial entities provided by the BCRA, Caja de Valores S.A., Banco Santander Río, Grupo Financiero Galicia S.A., Buenos Aires Stock Exchange, Argentine National Bank, Bolsar.com and Bloomberg.

### 2.1.4 Other sectors

#### 2.1.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** consists of portfolio investment in shares and other equity by nonfinancial corporations, households and NPISHs (assets) and capital investment by nonfinancial corporations (liabilities).

**Methodology:** for assets, shareholding is based on Central administration debt securities, shares and liabilities of private US enterprises, and public and private bonds. Portfolio investment is imputed in Argentine bonds and shares by foreign custodian accounts, indirectly corresponding to final resident holders. For liabilities, it includes shares and ADRs of resident nonfinancial corporations held by nonresidents.

**Sources:** US Department of Treasury, Deutsche Bundesbank, Caja de Valores S.A., Banco Santander Río, Grupo Financiero Galicia S.A., Buenos Aires Stock Exchange, Argentine National Bank, Bolsar.com, and Bloomberg.

## 2.2 Debt securities

**Definition:** debt securities consist of negotiable instruments that embody the right of the issuer to finance investments by placing the debt security in the capital market.

### 2.2.1 Central bank

**Definition:** debt securities in assets and liabilities of the BCRA.

**Methodology:** recording in liabilities is of stocks of long-term and short-term debt securities held by nonresidents.

**Sources:** accounting records and statistics of the BCRA and Caja de Valores S.A.

### 2.2.2 Deposit-taking corporations, except the central bank

**Definition:** debt securities in assets and liabilities of deposit-taking corporations.

**Methodology:** in assets, recording is of stocks of public and private debt securities issued by nonresidents and owned by resident deposit-taking corporations. In liabilities, it includes stocks of debt securities issued by resident deposit-taking corporations owned by nonresidents.

**Sources:** financial statements of financial entities provided by the BCRA.

### 2.2.3 General government

**Definition:** debt securities in assets and liabilities of the General government.

**Methodology:** in assets, it includes stocks of investments as collateral for financial operations, transitory investments due to liquidity overhang and establishment of funds and other assets of specific purposes. Among these operations, we may note the collateral of the 1992 Financial Plan. In liabilities, it includes stocks of public debt securities issued by the Central administration and Provincial governments held by nonresidents.

**Sources:** ONCP, General Treasury of the Nation of the Ministry of Treasury of the Nation, Caja de Valores S.A. and own survey on provincial external debt.

### 2.2.4 Other sectors

#### 2.2.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** debt securities in assets and liabilities of nonfinancial corporations, households and NPISHs.

**Methodology:** in assets, it includes stocks of debt securities and bonds issued by nonresident governments and institutions and held by residents. In liabilities, it consists of the stock of debt of nonfinancial corporations arising from different sources. The survey on external debt of the private sector of the BCRA is used for the definitive estimate.

**Sources:** survey on external debt of the private sector of the BCRA, Treasury International Capital and Bloomberg.

## 3. Financial derivatives (other than reserves)

**Definition:** a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on) can be traded in their own right in financial markets.

**Subaccounts:**

### 3. Financial derivatives (other than reserves)

3.3 General government

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#### 3.3 General government

**Definition:** asset and liability financial derivatives of the General government.

**Methodology:** recorded in liabilities as stock of debt securities corresponding to coupons linked to GDP growth issued in the 2005 debt exchange.

**Sources:** ONCP and Caja de Valores S.A.

## 4. Other investment

**Definition:** Other investment is a residual category that includes transactions other than those included in direct investment, portfolio investment, financial derivatives and reserve assets.

## Subaccounts:

### 4. Other investment

- 4.1 Other equity
  - 4.2 Currency and deposits
    - 4.2.1 Central bank
    - 4.2.2 Deposit-taking corporations, except the central bank
    - 4.2.3 General government
    - 4.2.4 Other sectors
      - 4.2.4.1 Other financial corporations
      - 4.2.4.2 Nonfinancial corporations, households and NPISHs
  - 4.3 Loans
    - 4.3.1 Central bank
    - 4.3.2 Deposit-taking corporations, except the central bank
    - 4.3.3 General government
    - 4.3.4 Other sectors
      - 4.3.4.1 Other financial corporations
      - 4.3.4.2 Nonfinancial corporations, households and NPISHs
  - 4.5 Trade credit and advances
    - 4.5.3 Deposit-taking corporations, except the central bank
    - 4.5.4 Other sectors
      - 4.5.4.1 Other financial corporations
      - 4.5.4.2 Nonfinancial corporations, households and NPISHs
  - 4.6 Other accounts receivable/payable-other
    - 4.6.2 Deposit-taking corporations, except the central bank
    - 4.6.4 Other sectors
      - 4.6.4.1 Other financial corporations
      - 4.6.4.2 Nonfinancial corporations, households and NPISHs
  - 4.7 Special drawing rights
- 

## 4.1 Other equity

**Definition:** equity that is not in the form of securities and is not direct investment. It can include equity in quasi-corporations, such as branches, trusts, limited liability and other partnerships, unincorporated funds, and notional units for ownership of real estate and other natural resources; and equity of international organisations.

**Methodology:** in assets, it includes only records of the estimation of the value of the share of the country in IDB, IBRD, IIC and FONPLATA.

**Sources:** National Directorate of Projects with International Credit Organisations.

## 4.2 Currency and deposits

**Definition:** currency consists of notes and coins that are of fixed nominal values and are issued or authorised by central banks or governments. Deposits include all claims that are on the deposit-taking corporations.

### 4.2.1 Central bank

**Definition:** ownership or holding of currency or deposits by the BCRA.

**Methodology:** only recorded in assets and includes positions of currency and deposits not considered as reserve assets. For the BCRA, the consideration is that all its holdings in currency and deposits are reserve assets, thus there are no records of assets in this subaccount. In liabilities, the consideration is that nonresidents have limited holdings in Argentine pesos. Thus, the NDNI does not include this type of debt in its estimation.

**Sources:** Accounting Management of the BCRA.

### 4.2.2 Deposit-taking corporations, except the central bank

**Definition:** ownership or holding of currency and deposits by deposit-taking corporations.

**Methodology:** in assets, it includes positions of banknotes and coins in foreign currency arising from financial statements. In liabilities, it includes positions in deposits in pesos and foreign currency of nonresidents to resident financial entities, based on financial statements.

**Sources:** financial statements of financial entities provided by the BCRA.

### 4.2.3 General government

**Definition:** ownership or holding of currency and deposits by the General government.

**Methodology:** in liabilities, it includes deposits of the General Treasury of the Nation and assets of Provincial governments.

**Sources:** Ministry of Treasury.

### 4.2.4 Other sectors

#### 4.2.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** ownership and holdings of currency and deposits by nonfinancial corporations, households and NPISHs.

**Methodology:** in assets, recording is of stocks of foreign banknotes and coins and deposits of residents abroad.

**Sources:** Accounting Management of the BCRA, financial statements provided by the BCRA, BIS, Treasury International Capital and Directorate of Foreign Trade Statistics of INDEC.

## 4.3 Loans

**Definition:** they are financial assets that are created when a creditor lends funds directly to a debtor.

### 4.3.1 Central bank

**Definition:** loans in asset positions as liabilities by the BCRA.

**Methodology:** assets include net position to the IMF the active part by repos and currency swaps informed by the BCRA. Regarding liabilities, it includes stocks of loans not yet due (and arrears, if any) issued by multilateral and bilateral bodies, commercial banks and the BCRA. Once the data provided by the BCRA is compiled, the residence of each line of credit is estimated by creditor.

**Sources:** Accounting Management of the BCRA.

### 4.3.2 Deposit-taking corporations, except the central bank

**Definition:** loans in asset positions as liabilities of deposit-taking corporations.

**Methodology:** assets include stocks of loans and other credit by financial intermediation, in pesos and foreign currency, issued by financial entities to nonresidents. In liabilities, it includes stocks of lines of credit issued by financial institutions located abroad to resident financial entities as direct financing.

**Sources:** financial statements of financial entities provided by the BCRA.

### 4.3.3 General government

**Definition:** loans in asset positions as liabilities of the General government.

**Methodology:** recording of assets includes loans issued to the Entidad Binacional Yacypretá. In liabilities, it covers stocks of loans issued by multilateral and bilateral bodies to the National Treasury and Provincial governments.

**Sources:** ONCP, financial statements of the Entidad Binacional Yacypretá and own survey on provincial external debt.

### 4.3.4 Other sectors

#### 4.3.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** loans in asset positions as liabilities of nonfinancial corporations, households and NPISHs.

**Methodology:** in the case of assets, there is no available information for their estimation. Regarding liabilities, it includes stocks of loans to the nonfinancial private sector from foreign creditors (international bodies and financial institutions) other than commercial debt. The report of the last quarter is an estimate based on different sources. The survey on private sector external debt of the BCRA is used for the definitive estimate.

**Source:** Survey on external debt of the private sector of the BCRA.

## 4.5 Trade credit and advances

**Definition:** Trade credit and advances consist of credit extended directly by the suppliers of goods and services to their customers, advances for work that is in progress and prepayment by customers for goods and services not yet provided.

### 4.5.3 Deposit-taking corporations, except the central bank

**Definition:** trade credit and advances for asset positions and liabilities of deposit-taking corporations.

**Methodology:** includes stocks of commercial liabilities of deposit-taking corporations. Information is based on the survey on external debt of the private sector produced by the BCRA. For the last quarter, the NDIA calculates a provisional estimate, which is later replaced by data published by the BCRA.

**Sources:** survey on external debt of the private sector of the BCRA.

#### 4.5.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** trade credit and advances associated with asset positions and liabilities of nonfinancial corporations, households and NPISHs.

**Methodology:** includes assets outside the country of Argentine exporting enterprises linked to direct commercial financing and imports paid in advance. In liabilities, it includes stocks of commercial debt obtained from the survey on external debt of the private sector produced by the BCRA. For the last quarter, the NDIA produces a provisional estimate, which is later replaced by data reported by the BCRA.

**Sources:** Directorate of Foreign Trade Statistics of INDEC, MULC and survey on external debt of the private sector of the BCRA.

## 4.6 Other accounts receivable/payable—other

**Definition:** includes accounts receivable/payable other than those included in trade credit and advances or other instruments.

### 4.6.2 Deposit-taking corporations, except the central bank

**Definition:** other accounts receivable/payable of deposit-taking corporations.

**Methodology:** there is no available information on assets for estimation. For liabilities, it includes stock of debt as other liabilities for financial intermediation of nonresidents with resident financial entities.

**Sources:** financial statements of financial entities provided by the BCRA.

#### 4.6.4.2 Nonfinancial corporations, households and NPISHs

**Definition:** other accounts payable/receivable of nonfinancial corporations, households and NPISHs.

**Methodology:** there is no available information for the estimation of assets. Regarding liabilities, it includes records stocks of debt liabilities to nonresidents.

**Sources:** survey on external debt of the private sector by the BCRA.

## 4.7 Special drawing rights (SDR)

**Definition:** they consist of international reserve assets created by the IMF and assigned to its members to supplement their reserve assets.

**Methodology:** in assets, it includes SDR allocations recorded as liabilities issued by an IMF member country and received by the IMF (since there is a repayment obligation of the allocation in certain circumstances, and they accrue interest).

**Sources:** IMF.

## 5. Reserve assets

### Subaccounts

#### 5. Reserve assets

##### 5.1 Monetary gold

###### 5.1.1 Gold bullion

##### 5.2 Special drawing rights

##### 5.3 Reserve position in the IMF

##### 5.4. Other reserve assets

###### 5.4.1 Currency and deposits

###### 5.4.1.2 Claims on other entities

###### 5.4.2 Securities

###### 5.4.2.1 Debt securities

###### 5.4.4 Other claims

**Definition:** "reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing)", (page 111, paragraph 6.64 of the BPM6).

**Methodology:** compilation of information periodically released by the BCRA in the reserve template of liquidity of international reserves.

**Sources:** Report on international reserves/liquidity in foreign currency of the BCRA.

# V Methodology for External Debt

**Definition:** Gross external debt (ED) is defined as the the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to nonresidents by residents of an economy.

According to the *IMF's External Debt Statistics: Guide for Compilers and Users*, ED can be presented in three ways, which are consistent with the classification used for international investment position (IIP):

**1. By institutional sector:** General government, Central bank, Deposit-taking corporations, except the central bank, and Other sectors. Other sectors are broken down into Other financial corporations, Nonfinancial corporations and Households and nonprofit institutions serving households.

**2. By maturity:** ED is classified as either short-term or long-term, based on original maturity. This criterion does not apply in Argentina for Deposit-taking corporations, Other financial corporations, Nonfinancial corporations and Households and nonprofit institutions serving households, for which residual maturity is taken into account. Thus, original maturity is only used for operations of the General government and the Central bank.

**3. By financial instruments:** Currency and deposits, debt securities, loans, trade credit and advances, other debt liabilities, special drawing rights (SDRs). These debt instruments are defined in the context of the following BPM6 functional categories: Direct investment, Portfolio investment, and Other investment. This enables data on the gross balance of external debt from the IIP.

In the case of the functional category Direct investment, debt instruments include lending of funds –including debt securities and credit of suppliers– between direct investors and related affiliates, branches and associates, which are classified as *direct investment: intercompany lending*.

Regarding portfolio investment, only debt securities are included.

In the case of other investment, it includes the gross balance of external debt of the following components: currency and deposits, loans, trade credit and advances, other accounts payable and SDR allocation.

External debt balance is recorded at both nominal and market value, for debt securities, and it includes accrued interest not yet due in the reference period.

Arrears are included as short-term debt, linked to the corresponding debt instrument, identified separately by institutional sector and at nominal value in memorandum items.

Lastly, external debt is classified debt denominated in foreign currency and in national currency, as well as by type of foreign currency: U.S. dollars, euros, yens and other currencies.

## Subaccounts:

### EXTERNAL DEBT

#### **S13 General government:**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

#### **S121 Central Bank:**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)
- F12 Special drawing rights (allocations) (LT)

#### **S122 Deposit-taking corporations, except the central bank:**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

#### **S1Z Other sectors**

##### **S12R Other financial corporations (S123+S124+S125+S126+S127+S128+S129):**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

##### **S1V Nonfinancial corporations, Households and nonprofit institutions serving households (NPISHs) (S11+S14+S15):**

- F2 Currency and deposits (ST and LT)
- F3 Debt securities (ST and LT)
- F4 Loans (ST and LT)
- F81 Trade credit and advances (ST and LT)
- F89 Other debt liabilities (ST and LT)

##### **Direct investment: Intercompany lending**

\* short-term (ST), long-term (LT)

## S13 General government

### F3 Debt securities

**Definition:** debt securities issued by the General government owned by nonresidents.

**Methodology:** recording is of stocks of public debt securities issued by the Central administration and Provincial governments and owned by nonresidents.

**Sources:** ONCP, Caja de Valores and own survey on provincial external debt.

### F4 Loans

**Definition:** they are liabilities created when a (nonresident) creditor lends funds directly to a (resident) debtor.

**Methodology:** recording of balance not yet due (and arrears, if any) from loans issued by multilateral and bilateral bodies to either central administration or provincial governments

**Sources:** ONCP and own survey on provincial external debt.

## S121 Central bank

### F2 Currency and deposits

**Definition:** debt in national currency to nonresidents.

**Methodology:** it is considered that nonresidents have few holdings of this type in Argentine pesos. Thus, the DNCI does not include this type of debt in their estimates.

**Sources:** Accounting Management of the BCRA.

### F3 Debt securities

**Definition:** debt securities issued by the BCRA held by nonresidents.

**Methodology:** recording is of stocks of long-term and short-term debt securities held by nonresidents.

**Sources:** accounting records and statistics of the BCRA and Caja de Valores.

### F4 Loans

**Definition:** they are liabilities created when a (nonresident) creditor lends funds directly to a (resident) debtor.

**Methodology:** includes balance not yet due (and arrears, if any) from loans issued by multilateral and bilateral bodies, commercial banks and others to the BCRA.

**Sources:** Accounting Management of the BCRA

## F12 Special drawing rights (allocations)

**Definition:** they consist of international reserve assets created by the IMF and assigned to its members to supplement their reserve assets.

**Methodology:** SDR holding is recorded as an assets, while SDR allocations are recorded as issuing a liability in the recipient member country (since they accrue interest and there is a repayment obligation in certain circumstances).

**Sources:** IMF.

## S122 Deposit-taking corporations, except the central bank

### F2 Currency and deposits

**Definition:** debt as liabilities from deposits by nonresidents in resident deposit-taking corporations.

**Methodology:** recording of debt in liabilities of deposits in pesos and foreign currency of nonresidents in resident financial entities.

**Sources:** financial statements of financial entities provided by the BCRA.

### F3 Debt securities

**Definition:** debt securities issued by deposit-taking corporations held by nonresidents.

**Methodology:** recording of stocks of debt securities issued by deposit-taking corporations and held by nonresidents.

**Sources:** financial statements of financial entities provided by the BCRA and survey on external debt of the private sector of the BCRA.

### F4 Loans

**Definition:** they are liabilities created when a (nonresident) creditor lends funds directly to a (resident) debtor.

**Methodology:** recording of stocks of lines of credit issued by financial institutions located abroad to resident financial entities for direct financing.

**Sources:** financial statements of financial entities provided by the BCRA and survey on external debt of the private sector of the BCRA.

### F81 Trade credit and advances

**Definition:** credit extended directly to deposit-taking corporations by nonresident suppliers of goods and services to their customers, advances for work of nonresidents in progress and prepayment by nonresident customers for goods and services not yet provided.

**Methodology:** includes stocks of commercial liabilities of deposit-taking corporations with nonresidents.

**Sources:** financial statements of financial entities provided by the BCRA and survey on external debt of the private sector of the BCRA.

## F89 Other debt liabilities

**Definition:** includes accounts payable to nonresidents by deposit-taking corporations other than those previously mentioned.

**Methodology:** recording of debt in other liabilities of resident financial entities with nonresidents.

**Sources:** financial statements of financial entities provided by the BCRA and survey on external debt of the private sector of the BCRA.

## S1Z Other sectors (Other financial corporations, nonfinancial corporations, households and NPISHs)

### F3 Debt securities

**Definition:** debt securities issued by Other financial corporations and Nonfinancial corporations held by nonresidents.

**Methodology:** recording of the stock of debt of Other financial corporations and Nonfinancial corporations based on different sources. The survey on external debt of the private sector of the BCRA is used for the definitive estimate.

**Sources:** survey on external debt of the private sector of the BCRA and Bloomberg.

### F4 Loans

**Definition:** they are liabilities created when a (nonresident) creditor lends funds directly to a (resident) debtor.

**Methodology:** recording of balance not yet due (and arrears, if any) of loans issued by external creditors (international organisations and financial institutions) to Other sectors than do not constitute commercial debt. For the current quarter, the NDIA calculates a preliminary estimate, which is later replaced by data published by the BCRA.

**Sources:** MULC and survey on external debt of the private sector of the BCRA.

### F81 Trade credit and advances

**Definition:** credit extended directly to Other sectors by nonresident suppliers of goods and services, advances for work of nonresidents in progress and prepayment by nonresident customers for goods and services not yet provided.

**Methodology:** recording is of stocks of commercial debt of nonresident suppliers. For the current quarter, the NDIA calculates a preliminary estimate, which is later replaced by data published by the BCRA.

**Sources:** Directorate of Foreign Trade Statistics of INDEC, MULC and survey on external debt of the private sector of the BCRA.

## F89 Other debt liabilities

**Definition:** includes accounts payable to nonresidents by Other sectors, other than those previously mentioned.

**Methodology:** recording of debt in other liabilities of residents with nonresidents.

**Sources:** survey on external debt of the private sector of the BCRA.

## Direct investment: Intercompany lending

**Definition:** Includes lending of funds—including debt securities and credit of suppliers—between direct investors and related affiliates, branches and associates.

**Methodology:** recording of the stock of debt to parent enterprises, affiliates and branches.

**Sources:** financial statements of enterprises reporting data to the CNV and survey on external debt of the private sector of the BCRA.

## VI Policy for revision of data

Revision of data is a continuous process. Routine revisions are those which are inherent by nature to the process of statistical production. They are mainly due to the incorporation of new information, but can frequently affect data stability. For this reason, as part of the initiative for improving statistical data and in line with statistical good practice, the implementation of the BPM6 introduces a policy for revision of estimates to ensure accuracy.

Many data are collected from financial statements of enterprises and surveys, and are not available at the time of publication of the report. Thus, there is an estimate for the quarter reported and a revision of the data of the previous quarter and previous fiscal year once the origin data are available, as shown in the following outline:

**Table 3. Dissemination and revision calendar**

Publication		Reference period											
		Year T				Year T+1				Year T+2			
Year	Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
T	March												
T	June	Estimate											
T	September	Revision	Estimate										
T	December		Revision	Estimate									
T+1	March			Revision	Estimate								
T+1	June	Revision Q4 and Preliminary Year T				Estimate							
T+1	September					Revision	Estimate						
T+1	December	Quarterly revision and Preliminary Year T					Revision	Estimate					
T+2	March							Revision	Estimate				
T+2	June					Revision Q4 and Preliminary Year T+1				Estimate			
T+2	September									Revision	Estimate		
T+2	December	Quarterly revision and Definitive Year T				Quarterly revision and Preliminary Year T+1					Revision	Estimate	
T+3	March											Revision	Estimate
T+3	June									Quarterly revision and Preliminary Year T+1			
T+3	September												
T+3	December					Quarterly revision and Definitive Year T+1				Quarterly revision and Preliminary Year T+2			

Revision practice follows general criteria in line with relevant standards of the code of good practice for official statistics.

**Impartiality and objectivity:** Revisions and important changes are announced in advance in the methodology.

**Appropriate statistical procedures:** Revisions follow standardised, well-established and transparent procedures.

**Accuracy and reliability:** Revisions are analysed periodically to improve statistical processes.

**Accessibility and clarity:** The revisions policy is made available to all users.

## VII Main changes from BPM5

In 2009, the IMF published the sixth edition of the *Balance of Payments and International Investment Position Manual* (BPM6). This new edition includes global developments in technological advances and globalisation, and their effects on external economic relationships and the interests of economic policy-makers. The following is a list of features that inspired the new version:

- Emphasis on international investment position and statistics related to financing.
- Harmonisation with the SNA 2008 through standard components and a more detailed classification by sector.
- Development of data to adequately represent the structure of globalised enterprises and production processes, as well as sophisticated financial transactions.

The sixth edition of the manual aims to strengthen links and consistency by harmonising with other manuals and statistical guides, specifically with the 2008 System of National Accounts (SNA 2008), which was updated in parallel to the BPM6.

### 1. Changes in the principles for recording and compilation methods

The BPM6 maintains continuity with the overall framework of the fifth edition by adding improvements and updates that do not alter the structures of the main accounts (current, capital and financial), as well as basic concepts and principles (residency, economic territory, economic ownership, institutional sectors, among others). There are changes in the principles for recording and compilation methods to adequately grasp economic and financial activities. The main changes are as follows:

**Table 4. Main changes in the principles for recording and compilation methods**

Integral application of the change of ownership principle	Goods under processing and repair of goods, as well as goods under merchanting, previously treated as exceptions to the principle of change of ownership, have been reclassified.  According to the change of ownership principle, processing and repair of goods that do not involve change of ownership are reclassified as services. Trade of goods under merchanting, which does imply such change, is reclassified as goods.
Goods procured in ports by carriers	Goods procured in ports by carriers are included under general merchandise rather than as a separate item under goods.
Transport	Now included in postal and courier services.
Construction	The category is divided into construction abroad and construction in the compiling economy.
Introduction to financial margins	Financial intermediation services indirectly measured (FISIM) charged by deposit-taking corporations are excluded from primary income and recorded instead as financial services.
Reinsurance	To achieve consistency with other types of insurance, treatment of reinsurance is now estimated in net terms as service, including the cost of services in the services category and net premiums in secondary income.

Change of treatment of intellectual property	The treatment of intellectual property is specified, which specifically concerns Charges for the use of intellectual property (CUIP) and Personal, cultural, and recreational services. Purchase/sale of patents is included in research and development and not in capital transfers.
Changes in the recording principle of direct investment: from directional principle (BPM5) to asset/liability principle (BPM6)	This change entails a different treatment of assets and liabilities of parent enterprises and their affiliates. However, there is not enough necessary information to present the statistics according to the asset/liability principle.
Changes in the financial account	Reserve assets are now part of the financial account. The signs of items of the account explained in section 3 are reversed.

The former accounts for income and current transfer are now called primary income and secondary income, respectively, in line with the SNA 2008.

Changes included in the BPM6 can be consulted in appendix 8 of the BPM6, where they are listed and referenced to their respective paragraphs and explained in detail.

The changes in the organisation and names of the main accounts are shown in table 5.

**Table 5. Changes in the organisation and names of the main accounts for year 2016**

Year 2016

MBP5		MBP6	
Account	Millions of USD	Millions of USD	Account
<b>Current account</b>	<b>-14.901</b>	<b>-14.901</b>	<b>Current account</b>
Goods and services	-3.937	-3.905	Goods and services
<u>Goods</u>	<u>4.490</u>	<u>4.540</u>	<u>Goods</u>
General merchandise	2.129	2.446	General merchandise
Goods under processing	0	50	Net exports of goods under merchandising
Repair of goods	0		
Goods procured in ports by carriers	317		
Nonmonetary gold	2.045	2.045	Nonmonetary gold
<u>Services</u>	<u>-8.427</u>	<u>-8.446</u>	<u>Services</u>
Transport	-2.524	-2.522	Transport
Travel	-4.646	-4.646	Travel
		-6	Manufacturing services on physical inputs owned by others
Communication services	-196	-62	Maintenance and repair services
Construction services	-2	-2	Construction
Insurance services	-328	-313	Insurance and pension services
Financial services	-267	-250	Financial services
Computer and information services	676	503	Telecommunications, information and computer services
Royalties and right of use	-1.787	-1.933	Charges for the use of intellectual property
Other business services	1.008	1.001	Other business services
Personal, cultural, and recreational services	-328	-183	Personal, cultural, and recreational services
Government services n.i.e.	-32	-32	Government services n.i.e.
<b>Income</b>	<b>-12.136</b>	<b>-12.152</b>	<b>Primary income</b>
Compensation of employees	-2	-2	Compensation of employees
Investment income	-12.134	-12.150	Investment income
<b>Current transfers</b>	<b>1.171</b>	<b>1.156</b>	<b>Secondary income</b>
Workers' remittances	-290	-290	Personal transfers
Other transfers	1.461	1.446	Other current transfers
<b>Financial and capital account</b>	<b>30.050</b>		
<b>Capital account</b>	<b>360</b>	<b>360</b>	<b>Capital account</b>
Financial account	29.691	-15.966	<b>Cuenta financiera</b>
Direct investment	2.442	-2.442	Direct investment
Portfolio investment	44.408	-35.001	Portfolio investment
Financial derivatives	-222	222	Financial derivatives
Other investment	-16.937	7.531	Other investment
<b>Change in international reserves</b>	<b>13.725</b>	<b>13.725</b>	<b>Reserve assets</b>
<b>Errors and omissions</b>	<b>-1.424</b>	<b>-1.424</b>	<b>Errors and omissions</b>

## 2. Changes in institutional sectors

Financial items and institutional sectors are disaggregated by more detailed classifications and figures of additional categories are to be compiled in the following manner. Argentina's BoP and IIP before the BPM6, (i.e. direct investment, portfolio investment, financial derivatives and other investment) were disaggregated by three sectors (nonfinancial public sector, financial sector and nonfinancial private sector). The BPM6 sets forth five sectors: (I) central bank, (II) general government, (III) deposit-taking corporations, except the central bank, (IV) other financial corporations, and (V) nonfinancial corporations, households and nonprofit institutions serving households (NPISHs).

## Cuadro 6. Revision of the classification of institutional sectors

Preliminary publication: Three sectors	Current publication: BPM6, five sectors
Nonfinancial public sector	General government
Financial sector	Central bank (BCRA)
	Deposit-taking corporations, except the central bank
	Other financial corporations
Nonfinancial private sector	Nonfinancial corporations, households and NPISHs

## 3. Changes in the financial account

In the BPM6, the capital and financial accounts and the changes in international reserves of the BPM5 are combined into the new financial account. The capital account is separated from the capital and financial account and treated as a main account, comparable to the current account and the financial account.

The new financial account is focused on financial flows; thus, it shows financial flows entering the country with the negative sign and financial flows leaving the country with positive signs. As a result, the signs of figures on the asset side (investment abroad) are reversed, while those on the liability side (foreign investment in the country) remain unchanged (see Table 7). Consistently, the calculation method for net figures of each item is changed from assets plus liabilities to assets minus liabilities.

**Table 7. Changes of signs in the financial account**

		Financial account and changes in international reserves of the BPM5.	Financial account of the BPM6
Assets	Financial flows to the world = increase in assets	-	+
	Financial flows from abroad = reduction of assets	+	-
Liabilities	Financial flows from abroad = increase in liabilities	+	+
	Financial flows to the world = reduction of liabilities	-	-

As a result of the changes, the relationship between accounts of the BoP is shown as follows:

**BPM5: Balance of the current account + balance of the capital account and the financial account - changes in international reserves + errors and omissions = 0.**

**BPM6: Balance of the current account + balance of the capital account - balance of the financial account + errors and omissions = 0**

A balancing item, net lending/net borrowing (balance of the current and capital accounts) is included. It describes the net provision of resources to or from the rest of the world, measured according to the balance of the current account and the balance of the capital account. It is worth noting that net lending/net borrowing derived from the sum of the current account balance and the capital account balance is conceptually equal to net lending/net borrowing derived from the financial account. The result of the negative financial account (deficit) represents how the economy finances the shortfall of investment savings, and a positive result (surplus) reveals how the economy finances the rest of the world.

Additionally, there is a change in the presentation of flows in assets of the Other sectors (banknotes and coins, deposits and commercial assets), due to limited availability of data in previous estimates. For this reason, these concepts are reclassified from portfolio investment into other investment.

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