

Timor-Leste: Balance of Payments (BOP) Statistics

Metadata

I. Analytical Framework, Concepts, Definitions, and Classifications

The responsibility for compiling the Balance of Payments (BOP) statistics in Timor-Leste is officially assigned to the **Banco Central de Timor-Leste (BCTL)**, specifically under its **Economic and Statistics Department**. In accordance with the **Statistics Law**, the **Ministry of Finance** has officially designated the BOP as part of Timor-Leste's **official statistics**, with BCTL serving as its **official compiler**.

Under a **technical assistance program** with the **International Monetary Fund (IMF)**, the BCTL developed its **first official BOP statistics** for the years **2006 and 2007**. Following this, BCTL continued its efforts to compile BOP data after the technical assistance mission, resulting in the publication of BOP statistics for **2008–2010**.

Analytical Framework, Concepts, and Definitions

The **Balance of Payments (BOP) statistics** cover all **economic transactions** between **residents** of Timor-Leste and **nonresidents**.

For individuals, the following are considered **residents of Timor-Leste**:

1. **Timor-Leste nationals** living in the country.
2. **Foreign nationals** residing in Timor-Leste for **at least one year**, regardless of nationality (exceptions include **diplomats, civilian staff of foreign embassies, and international military personnel**).
3. **Timorese nationals** abroad for **study or medical treatment**, regardless of the length of their stay.
4. **Timorese diplomats and civilian staff of Timor-Leste embassies abroad**.
5. **Timorese nationals working abroad for less than one year**.
6. **Civilian staff of international organizations** in Timor-Leste, provided they have been **living/working in the country for at least one year**.

For businesses and organizations:

- Companies **operating or engaged in production activities** within Timor-Leste are **residents**, regardless of the nationality of their owners.
- Economic production units in the **Timor Sea exclusive territory** are treated as **residents** of Timor-Leste.

- The **Joint Petroleum Development Area (JPDA)**, shared between **Australia and Timor-Leste**, is classified such that **all oil production** in this area is recorded as **Timor-Leste's exports** in the BOP.
- **Timor-Leste embassies abroad** are treated as **residents of Timor-Leste**.
- In contrast, **foreign embassies and international organizations** in Timor-Leste are considered **nonresidents**, following **international statistical standards**.
- The **Timor-Leste government** and all its **instrumentalities** are classified as **residents**.

The **BCTL's BOP statistics** are broadly consistent with the **IMF's Balance of Payments Manual, Sixth Edition (BPM6)**.

Classification System

BCTL's **BOP statistics** follow the standard **BPM6** components, with an **analytical presentation** that includes:

Current account

Goods

Services

Manufacturing

Maintenance

Transportation

Travel

Construction

Insurance & pension

Financial

Telecommunication,

Other business

Other services, including government services, n.i.e.

Primary Income

Compensation

Investment

income

Other primary income

Secondary Income

Capital Account

Financial Account

Direct Investment

Portfolio

Investment Other

Reserve Assets

Errors and Omissions

Balance of Payments Position (Equal to Changes in Reserve Assets)

Memorandum Items:

- a) Reserve assets position
- b) Changes in Reserve Assets + Net Portfolio Investment Transactions from Sovereign Wealth Fund (Petroleum Fund)
- c) Sovereign Wealth Fund (Petroleum Fund) Asset Position, as of end-reference period

II.Scope of Data

Unit Coverage

The **Balance of Payments (BOP) data** compiled by the **BCTL** cover, in principle, all transactions between **residents** and **nonresidents**. Resident units include:

- Households (individuals)
- Non-financial corporations
- Banks
- Monetary authority
- Government

Transaction Coverage

The **BOP data** include transactions between **residents** and **nonresidents** involving:

- Goods and services
- Income
- Current and capital transfers
- Financial account transactions

A new approach has been adopted for compiling **cross-border transactions** related to the **Joint Petroleum Development Area (JPDA)** and the **Greater Sunrise Project (GSP)** to ensure **methodological soundness** and compliance with the **Maritime Boundary Treaty (MBT)**, which took effect on **August 30, 2019**.

Under this treaty, the **entire JPDA and GSP** are now within **Timor-Leste's exclusive jurisdiction** and are treated as **resident entities** starting **September 2019** onward. As a result, **all oil production** from these areas is classified as **exports of Timor-Leste**.

Geographic Coverage

The **geographic territory of reference** for BOP statistics includes **Timor-Leste's exclusive economic territory** and its **foreign embassies abroad**.

Periodicity

BCTL produces **Balance of Payments statistics** on a **quarterly basis**, in line with the **GDDS** (**General Data Dissemination System**) recommendation.

Timeliness

Balance of Payments data are published **within two months** after the end of the reference period, meeting the **GDDS recommendation**.

III. Accounting Conventions

Unit of Account

Timor-Leste uses the **US dollar (USD)** as its official currency. All data are presented in **US dollars**.

Valuation

Transactions are valued at **market prices** whenever possible.

- **Exports of goods** are valued at **free on board (f.o.b.) prices**.
- **Imports** are recorded on a **cost, insurance, and freight (c.i.f.) basis**. To adjust for **f.o.b. valuation**, a **10% deduction** is applied (**7.5% for freight and 2.5% for insurance**). The corresponding **freight and insurance charges** are recorded under **services**.
- **Portfolio investment assets** are recorded at **market value**, including **accrued coupon payments**.
- **Market revaluations** that do not result from actual transactions (e.g., **unrealized holding gains and losses**) are **excluded** from BOP statistics.

Time of Recording

- **Exports and imports of goods** are recorded when they **cross the border**.
- **Other transactions** are recorded on an **accrual basis**, whenever possible.
- **Data from administrative records** and **selected corporations**, particularly for **services**, may be recorded on either an **accrual basis** or on a **time of settlement/payment basis**, depending on availability.

IV. Nature of Data Sources

Exports and Imports of Goods

Data for general merchandise trade primarily comes from the foreign trade statistics compiled by the National Institute of Statistics Directorate (INE). The INE officially releases monthly foreign trade statistics based on import and export documents from the Customs Office, which, in turn, uses the ASYCUDA (Automated System of Customs Data) system. INE data are categorized into merchandise and “non-merchandise” trade.

Merchandise trade, which is used in the Balance of Payments (BOP), excludes temporary exports/imports, goods in transit, returnable containers, and goods consigned to foreign embassies or military installations in Timor-Leste. Goods imported by companies performing projects under grants—recorded under non-merchandise imports—are derived for inclusion in the BOP.

The 2010 import data include information from some companies operating in the JPDA, specifically on the appraisal and capital costs assumed to be imports. These data are not covered by the Customs Office. Data on goods procured in ports (e.g., fuels purchased by nonresident airlines in Timor-Leste) are obtained from surveys of nonresident airlines operating in Timor-Leste.

Data on equipment donated by international organizations (recorded as imports, with a contra-entry to capital transfers) are derived from available information from donor organizations (e.g., the UN) and the External Assistance Office. There is an estimation of trade data under coverage by Customs. The level of underreported imports was assumed to be slightly high in 2010. As there were no partner data available for comparison, government budget execution data were used to estimate the underreporting of imports.

Services

Data on services are primarily derived from administrative records, supplemented by data incidentally obtained through surveys of direct investment enterprises. The main data sources include:

- **Immigration records** on visitor arrivals and departures, supplemented by the INE's hotel survey on the number of tourists and nights spent.
- **Government records** on the number of officials traveling abroad, corresponding allowances, and payments for other services (e.g., consultancy/professional services) to nonresidents.
- **Embassies** of Timor-Leste abroad and foreign embassies in Timor-Leste.
- **International organizations** located in Timor-Leste, particularly the UN, regarding expenses incurred by nonresident internationals while in Timor-Leste.

Administrative data are supplemented by surveys of key direct investment enterprises. Imports of construction and other government services, n.i.e. (not included elsewhere), which offset current and capital transfers, are derived from grants-related data from the External Assistance Office.

Income

Compensation received by residents from nonresidents is estimated based on data on the number of residents employed in international organizations and foreign embassies in Timor-Leste. Information on gross salaries of nationals employed in specific international organizations in Timor-Leste is also included. Additionally, the Ministry of Foreign Affairs provides data on income paid to nonresidents, particularly by Timor-Leste embassies abroad.

Investment income is derived from the profit and loss statements of the Petroleum Fund, as well as the income and expense statements of commercial banks and the BCTL.

A new approach for compiling cross-border transactions related to the Joint Petroleum Development Area (JPDA) and the Greater Sunrise Project (GSP) ensures methodological soundness and conformity with the **Maritime Boundary Treaty (MBT)**, which took effect on August 30, 2019. Under the treaty, all of the JPDA and GSP fall under Timor-Leste's exclusive jurisdiction and are treated as resident entities from September 2019 onward. As a result, all oil production under this jurisdiction is classified as Timor-Leste's export.

Current and Capital Transfers

Data on grants implemented directly by donors are derived from the External Assistance Office, primarily based on the *Report on External Assistance (REA) Report 54*—project disbursements by status—which is compiled from data provided by donor agencies. The External Assistance Office also maintains additional grants-related data.

The **United Nations Integrated Mission** provides information on donations, particularly the value of used equipment transferred to Timor-Leste after being utilized by the UN. Meanwhile, cash transfers in the form of budget assistance to the government are sourced from the Budget Office.

Data are supplemented by available information on **workers' remittances** from Timor-Leste nationals who have been working abroad for more than one year, based on records from the Ministry of Labor on workers sent abroad. On the debit side, remittances correspond to the portion of income earned by long-term international staff of international organizations and the government that is not spent in Timor-Leste (i.e., assumed to be remitted outward). The inflow and outflow of transfers are also derived from reports on **Money Transfer Operators (MTOs)** and commercial banks.

Direct Investment

Starting in 2019, data on **Direct Investment** have been sourced from the *Business Activity Survey (BAS)*. The data collection and cleaning processes rely on the BAS, with **FDI-specific questions** incorporated into the survey to enhance existing FDI-related data.

Portfolio Investment

Portfolio investment asset transactions are derived from the **balance sheet of the Petroleum Fund**, while investments by commercial banks are sourced from their respective balance sheets.

Other Investment

Monetary and financial statistics, particularly the **Other Depository Corporations Survey**, serve as the basis for compiling **other investment accounts**, specifically currency, deposits, and other investments. These data are supplemented by information from Bank International Settlement (BIS) that hold bank accounts abroad by **nonbank Institutions**.

Reserve Assets

Data are sourced from the **monetary and financial statistics** of Timor-Leste, particularly the **Central Bank Survey**.

V. Compilation Practices

Trade in Goods

Data from foreign trade statistics are adjusted for:

- **Coverage:** Adjustments include estimates of the value of goods not covered by customs, missing data estimates (for 2006 and 2007), offsets for capital goods transfers received by Timor-Leste, and goods procured in ports by nonresident airlines.
- **Valuation:** The **cost, insurance, and freight (c.i.f.)** value of imports is converted to a **free on board (f.o.b.)** value by deducting estimated insurance and freight costs.

Estimates of missing data (for 2006 and 2007) are based on assumed growth rates derived from available indicators, specifically trends in relevant partner-country data. Estimated values of goods not covered by customs for **2008–2010** are based on assumed usage of imported goods related to **government budget execution**.

In **2010**, there was a significant contribution from some companies operating in the **Joint Petroleum Development Area (JPDA)**. Data on **appraisal and capital costs (as equity)** were provided and treated as contra-entries in the import of goods to Timor-Leste.

Transportation Services

- **Credits:** Compiled based on **receipts for airport navigation fees** and other charges paid to Timor-Leste by nonresident airlines. Since Timor-Leste does not operate ships or carriers for transporting nonresidents, there are no additional transportation services receipts.
 - **Debits:** Estimated based on **international passenger fares** paid by Timor-Leste government officials, staff, and company officers when traveling abroad. Additionally, a fraction of the value of passenger plane tickets sold by nonresident airlines' ticketing offices in Timor-Leste is included.
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Travel

Estimates are based on:

Number of visitors×Average length of stay×Average daily expenditure

Other Services

Most **other services** data come directly from administrative sources, including **payments for consultancy and other business services**.

Government Services, n.i.e.

- **Credits:** Include total expenditure of **embassies and international organizations** in Timor-Leste, **allowances spent by international military personnel**, and **visa fees received from nonresidents**.
 - **Debits:** Include **operating expenses of Timor-Leste embassies abroad**, **visa fees paid by Timor-Leste residents to other governments**, and **offsets to current transfers or goods and services received without quid pro quo**, including **military services provided by international organizations**.
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Compensation Income

- **Credits:** Estimated based on the **number of residents employed in international organizations and foreign embassies** in Timor-Leste and their average salary.
 - **Debits:** Based on **salaries paid to nonresidents** by Timor-Leste embassies abroad and **salaries of foreign workers employed for less than one year** in Timor-Leste.
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Portfolio Investment Income

- **Credits:** Taken from the **profit and loss statements** of the **Petroleum Fund**, as well as the **income statements** of the **BCTL** and commercial banks.
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Other Investment Income

- **Credits:** Derived from relevant flows based on the **income statements** of the **Petroleum Fund** and **BCTL**. For **interest income of banks**, the **percentage share of asset positions with nonresidents** to total asset positions is multiplied by the **total interest income** on corresponding assets.

- **Debits:** Include the sum of **interest expenses of banks** and **interest paid by resident companies on foreign loans**. For **interest expenses of banks**, estimates are derived by multiplying the **percentage share of liability positions with nonresidents** to total liability positions by the **total interest expense** on corresponding liabilities. Data from companies are sourced from surveys.
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Direct Investment

Direct investment includes:

1. **Equity capital** (placements less withdrawals)
2. **Reinvested earnings**
3. **Inter-company obligations** (from foreign parent companies of direct investment enterprises in Timor-Leste)
4. **Other Capital**

In **2010**, some companies operating in the **JPDA** were included.

Portfolio Investments

Portfolio investments are measured at **market value**, including **accrued coupon payments**, but excluding **market revaluation** that is not part of transactions.

Other Investments

Other investments are mostly measured as the **difference between stock data from two periods**, excluding revaluation whenever possible.

VI. Plans for Improvements

Short-term

The **BCTL** will continue to strengthen its **institutional arrangements** with other agencies that provide input for **Balance of Payments (BOP) compilation**, particularly in relation to **Foreign Direct Investment (FDI) data**.

Medium- and Long-term

- The **BCTL** will establish an **information system/databank** for **BOP data and related inputs** and develop **automated templates/programs** for processing data and generating output tables.
- A **monitoring system** will be developed to track **international transfers and remittances** to and from private individuals/households.

- The **BCTL** will enhance its **data organization and management skills**, focusing on the development of **data systems and templates** to accommodate the growing database in the future.