

Timor-Leste: International Investment Position METADATA

I. Analytical Framework, Concepts, Definitions, and Classifications

The international investment position (IIP) of Timor-Leste shows the country's stock of financial assets and liabilities as of a specific reference period. It is a balance sheet showing Timor-Leste's outstanding claims on and liabilities to nonresidents. Financial assets and liabilities are broadly categorized into direct investment, portfolio investment, and other investment, with additional details for each category that match the available classification of financial instruments in the BOP. Reserve assets are also counted as part of the total financial assets.

Further breakdowns by resident institutional sector, (i.e., monetary authority, general government, banks, and other sectors) are also shown. Other sectors include mainly private nonfinancial corporations that are presently covered in the Central Bank of Timor-Leste (CBTL) survey of FDI enterprises. Net international investment position corresponds to total assets less total liabilities. The analytical framework adopted conforms broadly with the 5th edition of the Balance of Payments Manual (BPM5).

The stock at the end of a reference period is equal to the opening stock plus the financial transactions- equivalent to the balance of payments (BOP) values; valuation or price changes; and other adjustments during the period. It is noted that the changes in IIP statement of Timor-Leste do not separately show changes due to exchange rate adjustments, since Timor-Leste's currency is US dollars and its assets and liabilities are also basically in US dollars.

II. Scope of Data

The IIP covers all sectors and investment items in the prescribed IIP template, except financial derivatives. The institutional coverage includes the following:

- Monetary authority – Central Bank of Timor-Leste
- General government – includes Petroleum Fund
- Banks – those that are covered in other depository corporations' survey
- Other sectors – corporations that are presently covered in the CBTL survey of FDI Enterprises and International institutions – BIS and IMF coordinated survey data.

The coverage of other sectors is not yet complete since not all enterprises are covered in the BOP and IIP survey. However, the most significant companies that have been previously identified are already covered. Meanwhile, the external financial assets and liabilities of individuals/households are not included. Administrative records from international Institutions such as BIS and IMF coordinate survey data are used to support the coverage of statistics. In principle, the geographic coverage includes all of Timor-Leste's economic territory.

III. Accounting Conventions

The stock of assets and liabilities are valued at market prices, whenever possible. For holdings of securities, the valuation adjustments (holding gains and losses) can be

separately identified from the balance sheet of the relevant institutional sector, specifically from the balance sheet of the petroleum fund and the balance sheet of the CBTL. Transactions are valued according to the valuation of the BOP. No exchange rate conversions are made since transactions and positions, and the currency of reporting, are already in US dollars.

IV. Nature of Basic Data Sources

Direct Investment

Data on direct investment liabilities are derived from a survey of the selected direct investment enterprises in Timor-Leste and supplemented by using data from CDIS (Coordinated Direct Investment Survey) of the IMF publication on coordinated survey (Table 6. Direct Investment position by all reporting economies cross-classified by counterpart economies).

Portfolio Investment

Portfolio investment asset positions and transactions are derived from the balance sheet of the Petroleum Fund. The balance sheet provides details that would allow breakdown in the changes in position into transactions and valuation changes. In relation to the portfolio investment liabilities transaction are derived from CPIS (Coordinated portfolio investment Survey) of the IMF publication data

Other Investment

Data for the banking sector are taken from Other Depository Corporations Survey, while those for other sectors are based on available data from survey of companies. The only components of other investment that have relevant entries are currency and deposits, and loans. These are supplemented by available data from survey of FDI companies which have bank accounts abroad. Some data from the BIS (Bank of International Settlement, locational banking statistics = table 7B) are used as the source to derive the external loans and deposit of reporting bank vis-à-vis the nonbank sector.

Reserve Assets

The Central Bank Survey used in the Monetary and Financial Statistics is the basic source of data for reserve assets. Timor-Leste does not have monetary gold in its reserve assets. The balance sheet of CBTL also provides details that would allow the identification of valuation changes in the holdings of securities.

V. General Compilation Procedures

The relevant balance sheets serve as basis for the stock position at the beginning and end of the period. Transactions that transpired during the period are consistent with the balance of payments data, while valuation and other changes are also derived from the balance sheet data.

Breakdown by country of nonresident counterparties are not available, but United States is the biggest counterparty - being the issuer of debt securities held by the Timor-Leste government (petroleum fund).

VI. Other Aspects

Timor-Leste has made attempt to compile an IIP for the country. At present, the provisional IIP estimates for the years 2007-2012 (subject to further updating and revision) are being compiled. Quarterly IIP may be compiled in the future. To improve the coverage of IIP, the number of companies included in the CBTL direct investment survey will have to be expanded.