

Enhancing the Philippines' External Sector Statistics through Cross Border Transactions Surveys

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The liberalization of foreign exchange regulations in the Philippines starting in the second half of 1992 turned out to be a major challenge to balance of payments (BOP) compilers as the bank reporting system, which is the main source of data for the external sector accounts, is no longer able to fully capture all foreign exchange transactions. Administrative data should have compensated for the weaknesses of the bank reporting system, but the availability, frequency and timeliness of data from some data-providing agencies posed a big problem. To address some of the gaps uncovered in statistical compilation, the Bangko Sentral ng Pilipinas (BSP) introduced in the last quarter of 2000 cross border transactions surveys that aim to collect information on transactions of residents with non-residents that do not pass the banking system. These transactions include those involving intercompany or offsetting accounts with parent companies abroad and those that are settled through offshore accounts of residents. While the initial intent was to encourage the participation in the survey of all companies with cross border transactions, the BSP had to limit the respondents to a relatively small sample size that is considered to contribute an appreciable amount to the BOP. This was so because aside from being too costly to administer in terms of manpower requirements, the survey suffers from a low participation rate given the absence of a legal authority by the BSP to collect data from non-financial corporations. This paper will discuss the problems in gathering inputs for BOP compilation, the benefits and constraints in using surveys as a data source to supplement the bank reports and other existing administrative data, as well as future plans to improve the administration of the cross border transactions surveys.

Key Words: liberalization of foreign exchange regulations, bank reporting system, administrative data, intercompany or offsetting accounts