Foreign Merchandise Trade used in Goods Account

Country: El Salvador

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Goods Account and Trade Statistics don´t have the same value because goods account has a special treatment

Source: Central Bank of El Salvador
Current Account: Goods (BOPM6)

- Two subaccounts go to the services account
- Migrant transfers cease to be registered
- Goods acquired in port are classified within the general merchandise.
- Re-exports of goods must be reported as supplementary item.
- Includes purchase sale of goods.
### Special Treatment of Goods Account

<table>
<thead>
<tr>
<th>Merchandise trade statistics as they appear in the data sources</th>
<th>Quarter I-2019</th>
<th>Quarter II-2019</th>
<th>Quarter III-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>Imports</td>
<td>Exports</td>
<td>Imports</td>
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<tr>
<td>1,466.29</td>
<td>2,904.91</td>
<td>1,567.58</td>
<td>3,070.80</td>
</tr>
</tbody>
</table>

**Of which:**

- **Goods purchased at airports (aviation gasoline):**
  - Quarter I-2019: 15.76
  - Quarter II-2019: 13.67
  - Quarter III-2019: 11.62

- **Non Monetary Gold:**
  - Quarter I-2019: 0.00
  - Quarter II-2019: 0.00
  - Quarter III-2019: 0.00

**Plus (+):**

- **Goods acquired in ports from other sources (food, gasoline, aircraft materials):**
  - Quarter I-2019: 2.15
  - Quarter II-2019: 33.27
  - Quarter III-2019: 2.25

- **Personal effects of emigrants and immigrants:**
  - Quarter I-2019: 0.13
  - Quarter II-2019: 0.17
  - Quarter III-2019: 0.24

**Minus (-):**

- **Goods for manufacturing without change of ownership (sewing industry):**
  - Quarter I-2019: 280.87
  - Quarter II-2019: 169.65
  - Quarter III-2019: 297.17

- **Freight and Insurance (included in the transport services account according to the BOPMVI):**
  - Quarter I-2019: 145.31
  - Quarter II-2019: 152.69
  - Quarter III-2019: 153.33

**Total Goods according to the balance of payments:**

- Quarter I-2019: 1,187.44
- Quarter II-2019: 2,623.05
- Quarter III-2019: 1,272.43

Source: Central Bank of El Salvador
Comparison between BOPM5 and BOPM6

BOPM5
- General Merchandise
- Goods for transformation
- Goods repair
- Goods acquired in ports by means of transport
- Non monetary Gold

BOPM6
- General Merchandise
  - Of which: Re-exports
- Non monetary Gold
BOP Versus BOT

• **BOP**
  1- It is a broad term
  2- It includes all the transactions related to visible, invisible and capital accounts.
  3- It always balances itself
  4- BOP = Current Account + Capital Account + or – Balancing item (Errors and omission)
  5- Following are main factors which affect BOP:
      a) Conditions of foreign lenders
      b) Economic policy of Govt.
      c) All the factors of BOT

• **BOT**
  1- It is a narrow term
  2- It includes only visible items.
  3- It can be favourable or unfavourable
  4- BOT = Net earnings on export – Net payment for imports
  5- Following are main factors which affect BOP:
      a) Cost of production
      b) Availability of raw material
      c) Exchange rate
      d) Prices of goods manufactured at home
Conclusions

• The goods account and Trade Statistics never will have the same value because goods account has a special treatment in balance of payments.
• In BOPM6 two subaccounts go to the services account and one more is eliminated (Personal effects of emigrants and inmigrants)
• Goods acquired in ports are classified in general merchandise.
• When sixth manual was adopted in El Salvador, and investigation and case of study were elaborated for the sewing industry (goods for transformation), to properly classified each company.
Thank you for your attention!!