



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS  
CENTRALNA BANKA REPUBLIKE KOSOVA  
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

# Trade in Services Methodological Handbook

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# **Trade in Services Methodological Handbook**

CENTRAL BANK OF THE REPUBLIC OF KOSOVO  
STATISTICS DEPARTMENT

JULY 2017



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## CHAPTER 1 SUMMARY: OVERVIEW OF ORGANISATION, METHODOLOGY AND SOURCES

### 1.1 Organisation of the statistical process for compiling trade in services

The responsibility of the Central Bank of the Republic of Kosovo (CBK) for compiling International Trade in Services Statistics (ITSS) and other related external sector statistics derives from Article 25 of the Law on the Central Bank of the Republic of Kosovo<sup>1</sup> (CBK) and CBK a Regulation on Balance of Payments and International Investment Position<sup>2</sup>.

According to the Law on Official Statistics of the Republic of Kosovo<sup>3</sup>, CBK, Kosovo Agency of Statistics (KAS) and Ministry of Finance (MF) are the main official statistics producers in the Republic of Kosovo. In addition, KAS is responsible for producing and publishing statistics of real sector and socio-demographic statistics; MF is responsible for compiling fiscal sector statistics; whereas CBK is responsible for producing and publishing the monetary and financial sector statistics (MFS) and external sector statistics (ESS). The Statistics Department of the CBK disseminates a wide range of information in the area of Balance of Payments and Other ESS for Kosovo. These statistics are collected and compiled by the Division of Balance of Payments Statistics (see Figure 1).

The compilation of ESS, including the ITSS, requires the collection of information from difference sources and different collection forms. The CBK *Regulation on Balance of Payments and International Investments Position Statistics* defines;

- the statistical information required and the form in which this information will be provided to the CBK;
- the persons and entities subject to reporting requirements;
- the confidentiality regime applied,
- the administrative penalties that may be imposed by natural persons and entities acting in violation of these statistical requirements.

Additional guarantees for the confidentiality of individual data are provided by the Law on CBK.

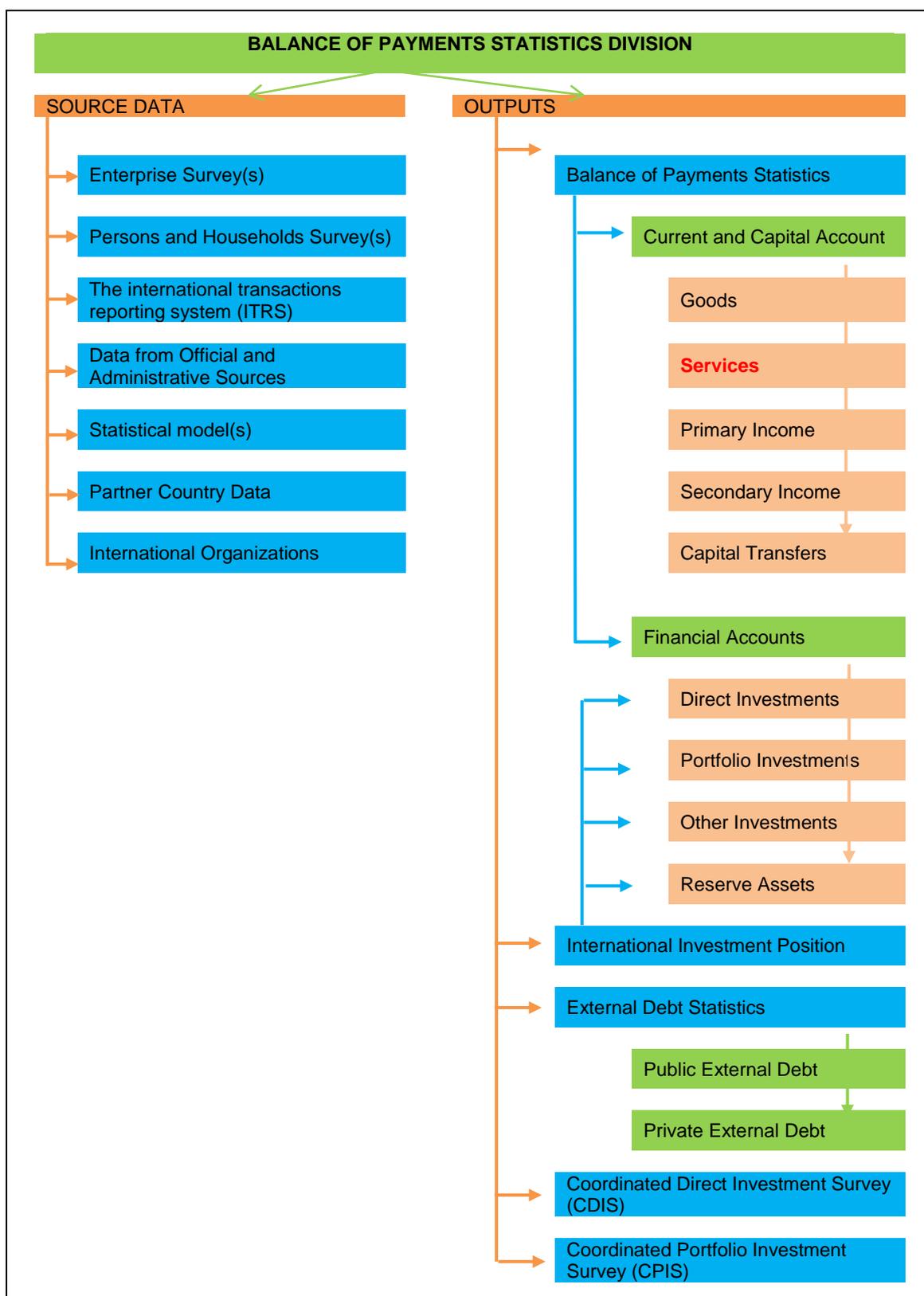
CBK has a close cooperation with other data-producing agencies in terms of data sharing and coordination. A close cooperation is ensured with the KAS regarding the exchange of data and to fulfil the increasing needs for information. KAS uses balance of payments statistics for their needs in the compilation of national account (NA) statistics, whereas CBK uses the information collected and published by KAS on trade in goods in the compilation of the ESS. The two institutions coordinate the review and correction of the respective statistics ensuring better data for both NA statistics and ESS.

<sup>1</sup> To access the Law on the CBK, please follow the link: <http://www.bqk-kos.org/repository/docs/2010/Ligji%20per%20BQK-ne.pdf>.

<sup>2</sup> To access the Regulation on BOP and IIP, please follow the link: [www.bqk-kos.org/repository/docs/korniza\\_ligjore/shqip/Statistika%20e%20BP%20dhe%20PIN.pdf](http://www.bqk-kos.org/repository/docs/korniza_ligjore/shqip/Statistika%20e%20BP%20dhe%20PIN.pdf)

<sup>3</sup> To access the Law on Official Statistics, please follow the link: <http://ask.rks-gov.net/media/1857/law-on-official-statistics-of-republic-of-kosovo.pdf>

Figure 1. ESS Organisational Chart – Main sources of data and outputs



## 1.2 Overview of the trade in services methodology

The methodology for compiling the ITSS is consistent with the sixth edition of the *Balance of Payments and International Investment Manual (BPM6)* published by the International Monetary Fund (IMF) in 2009, as well as with the *System of National Accounts Manual (2008 SNA)*.

Compilation of services statistics is based in a mixed data collection system, which uses a combination of different data sources. These include the International Transaction Reporting System (ITRS), Survey forms for persons and households, Administrative records, Partner country information, information from International organizations, Statistical models as well as Other sources (such as the media and other different publications published by others).

ITRS is part of the broader institutional data collection framework and represents the most important data source for compiling ITSS for Kosovo. It is an open<sup>4</sup> ITRS system, which covers all cash transactions with nonresidents that pass through domestic banks, including the CBK. Domestic banks report their own transactions and transactions on behalf of their clients to the CBK on a monthly basis. This is a mandatory reporting for all domestic banks.

The settlement system provides data for the compilation of the b.o.p. with detailed instrument/category and sector breakdowns. In the ITRS all credit and debit transactions are reported; country code, name of transactor (resident and nonresident name), date of transaction, description, bank identifying code, etc. No thresholds are established for reporting transactions (all international transactions should be reported). The ITRS has been implemented for the first time in 2005 and at that time, a threshold of €10,000 was established. However since January 2010 a new version has been introduced; the threshold has been removed and a new form to collect the data on debit/credit cards with non-residents has been introduced.

Other sources for the compilation of services statistics are: surveys on goods for processing, trade in goods statistics, data on travel to and from neighboring economies, information from international organizations operating in Kosovo, such as the European Rule of Law Mission in Kosovo (EULEX) and Other Donors.

The compilation of some bop items are based on statistical models. Due to the complex nature of the trade in services statistics, services items are the most common area to use statistical models. CBK statistical models bring data from different sources in a data model and are used in the estimation of travel items, transportation (partially) and government services (partially). The output of the model is a services item. For example, the estimates of nonresident's traveler expenditure in Kosovo are derived by obtaining the information on the number of nonresidents crossing the border from Kosovo Police, border policies and by multiplying this number by our estimates the expenditure during their stay in Kosovo. CBK estimates regarding the expenditure and length of stay are measured by the border surveys with nonresidents leaving Kosovo.

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<sup>4</sup> The system does not allow for reconciliation of flows. Only transactions are reported.

## CHAPTER 2 STANDARDS, RELEASE AND PUBLICATION TIMETABLE, REVISION POLICY, ACCESS FOR THE PUBLIC

### 2.1 International standards.

The compilation of services statistics is based on the international standards related to balance of payments and national accounts statistics. In particular, the trade in services statistics is compiled using the methodology recommended by *BPM6; the BPM6 Compilation Guide (the Guide), the 2008 SNA, the Manual on Statistics of International Trade in Services 2010 (MSITS 2010), and other guidelines and best practices of other countries.*

Since September 2014, the CBK has fully implemented the methodology recommended with the *BPM6*. Before that, the compilation of the balance of payments statistics were collected and compiled accordance according to the methodology recommended with the *fifth edition of the Balance of Payments Manual (BPM5)*.

Conceptually, the *BPM6* maintains continuity and comparability recommended with the *BPM5* methodology. Nevertheless, the CBK has converted balance of payments data for the period 2004-14 according to *BPM6*, to make time series data consistent for an adequate period of time. After conversion to *BPM6* methodology, the services component has not changed substantially, even though there was a rearrangement of individual items within the services components.

### 2.2 Timetable for release and publication of provisional and final estimates

The preparation of services statistics results from several stages as: collection, compilation, validation and publication. The ITSS data are processed using software architected by Statistics Department of CBK and developed by a local company. The compilation is done using MS Excel program, coded according to International coding system. The following table shows the deadlines for each stage:

*Table 1. Timetable for release of monthly ITSS*

Services statistics – monthly	Collection	Compilation	Validation	Publication
	t+30	t+45	t+55	t+60

Data on services statistics are available on a monthly basis and they are made available to all users at the same time. The timelines for publishing services data is t + 60 days<sup>5</sup> and the data are published based on a preannounced schedule. The data are published as preliminary presenting the best information available at that point in time.

<sup>5</sup> This means that the data will be published 60 days after the end of the reference month.

A detailed geographical breakdown classification is available for major items of services statistics. Data based on a geographical breakdown are available since 2010. More detailed information are also available from the ESS database, such as the classification by economic activity, instrument, modes of supply, etc.

### **2.3 Dissemination format**

Statistics are disseminated in formats to suit users' needs, based on the standard structure as recommended with the *BPM6*. They are released simultaneously to all interested parties by posting them in the CBK's official webpage, under Time Series (<http://bqk-kos.org/?id=55>). Also ITSS are available on different publications, such as the Monthly Statistical Bulletin (<http://bqk-kos.org/?id=97>), Annual Report (<http://bqk-kos.org/index.php?id=102>) and the Balance of Payments Bulletin (<http://bqk-kos.org/index.php?m=t&id=57>). The data published are comprehensive with sufficient detail to meet user needs. Current statistics and longer time series since 2004 can be downloaded from CBK's webpage for free in excel format. The date of release is published in a schedule announced in advance in CBK's webpage. In general, the statistics are released punctually according to the pre-announced schedule.

Statistics not routinely disseminated are made available to users upon request. In addition to the statistics routinely disseminated, other general statistics are made available upon request.

### **2.4 Policy for metadata**

Data and metadata on services statistics and the whole ESS are posted on the CBK's website, available to all users. The "Methodology of Balance of Payments Statistics" contains all relevant information about the legislation, confidentiality, data sources, users as well as the concepts and definitions recommended by international standards to compile external sector statistics. The services statistics are explained in detail for each of the twelve standard *BPM6* service components, including the methodology and the data sources used for compilation.

The information on the Methodology and data sources used to compile Kosovo's balance of payments statistics, including ITSS subcomponents, can be found in the following link: <http://bqk-kos.org/index.php?id=49>

### **2.5 Validation and quality assurance**

Data are checked within the mainframe environment for validation purposes, as well as at the technical level, to verify their content (adequacy, completeness, etc.) and cohesion. Data are internally consistent within the data set. The sum of the quarterly statistics and the annual statistics are consistent. Intermediate data and statistical outputs are regularly assessed and validated. Control procedures are aimed at increasing the quality and reliability of data. Systematic quality controls include: elimination of errors in data processing, inconsistencies, etc. Surveys, ITRS and other sources of information provide additional information from which can be derived cross checks, consistency checks and

detailed analysis from which emerge the potential inaccuracies and inconsistencies in the initial reports.

Checking data quality at the lowest level starts with checks for each individual report (surveys, ITRS) as well as checking if data from surveys and ITRS transactions correspond with each other. The activity of large enterprises and large transactions are monitored closely. If there is any significant discrepancy between data reported through the ITRS and surveys, respondents will be contacted directly to verify the correct data.

Statistical discrepancies in intermediate data are assessed and investigated. For instance, the discrepancies between any ITSS component and the associated financial flows from the ITRS are reviewed. In addition, the data on freight earnings are regularly assessed in relation to the value/volume of the trade flows. Bilateral data reconciliations are conducted for travel services with Albania and Montenegro and large differences are investigated.

## 2.6 Revisions policy

Data are subject to revision when data for the following period are published. There is no published revisions policy, but the CBK take on regular updates to data as they become available. Both regular and irregular reviews of data are made.

- Regular review: previous month revisions are published along with the data in the following month. While the revised annual data for the reference year is published together with the data for the first quarter of next year. Most often the revision for the whole year is not made for services statistics, except if we take addition information that indicates changes to the whole year. In the case of major methodological changes or discrepancies between data sources, data for the past three years (t-3) will be revised.
- Irregular reviews: where appropriate, long-run revisions will be considered, such as when the methodology was changed from *BPM5* to *BPM6*.

Adequate documentation on revisions is maintained and includes descriptions of causes of revisions, methods used to incorporate new data sources, and the way data are adjusted. Preliminary and/or revised data are identified using footnotes or denoted in bold.

## CHAPTER 3 METHODOLOGY FOR THE CALCULATION OF TRADE IN SERVICES DATA

The chapter covers concepts and definition of ITSS as well as the data collection and compilation for all services categories. This includes tables with the data for last five years for each ITSS component. It also highlights the main local circumstances when compiling particular trade in services components (e.g., the treatment of UNMIK and EULEX in compiling ITSS). The structure of the chapter follows the order of the main standard services components but takes into consideration the relative importance of various services in the ITSS for Kosovo. The table below shows the balance on ITSS for the last five years.

*Table 2. International trade in services statistics, in millions of euro*

Services Component - balance	2012	2013	2014	2015	2016
Total services	499.6	520.0	459.9	457.1	556.4
Manufacturing services on physical inputs owned by others	3.5	3.7	3.8	6.1	7.9
Maintenance and repair services n.i.e.	-25.7	-0.2	-2.5	-7.6	-9.2
Transport	-50.7	-51.5	-73.0	-113.5	-89.2
Travel	486.1	512.2	502.7	526.6	607.9
Construction	11.0	6.5	4.4	10.1	11.6
Insurance and pension services	-4.0	-9.4	-14.1	-20.0	-24.9
Financial services	-1.3	-0.7	-2.2	-2.7	-3.1
Charges for the use of intellectual property n.i.e.	-0.2	-1.9	-2.0	-1.3	-2.4
Telecommunications, computer, and information	47.4	32.1	19.5	-1.0	2.6
Other business services	2.7	6.0	8.2	43.7	31.3
Personal, cultural, and recreational services			1.0	0.8	0.1
Government goods and services n.i.e.	30.9	23.2	14.1	16.0	23.9

### 3.1 Manufacturing services on physical inputs owned by others.

Manufacturing services on physical inputs owned by others covers processing, assembly, labelling, packing, and so forth, undertaken by enterprises that do not own the goods concerned. The manufacturing is undertaken by an entity that is paid a fee by the owner. As the ownership of the goods does not change, so no general merchandise transaction is recorded between the processor and the owner.

Manufacturing services on physical inputs owned by others covers the transaction between the owner and processor, including the cost of any materials purchased by the processor. In order to reconcile national accounts and balance of payments trade in goods data, with the International Merchandise Trade Statistics (IMTS) data, it is recommended by the sixth edition of Balance of Payments and International Investment

Position Manual that the value of the goods sent abroad for processing and returning from abroad after processing are recorded as supplementary items.

The guidance in the “Goods Sent Abroad for Processing Manual” identifies change of ownership as the key principle in determining whether cross-border movements of goods are treated as general merchandise in national accounts and BoP, or not. Where there is no change of ownership, then there is no general merchandise entry in the trade in goods account, but rather a trade in service transaction (manufacturing services on physical inputs owned by others) that reflects the fee for processing paid by the owner.

According to the previous methodology, under BPM5, the value of the manufacturing service was implicitly included in the value of the imports and exports of goods as they entered the country and then returned to the owner after processing, or vice versa. With the new *BPM6* methodology, only the fee charged for processing the goods is to be recorded under the manufacturing services.

In the case of Kosovo, the inward processing is more relevant than outward processing. Compiling the processing services previously was based on the data provided by Customs of Kosovo, as the difference between goods received for processing and goods returned to the country of origin after processing. In order to reconcile the new standards for compiling manufacturing services, CBK has separately approached processing companies in Kosovo to collect the value of the manufacturing services provided to non-residents. A business survey has been designed, which is in line with the IMF model survey form for manufacturing services. The domestic processor companies are asked to complete this survey on monthly basis starting from January 2015. These data will be reviewed and compared with existing Customs based estimates before integration into the ITSS dataset.

The table on statistics of manufacturing services in Kosovo is shown below:

*Table 3. Manufacturing services statistics, in millions of euro*

Manufacturing services on physical inputs owned by others	2012	2013	2014	2015	2016
Balance	3.5	3.7	3.8	6.1	7.9
Credit	5.0	13.6	12.3	13.6	13.0
Debit	1.5	9.9	8.5	7.5	5.1

### **3.2 Maintenance and repair services n.i.e.**

Maintenance and repair services n.i.e.: includes repair and maintenance of goods from Kosovar companies that are owned by non-residents and vice versa. However, some types of repairs and maintenance are not considered as such, for example: the maintenance and repair of computers are included under computer services; maintenance of transport vehicles in ports and airports is registered under transport services.

These services include fees charged for the maintenance and repair and the value of any parts or materials included in the repair fee. Where parts or materials are separately charged, they are excluded from the value of the service.

The data source for compiling the maintenance and repair services are the data gathered from Customs of Kosovo. The both categories, manufacturing services on physical inputs owned by others and maintenance and repair services are included in the same Customs Procedure Code (CPC). From the CPC the data on manufacturing services are excluded and the rest is maintenance and repair services. Data on maintenance and repair services are recorded by Customs on a net basis. Hence, the value recorded for maintenance and repairs is the value of the work done - not the gross value of the goods before and after repairs.

Maintenance and repair services n.i.e. cover both minor repairs that maintain the good in working order and major repairs that extend the efficiency or capacity of the good or extend its life.

The table on statistics of maintenance and repair services in Kosovo is shown below:

*Table 4. Maintenance and repair services statistics, in millions of euro*

Maintenance and repair services n.i.e.	2012	2013	2014	2015	2016
Balance	-25.7	-0.2	-2.5	-7.6	-9.2
Credit	0.0	0.0	0.0	0.0	0.0
Debit	25.7	0.2	2.5	7.6	9.2

### 3.3 Transport

Transport is the process of carriage of people and objects from one location to another as well as related supporting and auxiliary services. Also included are postal and courier service. Transport can be classified according to:

- (a) Mode of transport, namely, sea, air, or other (“other” may be further broken down into rail, road, internal waterway, pipeline, and space transport as well as electricity transmission);
- (b) What is carried—passengers or freight.

The data source for compiling transportation services depends on the mode of transport, but mainly from ITRS, travel agencies, customs data and some estimation.

Passenger services cover the transport of people. The category covers all services provided in the international transport of nonresidents by resident carriers (credit) and that of residents by nonresident carriers (debit). Also included are passenger services performed within a territory by nonresident carriers. Passenger services provided within a territory by residents to nonresidents are included within travel services.

Actually there are no data available by mode of transportation for Seat transport. Therefore all transported goods are as road transport. Data for the air transport are collected from ITRS and travel agencies. Passenger air transport is compiled by assuming that 55 percent of the total tickets sold by airline companies were bought by resident entities (debit side). This is based on a survey conducted with airline companies operating in Kosovo. This percentage share is different for month with higher fluctuation from Kosovar diaspora (e.g. July-August or December-January). As there are no resident shipping or airline companies, there are no freight or passenger credit items for these modes of transport.

Freight services cover the transport of objects other than people. The treatment of freight services is a consequence of adopting FOB as the uniform valuation principle for goods. FOB valuation is as at the customs frontier of the exporting economy, so: (a) all freight costs up to the customs frontier are shown as incurred by the exporter, and (b) all freight costs beyond the customs frontier are shown as incurred by the importer.

The value of services for the transportation of goods is done based on the data recorded by Customs of Kosovo for external freight on goods imported. For the air and other freight services data are gathered from ITRS.

Other transport services include services that are auxiliary to transport and not directly provided for the movement of goods and persons. 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, air traffic control, cleaning performed in ports and airports on transport equipment, salvage operations, and agents' fees associated with passenger and freight transport.

The provision for selling the tickets by airline companies is recorded in the debit side of the other air transport and it is estimated to be 15 percent of the total value of the tickets sold. This is based on the survey mentioned above that was conducted with airline companies operating in Kosovo. Other agent fees for transport related services and airport landing fees are recorded in credit side. Data on passengers, freight and other transport services are gathered from ITRS.

Postal and courier services cover the pick-up, transport, and delivery of letters, newspapers, periodicals, brochures, other printed matter, parcels, and packages, including post office counter and mailbox rental services. Goods and services provided to visitors while on their trips that would otherwise be classified under another item such as postal services, telecommunications, local transport, hire of equipment, or gambling are included under travel. This item is new in the transport services according to the BPM6 methodology. As postal and courier services are not separately identified in the ITRS coding, data for postal and courier services needs to be estimated using business surveys. The table on statistics of transport services in Kosovo is shown below:

Table 5. Transportation services statistics, in millions of euro

Transport Services	2012	2013	2014	2015	2016
Transport	-50.7	-51.5	-73	-113.5	-89.2
Credit	636.8	647.5	665.6	719.7	809.2
Debit	80	88	99.6	146.7	124.6
For all modes of transport					
Passenger	0	0	-0.06	0.03	-0.01
Credit	0	0	0.15	0.21	0.31
Debit	0	0	0.21	0.18	0.32
Freight	-69.1	-59.2	-83.5	-118.8	-84.1
Credit	4.3	12.8	0.7	0.6	0.3
Debit	73.4	72	84.2	119.4	84.4
Other (i.e. road transport)	25	23.5	22.6	30.2	24.1
Credit	25	23.6	22.9	30.8	34.4
Debit		0.1	0.3	0.6	10.4
By all modes of transport					
Sea transport	n.a.	n.a.	n.a.	n.a.	n.a.
Credit	n.a.	n.a.	n.a.	n.a.	n.a.
Debit	n.a.	n.a.	n.a.	n.a.	n.a.
Air transport	18.4	7.6	8.1	5.1	-4.8
Credit	25	23.7	23.2	30.8	34.4
Debit	6.6	16.1	15.1	25.7	39.2
Other modes of transport	-69.1	-59.1	-83.5	-118.8	-84.1
Credit	4.3	12.9	1	0.8	0.6
Debit	73.4	72	84.5	119.6	84.7
Postal and courier services	n.a.	n.a.	2.4	0.1	-0.4
Credit	n.a.	n.a.	2.4	1.5	0.3
Debit	n.a.	n.a.	-	1.4	0.7

### 3.4 Travel

Travel component includes services provided to nonresidents during their stay in Kosovo (credit), and the services offered to residents of Kosovo while staying abroad (debit). Unlike most other service categories, travel is not a specific type of service, but a transactor-based component that covers an assortment of goods and services. In the case of travel, the consumer moves to another territory to consume the goods and services that he or she acquires. Goods and services provided to visitors while on their trips that would otherwise be classified under another item such as postal services, telecommunications, local transport, hire of equipment, or gambling are included under travel. Goods or services acquired by persons undertaking study or medical care while outside their territory of residence are included in travel. Acquisitions of goods and

services by border, seasonal, and other short-term cross-border workers in their economy of employment are also included in travel.

Travel services are an important item in Kosovo's services account. Data are compiled from a range of sources including the ITRS, information from EULEX / UNMIK, partner country information, surveys, BoP Division estimations. More information about treatment of UNMIK and EULEX in BoP statistics can be found in the Annex of this document.

Travel services in BoP are divided into two main subcategories: business travel and personal travel.

Business travel includes all modes of travel related to business activities, official travel of government employees, official travel of the international organizations (e.g. technical assistance), and employees of companies that are non-resident. Business travel includes the goods and services acquired for personal use by persons whose main purpose of travel is for business. Data on business travel are collected via ITRS and some estimation. Kosovo is a Euro economy and a significant proportion of spending is in the form of cash, rather than via credit and debit cards. Hence the ITRS is likely to underestimate the travel business services, so BoP Division is planning to conduct a new survey with hotels in Kosovo and collect information on the total spend of non-residents in Kosovo (credit side). For both travel credits and debits, CBK is also planning to conduct a border survey.

Personal travel covers goods and services acquired by persons going abroad for purposes other than business, such as vacations, participation in recreational and cultural activities, visits with friends and relatives, pilgrimage, and education and health related purposes. Personal travel includes the expenditure of Kosovo residents on their travel abroad. This item also includes accommodation costs of non-resident international staff in Kosovo (credit) and travel expenses for international resident staff (debit). The residence of the UNMIK's and EULEX's international staff is defined based on the length of their stay in Kosovo; UNMIK's and EULEX's international staff that have a contract that exceeds a year of stay in Kosovo are considered as Kosovo residents and UNMIK's (international resident staff) and EULEX's international staffs that have a contract shorter than one year are considered as non-residents of Kosovo (non-resident international staff). It is assumed that non-resident international staff spends about 14% of their salaries in Kosovo. This assessment is based on a study of the Office of Economic Policy former UNMIK 4<sup>th</sup> Pillar. Technical assistance provided by UNMIK and EULEX is included under government services. Another important source of information for personal travel is taken by the Household Budget Survey regarding Diaspora consumption during their visits to Kosovo.

The expenditure of Kosovars on holidays abroad is based on information from administrative data received from border authorities, which are cross checked with the data received from the central banks in the region (the Bank of Albania and Central Bank of Montenegro). In addition, the data are supplemented with the information provided through the ITRS.

There are a large number of emigrants visiting their families in Kosovo, so a special statistical model is used to estimate the number of nonresident/emigrants and the

expenditure during their stay in Kosovo. This statistical model is prepared using the data from different sources. The main data sources are the information on number of nonresidents entering the border from Kosovo Police, border policies and CBK estimates about their expenditure and length of stay in Kosovo derived from the survey conducted with nonresidents leaving Kosovo.

*Table 6. Travel services statistics, in millions of euro*

Travel Services	2012	2013	2014	2015	2016
Balance	486.1	512.2	502.7	526.6	607.9
Credit	636.8	647.5	665.6	719.7	809.2
Debit	150.8	135.3	162.9	193.2	201.3
Business	11.0	0.2	-5.9	-5.5	-6.9
Credit	20.2	8.6	9.4	10.6	11.2
Debit	9.1	8.3	15.4	16.1	18.1
Personal	475.0	512.0	508.7	532.0	614.8
Credit	616.6	639.0	656.2	709.1	798.1
Debit	141.6	127.0	147.5	177.1	183.3
Of which:					
Health-related	-3.4	-4.2	-12.7	-8.0	-4.8
Credit	1.4	0.9	2.2	1.4	0.5
Debit	4.8	5.1	14.9	9.4	5.3
Education-related	-3.4	-2.3	-2.3	-8.0	-5.4
Credit	1.4	1.1	0.3	1.4	1.1
Debit	4.8	3.4	2.7	9.4	6.5
Other	481.8	518.4	523.7	547.9	625.0
Credit	613.9	637.0	653.6	706.3	796.5
Debit	132.1	118.5	129.9	158.3	171.5

### 3.5 Construction

Construction covers the creation, renovation, repair, or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams, and so forth. It also includes related installation and assembly work. It includes site preparation and general construction as well as specialized services such as painting, plumbing, and demolition. It also includes management of construction projects. 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.

Two main sources of the data for construction services are ITRS data enterprise survey. The ITRS is used to identify the construction companies. All major companies are requested to complete the survey, which are then cross-checked with ITRS data through

its unique business number. The data for companies whose main activity is not construction services are taken directly from the ITRS.

*Table 7. Construction services statistics, in millions of euro*

Construction Services	2012	2013	2014	2015	2016
Balance	11.0	6.5	4.4	10.1	11.6
Credit	22.4	9.4	12.0	14.0	12.9
Debit	11.4	2.9	7.7	3.9	1.4
Construction abroad	22.4	9.4	12.0	14.0	12.9
Credit	22.4	9.4	12.0	14.0	12.9
Debit					
Construction in Kosovo	-11.4	-2.9	-7.7	-3.9	-1.4
Credit					
Debit	11.4	2.9	7.7	3.9	1.4

### 3.6 Insurance and pension services

Insurance and pension services include all types of insurance that resident insurance companies provide to nonresidents and vice versa. Insurance services can be: insurance for imported or exported goods, other types of direct insurance (e.g. life insurance, non-life insurance and pension funds, healthcare insurance), and reinsurance. The data for the evaluation of insurance services are taken from customs data, monthly reports from insurance companies and from ITRS.

In regard to goods imports, data regarding premiums on insurance are not available from Customs data. Hence, the evaluation of insurance of goods is based on the F.O.B value of imports. The ratio of insurance of goods value to the total amount of imports CIF considered to be 1.5%.

*Table 8. Insurance and pension services statistics, in millions of euro*

Insurance and pension Services	2012	2013	2014	2015	2016
Balance	-4.0	-9.4	-14.1	-20.0	-24.9
Credit	25.3	22.7	21.8	18.2	19.2
Debit	29.2	32.1	35.9	38.2	44.2

### 3.7 Financial services.

Financial services cover financial intermediary and auxiliary services, except insurance and pension fund services. These services include those usually provided by banks and

other financial corporations. They include deposit taking and lending, letters of credit, credit card services, commissions and charges related to financial leasing, factoring, underwriting, and clearing of payments. Also included are financial advisory services, custody of financial assets or bullion, financial asset management, monitoring services, liquidity provision services, risk assumption services other than insurance, merger and acquisition services, credit rating services, stock exchange services, and trust services include services of intermediaries and financial intermediaries, except for insurance and pension fund services.

Financial services may be charged for by:

- Explicit charges (financial counseling, financial leasing, asset management, brokerage, etc.).
- Margins on buying and selling transactions (Foreign exchange, shares, bonds, notes, financial derivatives, and other financial instruments are often bought and sold in this way.).
- Asset management costs deducted from property income receivable in the case of asset-holding entities; or
- Margins between interest payable and the reference rate on loans and deposits (called Financial Intermediation Service charges Indirectly Measured, abbreviated as FISIM).

FISIM has not yet been implemented into the accounts. A methodology has been developed during 2015 and a model established in line with international standards as part of the IPA2012 project. CBK plan to implement this change into the accounts starting from January 2016.

The main sources of data for financial services are: monetary and financial statistics (credit, deposits and interest rates), BoP statistics (primary income) and ITRS.

### **3.8 Charges for the use of intellectual property n.i.e.**

Intellectual property products are largely the results of research and development, computer software and databases, and entertainment, literary, or artistic originals.

Charges for the use of intellectual property n.i.e. include:

- Charges for the use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and designs including trade secrets, franchises). These rights can arise from research and development, as well as from marketing; 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) and related rights (such as for live performances and television, cable, or satellite broadcast).

The data are compiled using the data from ITRS.

### **3.9 Telecommunications, computer and information services**

#### **Telecommunications services**

Telecommunications services encompass the broadcast or transmission of sound, images, data, or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, and so forth, including business network services, teleconferencing, and support services. They do not include the value of the information transported. Also included are mobile telecommunications services, Internet backbone services, and online access services, including provision of access to the Internet. Excluded are installation services for telephone network equipment (included in construction) and database services (included in information services).

Main sources of data for this category of services are surveys with telecommunication enterprises, TV stations and other related enterprises and ITRS. Regarding this, it is very important to avoid the double counting of data collected from different sources. If the same companies are included in different data sources, e.g. in survey and ITRS, we exclude one of them, after we check with respondents.

#### **Computer and information services**

Computer services include provisions paid or received by non-residents on services as follows: data base development, storage, and online time series facilities; data processing, tabulation, processing services (on a time-share or specific basis), and processing management services; hardware consultancy; software design, development, and customized implementation and programming; maintenance and repair of computers and peripheral equipment; and computer-related online downloads. Excluded from computer services are computer training courses not designed for a specific user (included in other personal, cultural, and recreational services). Charges for licenses to reproduce or distribute software (or both) which are included in charges for the use of intellectual property, are also excluded. Leasing of computers without an operator is included in operational leasing.

Information services include news agency services, database services, and Web search portals. Also included are direct nonbulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission, or other means; other online content provision services (except for software or audio, e-books, and video); and library and archive services. Main sources of data for these categories of services are data gathered via ITRS.

Table 9. Telecommunications, computer and information services statistics, in millions of euro

Telecommunications, computer, and information Services	2012	2013	2014	2015	2016
Balance	47.4	32.1	19.5	-1.0	2.6
Credit	70.4	59.8	77.7	54.8	48.4
Debit	23.0	27.7	58.2	55.8	45.9
Telecommunications services	48.3	33.1	18.9	0.7	-1.4
Credit	70.3	56.8	68.9	40.5	35.3
Debit	22.0	23.6	50.0	39.8	36.7
Computer services	0.0	-0.7	0.6	-1.7	4.0
Credit	0.0	1.3	8.8	14.3	13.1
Debit	0.0	2.0	8.2	16.0	9.1
Information services	-0.9	-0.4	0.0	0.0	0.0
Credit	0.1	1.7	0.0	0.0	0.0
Debit	1.0	2.1	0.0	0.0	0.0

### 3.10 Other business services

Other business service include various business services such as: research and development services, professional and management consulting services, technical, trade-related, and other business services, waste treatment and depollution, agricultural, and mining services, operating leasing, trade-related services, and other business services.

**Research and Development:** These activities cover those services that are associated with basic research, applied research, and experimental development of new products and processes (e.g., research associated with the physical and social sciences, humanities, etc.).

**Professional and Management Consulting Services:** These services include legal advice, representation, and documentation; accounting, auditing, bookkeeping, and tax-related services; planning, organization, cost projecting, and human resource management; and public relations. They also include advertising services; trade fair exhibition services; market research; and public opinion polling services.

**Architecture, Engineering, and Other Technical Services:** These services include architectural design of urban and other development projects; planning, project design, and supervision of dams, bridges, airports, turnkey projects, and so forth; and surveying, product testing and certification, and technical inspection services.

Waste Treatment and Depollution, Agricultural, and Mining Services: This category includes services associated with the treatment of radioactive and other waste and cleanup of pollution and spills and restoring the environment; services associated with agricultural crops—for example, protection against insects and disease, increasing of harvest yields, and so forth; forestry and fishing services; mining, oil and gas-related services—for example, analysis of ores and so forth.

Operating Leasing: Operating leasing includes leasing of buildings, machinery and equipment—other than transportation equipment with crew—and excludes items under financial lease.

Trade-Related Services: These services include commissions on goods and services associated with commodity brokerage, auction sales, sales of ships and aircraft, and so forth.

Other Business Services: These services include distribution services related to water, steam, gas, and other petroleum products and air-conditioning supply (where identified separately from transmission services); security and investigative services, translation and interpretation, photographic services, building cleaning, placement of personnel, real estate services, and so forth.

The main source of data for compiling other business services are ITRS data, donors reports, data from UNMIK (United Nations Interim Administration Mission in Kosovo), and EULEX (European Union Rule of Law Mission in Kosovo).

Table 10. Other business services, in millions of euro

Other business services	2012	2013	2014	2015	2016
Balance	2.7	6.0	8.2	43.7	31.3
Credit	61.6	44.3	75.0	60.9	62.9
Debit	58.9	38.3	66.8	17.2	31.7
Research and development services	n.a.	n.a.	n.a.	n.a.	0.0
Credit	n.a.	n.a.	n.a.	n.a.	0.0
Debit	n.a.	n.a.	n.a.	n.a.	0.0
Professional & management consulting services	-22.2	-12.0	10.5	10.1	10.2
Credit	12.3	11.6	17.7	20.0	19.3
Debit	34.5	23.6	7.2	9.9	9.1
Technical, trade-related, and other business services	24.9	18.0	-2.3	33.6	21.1
Credit	49.2	32.7	57.4	40.9	43.6
Debit	24.3	14.6	59.6	7.3	22.6

### 3.11 Personal, cultural and recreational services

Other personal, cultural, and recreational services include health services, education services, and others.

Health services consist of services provided by hospitals, doctors, nurses, and paramedical and similar personnel, as well as laboratory and similar services, whether rendered remotely or on-site. However, health services provided to nonresidents who are present in the territory of the service provider are included in travel. Veterinary services are included in other technical services.

Education services consist of services relating to education, such as correspondence courses and education via television or the Internet, as well as by teachers and so forth who supply services directly in host economies. However, education services provided to nonresidents who are present in the territory of the service provider are included in travel. Other personal, cultural, and recreational services include those associated with museums and other cultural, sporting, gambling, and recreational activities, except those included in travel.

These types of services are almost negligible for Kosovo's services statistics. The data sources for compiling this category of services is ITRS.

*Table 11. Personal, cultural and recreational services, in millions of euro*

Personal, cultural, and recreational Services	2012	2013	2014	2015	2016
Balance	0.0	0.0	1.0	0.8	0.1
Credit	0.0	0.0	2.5	1.6	1.3
Debit	0.0	0.0	1.6	0.8	1.2
Audiovisual and related services*	n.a.	n.a.	n.a.	n.a.	n.a.
Credit	n.a.	n.a.	n.a.	n.a.	n.a.
Debit	n.a.	n.a.	n.a.	n.a.	n.a.
Other personal, cultural, and recreational services	0.0	0.0	1.0	0.8	0.1
Credit	0.0	0.0	2.5	1.6	1.3
Debit	0.0	0.0	1.6	0.8	1.2

*Note: \*/ No data are available for Audio and related services.*

### 3.12 Government goods and services n.i.e.

Government goods and services n.i.e.: includes all transactions with embassies, consulates, international organizations, military units and defense agencies with resident staff or military personnel in economies in which they are located.

Government goods and services n.i.e cover the following categories:

- goods and services supplied by and to enclaves, such as embassies, military bases, and international organizations;
- goods and services acquired from the host economy by diplomats, consular staff, and military personnel located abroad and their dependents; and
- Services supplied by and to governments and not included in other categories of services.

Government services (credit side) are compiled using the data from ITRS, foreign embassies and international organizations. This includes exports to international staff of embassies, local goods and services of international staff of UNMIK and EULEX. Also the local expenditure of other diplomatic and similar personnel such as staff of KFOR are recorded in government goods and services.

The debit side of government services is compiled using the data from ITRS and official data from Ministry of Foreign Affairs. This includes the data on local expenditures of diplomats and other government personnel posted abroad.

*Table 12. Government goods and services statistics, in missions of euro*

Government goods and services n.i.e. Services	2012	2013	2014	2015	2016
Balance	30.9	23.2	14.1	16.0	23.9
Credit	42.9	39.0	34.7	34.8	35.5
Debit	12.0	15.8	20.6	18.8	11.7

## CHAPTER 4 METHODOLOGY FOR THE CALCULATION OF REMITTANCES AND COMPENSATION OF EMPLOYEES DATA

### 4.1 Remittances

Remittances represent the largest category within the secondary income account and have a huge contribution to the narrowing of the current account deficit of Kosovo's Balance of Payments.

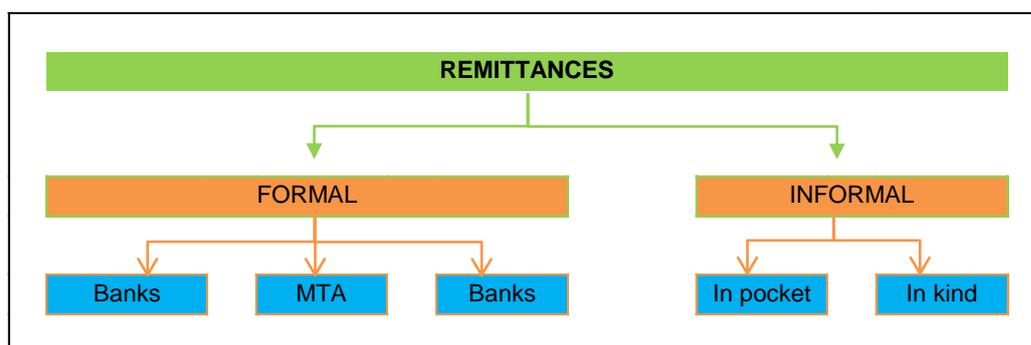
Worker remittances include current transfers by migrants who are employed abroad and are considered resident in the economy in which they are working. A *migrant* is a person who emigrates from an economy of origin and becomes a resident in another economy. "A *short-term worker*" refers to a person who moves to another economy for the purpose of employment on a short term basis (less than one year). Short – term workers and migrant supporting relatives in Kosovo are a major source of cross – border remittance flows. People who stay in new economies for less than one year are considered non-resident; their transactions are suitable mainly for compensation of employees' component.

A worker may travel for either short-term or long-term employment. In most instances, short-term workers consume less of their income than do migrants, and therefore more of their income or compensation is available to support family members in their home country. Short-term workers maintain strong ties with their country of origin because of their permanent interest in their home countries. Among migrants, remittance senders tend to be more concentrated among more recently arrived immigrants, and at least half the migrants who have stayed for up to 10 years may be regular remitters.

Measurement of remittances in Kosovo can take place through various sources, including formal and informal channels. Formal remittance channels are those officially authorized to operate in the money transfer business, such as commercial banks, money transfer operators and money declared crossing borders. Informal channels are remittances coming through non-institutional channels, including undeclared cash at border points, and remittances in goods from migrants living abroad.

Money remittance transaction may involve a sender, a recipient, intermediaries in both countries, and the payment interface used by the intermediaries; together, these comprise the remittance channel (see Figure 2). Most remittances are of relatively low value, are regular or frequent, and mainly involve persons at both ends because they are generally targeted at family maintenance. Remittances assume the form of cash or credit transfers and transfers in kind (involving transfers of goods). Cash transfers are sent in either Euro or the local currency by means of physical transfer of cash. Credit transfers are based on payment instructions from providers in the sending country to providers in the receiving country. The payment instructions using messaging services enable contact between the entities operating at the sending and the receiving ends, and the settlement process enables actual transfer of funds between these entities. Noncash or in-kind transfers, which comprise mainly consumer goods, involve physical delivery predominantly through informal routes. A remittance transaction typically requires some type of network to connect senders and receivers for the purpose of messaging and settlement of funds.

Figure 2. Channels of remittance inflows in Kosovo



Based on the above mentioned channels of remittances, the main source of data for compiling remittances in Kosovo are: International Transaction Reporting System (ITRS), Money Transfer Operators (MTO Kosovo Customs, Household Budget Survey (conducted by KAS),

Survey with nonresidents and CBK estimations. Remittances outflow, that are less important than remittances inflow, are compiled using the data gathered from UNMIK, EULEX and ITRS.

Remittance inflows are a challenge to measure because they are heterogeneous, with numerous small transactions conducted by individuals through formal channels. The main source of data for capturing this kind of remittances is ITRS.

**ITRS** includes the international transactions realized by commercial banks, from which remittances are identified with a specific ITRS code. This code is based on the following criteria:

- Description of the transaction is the main criterion for identifying whether a transaction is remittance or not;
- A transfer is not a remittance if it is not realized between different individuals (for example, transfers between businesses, whose identification is made through business register number);
- A transfer is not remittance if it is realized between physical persons but exceeds € 15,000;
- Remittances also include transactions from the account abroad to the account within the country where the sender and the user account is the same person, if the transaction does not exceed the amount of 5,000 €,
- Also, remittance is considered a transactions when a physical person sends funds to his family's business (which in most cases is identified by the surname), and in these cases, the transaction should not exceed the amount of € 5,000.

**Money transfer operators (MTO)** - the value of all transfers which is conducted through these institutions shall be considered as remittance, because the amounts do not exceed the value sent € 5,000. MTO and ITRS are the largest formal channels for remittance flows. Other channels include credit cards and customs declaration.

A significant proportion of remittances in Kosovo are in the form of cash rather than in formal channels. Carrying cash (by friend or relatives) while travelling between Kosovo and other countries is a popular mode of fund transfers in Kosovo. There are a few reasons why remittances in cash are significant for the total value of remittances. One of them could be that most of our migrants are visiting Kosovo very often, so they avoid costs for sending money by formal channels. Also, some of Kosovo migrants living abroad do not have access to the regulated money transfer system because of identification requirements and they often prefer informal channels.

Based on a study for remittances in Kosovo conducted by UNDP in 2010, remittances in cash are 40 percent of remittances received through formal channels. So, based on this study, we assume that 40 percent of the value of remittances received through formal channels are received in informal channels.

On the debit side of the balance of payments, remittances include money sent abroad from the international staff already resident in Kosovo. It is estimated that international staff do remit abroad to their relatives about 76% of their wages. Data sources for foreign workers residents in Kosovo are budget of UNMIK/EULEX and the Agency for Coordination of Development and European Integration (OPM).

## **4.2 Compensation of Employees**

Compensation of employees comprises wages, salaries, allowances and other benefits payable by resident enterprises to nonresident employees or earned by residents employed abroad for work performed for and paid for by residents of those economies. This includes seasonal workers or other short-term workers (less than one year) and border workers who are residents of one economy and work in another economy. The former would include earnings of border, seasonal, and other short-term workers resident in one economy paid by an employer resident in another economy that are in an employer - employee relationship. The latter would include compensation paid by foreign embassies, foreign military establishments, and international institutions to residents of the economies in which the embassies and so forth are located.

Compensation of employees includes compensation paid in kind, as well as that paid in cash. Transactions under this item should be recorded on a gross basis—that is, before any deductions for expenses (such as income taxes and acquisition, by the employee, of goods and services in the host economy).

In the case of Kosovo credits for compensation of employees have two distinct components: (1) compensation earned by residents working for institutional units abroad and (2) compensation earned by local staff working for foreign embassies and similar

institutions— including international organizations—and by local staff working for nonresident institutional units operating in Kosovo. Compensation received from short term workers who are working abroad for a period less than one year is the largest component of compensation of employees in Kosovo (credit side). Also, remunerations paid by international organizations and KFOR to the residents employers are registered in the credit side of the compensation of employees (except the compensation earned by residents employed in UNMIK and EULEX, which is registered under the current transfers).

Compensation of employees is calculated based on the different source of information, including, international transaction reporting system, data collected directly from KFOR, Ministries, Embassies and other international organizations.

*Table 13. Time series statistics on remittances and compensation of employees*

Balance of Payments Component	2012	2013	2014	2015	2016
Personal transfers (Current transfers between resident and nonresident households)	430	498	553	608	636
Credit	516	573	622	665	691
Debit	86	76	69	57	55
<i>of which: Worker's remittances</i>	430	498	553	608	636
Credit	516	573	622	665	691
Debit	86	76	69	57	55
Compensation of employees	214	219	200	206	194
Credit	220	223	206	210	200
Debit	6	4	6	5	6

## **ANNEX – TREATMENT OF INTERNATIONAL ORGANISATIONS BASED IN KOSOVO**

Kosovo residents are considered legal entities that are registered and active in Kosovo and individuals that live in Kosovo and do not leave the country for a period longer than a year (except for diplomats, military personnel, students and patients). Specific importance is given to the treatment of UNMIK (United Nations Interim Administration Mission in Kosovo), EULEX (European Union Rule of Law Mission in Kosovo), FROR and other international staff in Kosovo.

In general, the term resident means having one's center of predominant economic interest in the economic territory of a country.

A centre of economic interest exists when a unit engages and intends to continue engaging, either indefinitely or over a finite but long period of time, in economic activities and transactions on a significant scale in or from a location, dwelling, place of production or other premises within a territory. For practical reasons, actual or intended location for one year or more is used as an operational threshold. However, the following are examples of borderline cases in the determination of residency.

- Students who go abroad to study full-time generally continue to be resident in the territory in which they were resident prior to studying abroad. This treatment is adopted even though their course of study may exceed a year, assuming that the movement is temporary and thus their centre of predominant economic interest remains the home country.
- Patients who go abroad for medical treatment maintain their predominant center of interest in the territory in which they were resident before they received the treatment, even if the treatment lasts one year or more.
- Crews of ships, aircraft, oil rigs, space stations or other similar equipment which operate outside a territory or across several territories are treated as being resident in their home country.
- National diplomats, peacekeeping and other military personnel, and other civil servants employed abroad in government enclaves, as well as members of their households are considered to be residents of the economic territory of the employing government.
- Staff of international organizations, including those with diplomatic status and military personnel are resident in the territory of their principal dwelling.
- Border workers, seasonal workers and other short-term workers who cross borders for a short period to undertake a job are considered residents in the economic territory in which they maintain a dwelling used by members of the household as their principal dwelling.

When undertaking international transactions in land and/or buildings (e.g. holiday homes), property owners are treated as if they have transferred their ownership to a notional institutional unit resident in the country where the property is located. The notional unit is treated as being owned and controlled by the non-resident owner.

A legal entity is resident in the economic territory under whose laws the entity is incorporated or registered. This applies also to legal entities with little or no physical presence, e.g. investment funds (as distinct from their managers), securitisation vehicles, and some special purpose entities (SPEs). If the entity is not incorporated, it is considered to be resident in the country whose legal system governs the creation and continued existence of the entity.

Subsidiaries are separate institutional units with independent legal status, either wholly owned or with majority ownership held by another entity (the parent institution). Branches are entities without independent legal status (they are wholly owned by the parent). However, when branches are located in a country other than the one in which the company controlling them is located, they are deemed to be separate institutional units.

## **UNMIK and EULEX residency in Kosovo**

The statistical treatment of international organization is defined by international standards. Special attention is given to the treatment of UNMIK and EULEX in Kosovo.

Based on the residency criteria (BPM6, paragraph 4.103 and 4.104), UNMIK / EULEX are international organizations and therefore satisfy the conditions to be classified as a non-resident of Kosovo.

A significant distinction is made in the treatment UNMIK/EULEX as an institution and their staff:

- UNMIK and EULEX as an institution is considered as a non-resident in Kosovo;
- The residence of the UNMIK's and EULEX's international staff is defined based on the length of their stay in Kosovo:
  - UNMIK's and EULEX's international staff that have a contract that exceeds a year of stay in Kosovo are considered as Kosovo residents (further referred as: 'international resident staff'); this treatment is consistent with BPM6 recommendations (paragraph 4.124).
  - UNMIK's and EULEX's international staff that have a contract shorter than one year are considered as non-residents of Kosovo (further referred as 'international non-resident staff').

The methodology for calculating the costs of UNMIK / EULEX is based on the publication of UNMIK "Impact of UNMIK in Kosovo Economy" published in July 2006. The data on UNMIK / EULEX updated based to the information provided directly by UNMIK / EULEX and publications of the United Nations and the European commission.

The statistical treatment of these institutions is based on the following suppositions:

- UNMIK's and EULEX's expenditure (as an institution) for purchase of goods and services in Kosovo are considered as exports (exports of government services).
- UNMIK's and EULEX's expenditures on wages of staff (local and international) are considered as technical assistance (grants) to the Government of Kosovo (current transfers) from international organizations.
  - UNMIK/EULEX's international staff with a contract of more than a year (Kosovo residents) are estimated to spend around 14% of their wages in Kosovo, 76% is sent back to their respective countries (remittance debits), whereas the remaining 10% is considered as spending on international travel (travel services/debit)

UNMIK/EULEX's international non-resident staff with a contract less than one year (non-residents), are estimated to spend 14% of their wage in Kosovo (travel services/credit). Wages for international resident staff are registered under debit of the item 'other business services'. On the table shown below is an example that illustrates the above suppositions and the impact of UNMIK and EULEX in Kosovo's BoP. Hypothetically, if we assume that the UNMIK /EULEX's budget is 100, the expenditure framework would be as follows:

International staff wages	
International resident staff	60
International non-resident staff	3
Local staff wages	17
Goods	
Imported goods	8
Goods bought in Kosovo	2
Services	
Imported services	6
Services acquired in Kosovo	4
<hr/>	
Total UNMIK /EULEX's budget	100

Hence, by applying the basic principle of double-entry, in BoP we will have the following entries:

Figure 1. Hypothetical example of UNMIK/EULEX in BoP	Credit	Debit
<b>CURRENT ACCOUNT</b>		
Travel services		
International non-resident staff expenditures in Kosovo (14%*3)	0.4	
International resident staff expenditures to travel abroad (10%*60)		6.0
Other business services		
Wages of international non-resident staff		3.0
Government Services		
Expenditures for local goods and services (2+4)	6.0	
Current transfers		
Total wages (63+17)	80.0	
Remittances (76%*60)		45.6
The impact on the current account	86.4	54.6

As a result of the suppositions shown above the UNMIK/EULEX's transactions for imported goods and services (except for transactions made in Kosovo) are considered as transaction between non-residents, hence are not registered in BoP.



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