

Elisabeth Nørgaard

**The Norwegian Balance of
Payments**
Sources and methods

Rapporter

I denne serien publiseres statistiske analyser, metode- og modellbeskrivelser fra de enkelte forsknings- og statistikkområder. Også resultater av ulike enkeltundersøkelser publiseres her, oftest med utfyllende kommentarer og analyser.

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Tall kan ikke offentliggjøres	Not for publication	:
Null	Nil	-
Mindre enn 0,5 av den brukte enheten	Less than 0.5 of unit employed	0
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Foreløpige tall	Provisional or preliminary figure	*
Brudd i den loddrette serien	Break in the homogeneity of a vertical series	—
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Abstract

Elisabeth Nørgaard

The Norwegian Balance of Payments

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Statistics Norway has undertaken a main revision of the Norwegian National Accounts and the Norwegian Balance of Payments. The Balance of Payments is an integrated part of the National Accounts and is constructed as a mirror image of the institutional sector "Rest of the World" in the National Accounts. Revised timeseries for both statistics have been published back to 1978.

This report presents the sources and methods used in the compilation of the Norwegian Balance of Payments. The Balance of Payments is a statistical statement of Norway's economic transactions with the rest of the world, within a specific period of time. The statistics are compiled and presented in accordance with international guidelines. The report also describes the basic concepts and recommended recording practices laid down in the IMF manual; "The Balance of Payments Manual, 5th edition". This manual is in full accordance with the manual for the National Accounts "System of National Accounts 1993".

The report starts with a description of the conceptual framework, the relationship with the National Accounts and a presentation of the main statistical sources. The Balance of Payments consists of two main parts; a current account and the capital and financial account. Exports and imports of goods and services, compensation of employees, investment income and expenditure and current transfers to and from the rest of the world are recorded on the current account. The capital and financial account shows capital transfers and purchases and sales of financial instruments. The report describes in detail the sources and methods used for the current account, and the capital and financial account, as well as presenting figures and tables. Descriptions of the revaluation account, the international investment position and technical solutions are also included.

Quarterly and annual figures for the period 1994 - 1997 are presented in the appendix.

Keywords: Balance of Payments, National Accounts, Exports, Imports, Trade in services, Current account balance, Foreign investment, International reserves

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1. Introduction

The Balance of Payments (BoP) is a statistical statement of Norway's economic transactions with the rest of the world, within a specific period of time. The statistics are compiled and published on a monthly basis with a time lag of about eight weeks. The statements are published separately in the Weekly and Monthly Statistical Bulletins, on the Internet and as part of the National Accounts (NA) tables in various other publications. Data are compiled in Norwegian kroner (NOK); transactions denominated in other currencies are converted to NOK.

The Norwegian Balance of Payments is compiled and presented in accordance with the latest internationally approved guidelines. These are specified in "The Balance of Payments Manual, 5th edition" (BPM5), published by the International Monetary Fund (IMF). Principles and definitions presented there are in full accordance with corresponding international rules for the presentation of the National Accounts, as laid down in the manual "System of National Accounts 1993" (SNA 1993), which is published by a number of international organisations jointly, including the United Nations and also the IMF.

EU has prepared its own edition of the National Accounts manual, "European System of Accounts 1995" (ESA 1995), which accommodates special conditions in member countries. Pursuant to the European Economic Area Agreement, Norway is obligated to adhere to this system. The reporting of National Accounts data in accordance with ESA definitions to EUROSTAT, EU's statistical office, has a legal basis, which is not the case for the Balance of Payments. Here, a "gentleman's agreement" has been drawn up between EUROSTAT and each member country. The aim of these agreements is to enhance the overall presentation of Balance of Payments figures for countries in the EEA and to improve the quality of the data by harmonising the methods of compilation and calculation.

Over the past years new editions of the international manuals have been issued, and Norway has adapted to these as part of the main revision of the National

Accounts. Compared with earlier, the revised manuals provide a more complete description of economic relations with other countries and entail a greater degree of harmonisation between the various systems.

One noticeable result of the main revision of the Norwegian National Accounts is the upward adjustment of service industries and their share of GDP¹ (Gross Domestic Product). The new National Accounts figures reflect the expanding scope of the service economy. International trade in services has exhibited a similar growth. In the wake of this development, the demand for improved and more detailed statistics on trade in services has increased, among other things based on the requirements of the World Trade Organisation (WTO) in conjunction with the GATS agreement (General Agreement on Trade in Services). The greater focus on services has influenced international guidelines through the elaboration of clearer definitions and more detailed classifications.

Similarly, international capital movements have expanded markedly in the 1980s and 1990s. One important reason is the growth in world trade, but the emergence of new types of financial instruments, new technology and not least the liberalisation of international capital transactions have been of significance. These developments have intensified the requirements for statistical registration and description of these relationships. The new international guidelines for the Balance of Payments also reflect this development through the treatment of new financial instruments and in the classification of different types of investment in financial assets.

¹ For 1990, the share was revised upwards from 53 to 58 per cent.

2. Conceptual framework

2.1. Basic Concepts and Recording Principles

Like National Accounts, Balance of Payments accounts are constructed around three basic concepts: statistical units, economic items and transactions. Briefly, the accounting systems describe transactions between statistical units in which economic items are provided or received in exchange for other economic items. Statistical units are institutional units which make economic decisions on an independent basis and can present complete accounts for their activities. The institutional unit normally coincides with a body corporate, e.g. a limited liability company or legal person. Economic items can either be real resources, i.e. goods and services, or financial items which represent various assets and liabilities.

The basic criterion for entering a transaction in the Balance of Payments is that it involves an exchange between a domestic entity (resident) and a foreign entity (nonresident). Residents are institutional units that engage and intend to continue to engage in economic activities and transactions within a country's territory, with one year or more serving as the conventional guideline.

The Norwegian territory includes mainland Norway together with the Norwegian part of the Continental Shelf, Svalbard and Jan Mayen with Bjørnøya.

In the Balance of Payments, a transaction should in principle be allocated to the period in which there is a change of ownership of the economic object. Conventionally, it is often said that a change of ownership has taken place when the parties of the transaction register it in their books or accounts. In the case of exports and imports of goods, it is in practice when the goods cross the border, as registered through customs declarations that determines the time of recording the transaction.

All transactions shall be valued at market prices. Market prices are defined as amounts of money that willing buyers pay to acquire something from willing sellers; the exchanges are made between independent parties and on the basis of commercial considerations only. Total exports and total imports shall be recorded at

f.o.b. prices². On a detailed commodity level, c.i.f. prices (cost-insurance-freight) are used for imports, i.e. including transport and insurance costs up to the border of the importing country. The exchange rate on the transaction date or the average rate for the shortest period applicable shall be used for converting transactions in foreign currencies into the national currency. Stocks of assets and liabilities are to be valued at prices or rates in effect at the time to which the balance sheet relates.

Income and expenditure are defined in the National Accounts and Balance of Payments excluding gains and losses, irrespective of whether they are realised or unrealised. Such items, however, help to explain total balance sheet changes that take place in the course of a period and are registered on the account for revaluation.

Balance of Payments accounts are based on the rules for double entry bookkeeping. All transactions are represented by two entries, a credit and debit entry. Most transactions are those in which economic items are provided or received in exchange for other economic items, entailing that offsetting credit and debit entries will normally be registered. For example, exports of a good will be registered in External Trade Statistics and recorded as a credit entry in the Balance of Payments accounts, whereas the accompanying increase in foreign assets, e.g. in the form of higher foreign exchange reserves, is registered in Norges Bank's International Transactions Reporting System (ITRS) and recorded as a transaction on the debit side of the Balance of Payments accounts. In other cases when items are given away rather than exchanged, or a recording is one-sided for other reasons, there is only one recording in the data sources. In these cases a counter entry is constructed, in this example in the form of a transfer so that the double entry requirement is satisfied.

² F.o.b. = free on board, i.e. the value when passing the border of the country of exports.

2.2. Structure and Definitional Relationships

The Balance of Payments is an integrated part of the National Accounts and is constructed as a mirror image of the institutional sector "Rest of the World" in the National Accounts. In the Balance of Payments, transactions are seen from Norway's point of view, while in the institutional sector accounts they will be seen from the perspective of the rest of the world. A surplus on Norway's current account will in the National Accounts appear as a deficit for the sector "Rest of the World".

The Balance of Payments consists of two main parts: a current account, which shows current transactions with the rest of the world, and a capital and financial account, which records investment transactions in the form of purchases and sales of financial instruments.

The current account comprises, first, exports and imports of goods and services, with the balance of goods and services as a balance item. In addition, data are provided for compensation of employees, investment income and expenditure as well as current transfers to and from the rest of the world. The balance for this component is net income and current transfers. The total balance of the current account is the sum of the balances of these two components.

The capital and financial account shows how transactions recorded in the current account result in changes in foreign assets and liabilities, and in addition to purchases and sales of financial instruments includes capital transfers. This entails that the balance on the current account must be adjusted for net capital transfers in order to arrive at net lending.

The definitional relationship between the current account and the financial account is that a current account surplus, adjusted for net capital transfers, increases net foreign assets (or reduces net liabilities), while a deficit on the current account will reduce net assets (or increase net liabilities).

The financial account also includes transactions that do not have a counter entry in the current account. One example would be a resident who uses funds in a foreign bank account to repay a loan raised abroad.

Total asset transactions less total liability transactions result in net lending. By adjusting net lending for valuation changes and other balance sheet changes not caused by transactions³, we arrive at changes in Norway's net foreign assets/liabilities.

³ Certain types of debt forgiveness and a change in a statistical unit's sectoral classification are examples of balance sheet changes that are not based on transactions.

Current account:

Exports
 - Imports
 = Balance of goods and services (I)

Compensation of employees, investment income and current transfers from abroad
 - Compensation of employees, investment income and current transfers to abroad
 = Balance of income and current transfers (II)

(I) + (II)
 = Current account balance

Capital account:

Current account balance
 + Capital transfers from abroad
 - Capital transfers to abroad
 = Net lending (IV)

Financial account:

Net acquisitions of financial assets
 - Net acquisitions of financial liabilities
 = Net lending (IV)

Net lending (IV)
 + Change in net financial assets not due to transactions
 = Change in net financial assets (V)

3. Balance of Payments and the National Accounts

Statistics Norway is responsible for producing and publishing both National Accounts (NA) and Balance of Payments (BoP) statistics, reflecting the view that BoP in principle is the mirror of the Rest of the World account in the National Accounts statistics.

Until now, no separate publication has existed for the Norwegian Balance of Payments statistics. The tables with figures for transactions with nonresidents, have been presented as part of the Norwegian National Accounts publications. Descriptions of the Balance of Payments compilation methods have been included in the National Accounts methodology publications.

3.1. Harmonisation of Results

Integration between the National Accounts and the Balance of Payments starts with the idea of presenting the same figures for important macro-economic variables in both statistical systems, e.g. the current account balance or exports and imports of goods and services. In the past, harmonisation between the two systems was achieved in Statistics Norway in the sense that figures for the corresponding items in the two systems were kept identical. Also, for all items on the current account, the same estimation procedures were used for both BoP and NA purposes.

The results were initially published in the monthly BoP and later in quarterly and annual NA. However, as different accounting schemes and coding systems were used in the two systems, an encoding from BoP to the NA was necessary. As for the capital transactions with the rest of the world, the BoP data were adopted as part of the NA tables, as the sole Financial Account Statement compiled for institutional sectors.

3.2. Integration with National Accounts

In the early 1990's, Statistics Norway initiated a project to implement the revised international guidelines on National Accounts and Balance of Payments statistics (SNA93, BPM5), as part of a main revision of the Norwegian National Accounts statistics. It was at the same time decided to further strengthen the integration of the two statistical systems. Also the need for separate

Norwegian Balance of Payments publication and methodology documentation was recognised.

Technically speaking, the same IT system is now used for the current production of both BoP data and NA data (see chapter 14). By introducing a joint data structure, classifications and coding systems on a detailed level, and using the same set of estimation procedures and rules for the calculation of values of corresponding variables in the two statistical systems, data for both BoP tables and NA tables are extracted from one joint data base. In this way, a complete integration has been reached, a step further from the previous situation of harmonisation of results, and much in the spirit of the revised international guidelines of BPM5 and SNA93.

An important incentive behind integration is to be able to make use of all relevant information from the other institutional sectors, and thus to ensure consistency between the Rest of the world account, and thus BoP, and the other sectors in the institutional sector accounts. This opens for the possibility to make systematic evaluation and plausibility checks on the BoP data within a consistent macroeconomic accounting framework.

The integration of exports and imports items of the BoP with the corresponding items of the National Accounts, is made possible through the detailed supply and use tables for products combined with a detailed commodity flow system. For other items on the current account, a separate but quite similar balancing system is used.

The Norwegian National Accounts traditionally placed particular emphasis on the description of the real flows of the economy, represented by the annual integration of detailed supply and use tables, while the income flows, and consequently institutional sector accounts, have had a less prominent position in the system. This has, however, changed with the new system.

Now, two equally important databases have been introduced. One database contains information on institutional sectors including Rest of the World, NA-INS (National Accounts Institutional Sectors). The second comprises the supply and use tables, NA-REA (National

Accounts Real Economy Accounts). The two databases are kept within the same data system, so that transmission of data from one to the other is uncomplicated.

3.3 Commodity Flows System

The Norwegian National Accounts since the very beginning in the early 1950s, have been based on the commodity flow approach. This approach, or technique, has as a condition the existence of detailed supply and use tables for products. These are tables that map the supply of the different goods and services from domestic industries or imports, and the final and intermediate domestic use or exports of the same goods and services. The supply and use tables are fundamental tools in compiling national accounts aggregates related to production and value added by industries, as well as final uses, i.e. consumption expenditures, capital formation and exports, and imports. In addition, the supply and use tables constitute the framework for estimation of constant price values of each single product or commodity flow. The constant price values are in turn used to calculate growth rates from one period to another of the various supply and use components of the National Accounts. The supply and use tables are also the starting point for constructing input-output tables which are used for purposes of economic analysis and projections.

There are (at least) two fundamental conditions of the system, expressed in equations (1) and (2):

$$(1) \quad Y + M = V + C + K + L + X,$$

where

- Y = output
- M = imports
- V = intermediate consumption
- C = final consumption
- K = gross fixed capital formation
- L = changes in inventories
- X = exports

(1) states that total supply of a particular product must equal total use of the same product. The identity is used to balance supply and use of each single product at both current and constant prices. For goods, normally the changes in inventories are a residual in the balancing procedure. The figures for changes in inventories are, however, evaluated and reconciliation can be made by adjusting one or several of the other supply or use components. For services, where inventories, and thus changes in inventories, are normally assumed to be zero, in some cases another supply or use category is derived residually, or as in other cases, the reconciliation of the supply and use side implies adjustments of several components.

In principle, this opens for the possibility of calculating export or import flows of services indirectly, provided that domestic supply and use of services are known. In practice, however, for most services categories, inter-

national trade figures are compiled either on basis of ITRS data or through industry surveys.

At the most detailed level, the product classification in the Norwegian National Accounts comprises in total about 1250 products. Of these, 300 are services of which about 40 and 35 are exported and imported, respectively.

As stated above, equation (1) applies to data in both current and constant prices, implying the following condition:

$$(2) \quad p \cdot q = v$$

where

- p = change in price for a single product or commodity from one period to another
- q = change in volume of the same product
- v = change in value of the same product

The estimated volume change for each product or commodity flow can be evaluated against alternative information in form of volume indicators, as a plausibility test of the results. When the development in volume terms estimated in the National Accounts is inconsistent with alternative volume indicators or does not fit in with the overall picture presented by the National Accounts, corrections can be done on the current value of the analysed item. Also the price information used for deflation in the system can be evaluated.

3.4. Balancing Institutional Sector Accounts Flows

The NA-INS database comprises three sub-databases, including one for income flows (current account items)

and one for financial investments flows (capital and financial accounts items). The last one contains balance sheets data for institutional sectors.

The data on income flows are given in the following format or structure:

Receiving sector	Receiving industry	Income item	Product	Paying sector	Paying industry	Source
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One fundamental aspect is that one classification or coding system is used for each characteristic for both NA and BoP purposes. The institutional sector classification is adopted from the SNA93, the industry classification is based on the European NACE rev1-classification. The classification for income items is adopted from SNA93/BPM5, and the product classification used is based on CPA, the European variant of the United Nation's product classification CPC. Special classifications for transaction type, purpose, sources etc. are developed in order to carry out various calculations to report data focusing on different dimensions of the accounts.

The format or data structure is useful for several purposes. Firstly, all relevant information for the construction of both the current account of the BoP and the corresponding Rest of the World Account in the NA, is compiled and stored within one database. Tables for publication of both statistics can thus be extracted from one database.

Secondly, the structure makes it possible to establish a direct link between the BoP exports and imports items and the detailed NA product classification, a strict condition for the use of the commodity flow approach in BoP context.

Lastly, the format is chosen with the purpose of keeping and exploiting all available sectorial information, including information on counterpart sectors. The value reported by sector 1 on transactions with sector 2, can be assessed against the value of the same transac-

tions reported by sector 2. This means that in theory the database contains two observations of each single transaction. In practice, only some types of transactions will include specification of counterpart sectors (e.g. bank deposits).

In principle, balancing the income flows will take place in three steps. In the first step, input data for each institutional sector are transferred into the database and transformed according to the SNA93/BPM5 definitions and principles. For each institutional sector an internal balancing procedure is followed, including derivation of the balancing items of the accounts.

The second step is to choose between two different values for one set of transaction, as reported by the two involved sectors. In some cases, some kind of statistical mean value may be preferred. This step reduces the database to only one single value for each transaction between specific sectors.

The third step of the balancing procedure is based on the following basic identity:

$$(3) \text{ Total income} = \text{Total outlay}$$

Income or resources for one sector must be outlay or uses for another sector⁴. The balancing procedures make no use of a separate reconciliation sector, implying that imbalances will be removed by adjusting the figures for one or several other sectors. In practice, for many items the sector of private non-financial corporations will be adjusted.

The data on capital and financial transactions are given the following format:

Debtor sector	Debtor industry	Financial instrument	Revaluation category	Financial purpose	Creditor	Creditor sector	Source industry
---------------	-----------------	----------------------	----------------------	-------------------	----------	-----------------	-----------------

As Financial Account transactions are available for the institutional sector Rest of the World only, the balancing procedure is defined to internal balancing of that sector including specification of domestic counterpart sectors.

⁴ Disregarding transactions between units of the same sector.

4. Main Statistical Sources

The main sources for the compilation of the Balance of Payments are the International Transactions Reporting System (ITRS) and Banking Statistics (BS) produced by Norges Bank (Central Bank of Norway), Statistics Norway's External Trade Statistics for goods (ETS), Maritime Transport Statistics, Oil and Gas Activity Statistics and Government Accounts.

4.1. International Transactions Reporting System (ITRS)

Norges Bank's foreign exchange regulations stipulate that foreign exchange banks are required to report to Norges Bank payments between residents and nonresidents. Foreign exchange banks submit reports on their own payments and payments on behalf of their customers. Approximately 125 foreign exchange banks report electronically on a daily basis to Norges Bank. A resident who opens an account abroad or establish another arrangement for settlements directly with a nonresident without using a resident foreign exchange bank is obligated to notify Norges Bank. This entails that the resident is obligated to report all transactions through such accounts or settlements arrangements to Norges Bank.

Information is collected on payer and payee, as well as country, currency denomination, amount and the nature of transaction. The reporting entities classify the payments in 30-40 payment types, and Norges Bank undertakes a further breakdown into about 300 items (including sector and industry breakdown).

The ITRS can be characterised as a closed reporting system. This implies that all gross transactions are reported together with the stock value of the corresponding financial asset or liability, and the transactions are reconciled with the stock values. The stock values are the basis for estimation of revaluations due to exchange rate fluctuations.

The aim of the reporting is to collect information on payments between residents and nonresident units in both NOK and foreign currency. However, to maintain the closed system, also interbank transactions in foreign currency, payments between resident units in

foreign currency and payments between nonresidents through Norwegian banks are included. These transactions are necessary to reconcile transactions and changes in stock values on the accounts reported, but are to be excluded from the Balance of Payments.

Confusion of residency (resident or nonresident) in the reports will imply that the closed system does not balance, which will consequently cause errors and omissions in the Balance of Payments statistics.

Norges Bank reports the data electronically to Statistics Norway, where they are recorded and included in the system for calculating Balance of Payments.

4.2. External Trade Statistics (ETS)

Statistics on external trade in goods are based on the administrative returns collected by the customs authorities. When goods are imported or exported, the import and export declarations are registered electronically and the information is submitted to Statistics Norway. Information on imports and exports of special goods (e.g. ships and electricity) are based on special reports. Also excluded from the ETS are exports and imports of goods and services delivered directly to and from abroad to the petroleum installations on the Norwegian Continental Shelf. For these transactions estimates are made for Balance of Payments and National Accounts purposes, based on statistical surveys of petroleum companies. The transactions are shown as separate items in the Balance of Payments and National Accounts exports and imports tables.

The coverage of the ETS is in accordance with the recommendations of the United Nations Statistical Commission and relates to the General Trade principle. Imports thus comprise commodities cleared on arrival and commodities placed in customs bonded warehouses. Accordingly, exports comprise all merchandise exported from Norway, including re-exports of imported goods, whether or not the exports and re-exports are from customs bonded warehouses. It is assumed that transit trade is of minor importance to the Norwegian economy. Only recently the first two free

customs trade zones were established (Fredrikstad and Mo-i-Rana).

4.3. Maritime Transport Statistics

The Maritime Transport Statistics is an annual statistics compiled by Statistics Norway for operating income and expenditure, which in principle cover all vessels in ocean transport operated by a Norwegian shipping company independent of the country of registration. The statistics are based on reports from shipping companies for each ship more than 250 gross dwt, including chartered vessels with foreign ownership. The questionnaire used in the survey is constructed also for National Accounts and Balance of Payments purposes.

4.4. Oil and Gas Activity Statistics

Statistics on oil and gas activities comprise quarterly data on fixed capital formation including information on accrued costs for exploration, field development, fields in operation and onshore activities. The statistics specify acquisitions which are imported directly from abroad to the Norwegian Continental Shelf and which are therefore not captured by the Statistics on External Trade in goods. Detailed information on operating expenditure with figures for direct imports is collected on an annual basis. Both the quarterly and the annual statistics cover oil and gas extraction industries and pipeline transport enterprises. Both are census-type sources, they cover about 230 units in the quarterly statistics and about 170 units in the annual statistics. The population is identified by Statistics Norway's Business register and a register of licensed Norwegian establishments, whether their activity are based offshore (Norwegian Continental Shelf) or on-shore (Mainland Norway).

4.5. Banking Statistics

Monthly statistics for banks and other financial corporations show balance sheet figures for financial assets and liabilities, and thus balance sheet changes in financial assets and liabilities by financial instrument and institutional sector. The main institutional sectors are "general government", "financial corporations", "non-financial corporations", "households", and "Rest of the World". Based on the balance sheet changes vis-à-vis rest of the world, the banks' transactions in financial assets and liabilities are calculated. The statistics cover all banks and financial institutions, including the Norwegian Post Bank, state lending institutions as well as Norges Bank. Norges Bank is responsible for collecting the statistics.

4.6. Other Sources

For exports and imports of aviation, postal and telecommunications services, figures are computed by the Division for National Accounts based on information obtained directly from key operators. Figures from the Government Accounts are used for general government transfers and for some other information.

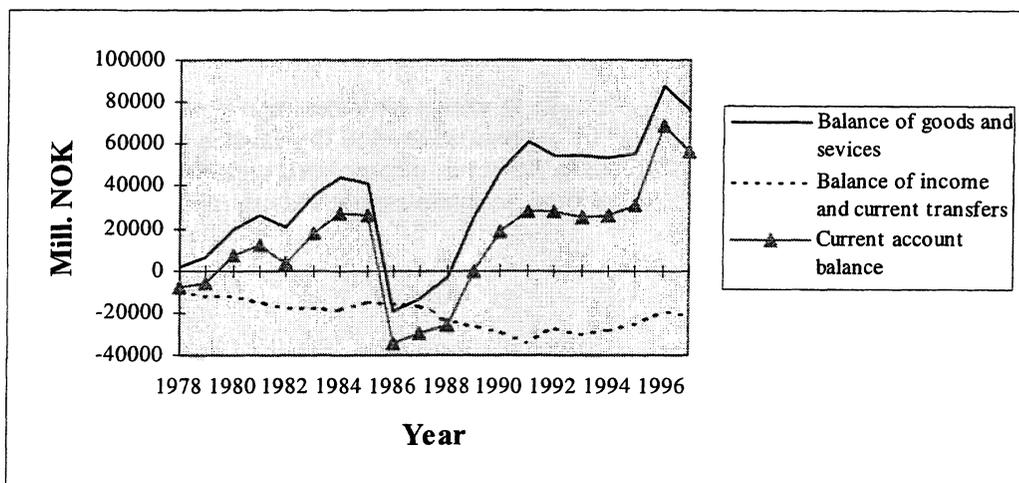
5. Current Account

The current account covers all transactions (other than those in financial items and capital transfers) that involve economic values and occur between resident and nonresident entities. Offsets to current economic values provided or acquired without a quid pro quo are also included. The major components are goods and services, income and current transfers (BPM5 §152). These are in concordance with the coverage of the external accounts of goods and services, primary incomes and current transfers in the SNA (System of National Accounts). Because the net balance on the current account constitutes an integral part of the measure of an economy's saving and spending behaviour it can be viewed as one meaningful indicator of an economy's saving. To the extent that national saving exceeds or

falls short of net capital formation, the net balance on current transactions, on net capital transfers and on acquisition / disposal of non-produced non-financial assets represents the amount of an economy's net foreign investment or net lending / borrowing vis-a-vis the rest of the world (BPM5 §182).

The description of the items covered by the current account follows to a large extent the BPM5 layout, however, items important to the Norwegian economy are emphasised and described in separate sections. Exports or imports of a product may appear in more than one table due to the emphasis put on illustrating both the IMF structure and the composition of the Norwegian Balance of Payments' tables.

Figure 5.1 Current Account 1978 - 1997



6. Merchandise

Goods, in the BPM5, cover general merchandise; goods for processing; repairs of goods; goods procured in ports by carriers and non-monetary gold. General merchandise is defined for the Balance of Payments to cover (with a few specified exceptions) all movable

goods for which there is a change of ownership, actual or imputed, between a resident and a nonresident. Exports and imports of goods are recorded at market values at points of uniform valuation, that is, the customs frontiers of exporting economies.

Table 6.0.1. Exports and Imports of Merchandise

Mill. NOK	1992	1993	1994	1995	1996	1997
Exports of other merchandise* included in ETS	107315	110570	127290	142014	154358	167840
Imports of other merchandise* included in ETS	153685	157005	181353	199656	219617	235092

* Exports of oil and gas, and exports and imports of ships and oil platforms not included

The main source for exports and imports of merchandise is the External Trade Statistics (ETS) published monthly by Statistics Norway. The ETS is based on information collected by the customs authorities from declarations supplied by exporters and importers of goods.

In the Norwegian Balance of Payments, no adjustment is presently made to the ETS to account for goods that cross the border without a change of ownership. For international reporting purposes, imports c.i.f. are adjusted to f.o.b. valuation on a global basis. This estimation is based partly on data from the annual ocean transport

survey of Statistics Norway and partly on the ITRS. In the national publications imports are shown c.i.f.

For aircraft the register principle is still employed in the Norwegian External Trade Statistics. In the Balance of Payments, however, a correction item is introduced for exports and imports of aeroplanes belonging to Scandinavian Airline System (SAS) (see chapter 7.4).

The ETS is, except for some important items, included at an aggregated level in the Balance of Payments. The ETS is, however, incorporated on a detailed level in the National Accounts supply and use tables.

6.1. Exports of Crude Oil and Natural Gas

Table 6.1.1. Exports of Oil and Gas

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of oil and gas		97157	104068	106438	113229	156689	163498
Crude oil	111010	82658	89428	92119	98010	135729	136111
Natural gas, liq.	111020	14499	14640	14321	15221	20959	27562

Exports of crude oil and natural gas represent the single most important item in the current account. In 1996, exports of oil and gas amounted to almost 37 percent of total exports.

The source used for determining the export value is the ETS. Crude oil is exported from the offshore petroleum fields either through pipelines or by ships, while natu-

ral gas is transported by pipelines. The Norwegian Petroleum Directorate (Oljedirektoratet) reports monthly to Statistics Norway the quantities of oil and gas exported from the petroleum fields in the North Sea. The exports and imports of crude oil include the oil transported by pipeline to Teeside in the U.K. and re-imported to Norway by ships, even though no change of ownership has taken place.

The value of exports of oil and gas is calculated partly by collecting information on prices directly from oil companies, and partly by using administratively set norm prices. The norm prices are estimated ex post and reflect observed market prices. For crude oil exported

by ships the point of valuation is the production site (petroleum field), and for exports of crude oil and natural gas through pipelines the point of exit from the Norwegian Continental Shelf.

6.2. Exports and Imports of New and Second-hand Ships and Oil Platforms

Table 6.2.1. Exports and Imports of Ships and Oil Platforms

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of new and second-hand ships and oil platforms							
	Tankers	13667	11730	10476	10351	8910	10564
	Vessels for transport of goods	1246	493	638	860	909	246
	Tugs and pusher craft	5441	1879	2861	2968	2857	4268
	Dredges; light-vessels, fire-floats, floating cranes, warship; other vessels	351132	8	124	159	2	506
	Modules for oil platforms	506	794	805	151	489	247
	Ships, second-hand	351142	50	810	11	63	59
	Fishing boats, second-hand	009411	6232	6459	5223	5400	3472
	Oil production platforms, drilling rigs and modules, second hand	009412	184	270	24	391	293
		009380	0	1025	790	359	829
							940
Imports of new and second-hand ships and oil platforms							
	Tankers	7262	12856	8245	6676	9973	16282
	Vessels for transport of goods	2630	7313	2068	1266	0	1943
	Fishing vessels, factory vessels, new	351124	995	1950	1761	2338	3206
	Tugs and pusher craft	351131	0	111	0	3	16
	Dredges; light-vessels, fire-floats, floating cranes, warship; other vessels	351132	1	0	1	5	65
	Vessels for transport of goods, second-hand	351133	309	271	194	168	527
	Fishing boats, second-hand	351924	1132	2051	3710	2872	3540
	Oil drilling rigs	351931	69	119	69	242	198
	Modules for oil platforms	351141	0	995	52	176	3366
	Oil platforms, second-hand	351142	463	356	201	183	282
		351941	0	645	0	0	0

Exports and imports of ships and oil platforms are extracted from the ETS. The figures in ETS are based on special reports from shipping and drilling companies. A distinction is made between new and second-hand equipment. The rationale behind this distinction is the integration with the National Accounts, where deflation of the current value of new and second-hand equipment requires different price indices.

Prior to 1988 the ETS employed the register or flag principle in recording the ship transactions, implying that ships should be recorded as exports or imports when being deleted from or written into the domestic register, respectively. In earlier periods the flag criterion seemed quite acceptable, as the residency of the ship owner, the operator and the country of registration were one and the same. By mid-1980s, this principle of recording had clearly become unsatisfactory to Norway.

Firstly, from 1985 the authorities accepted direct Norwegian ownership of ships registered in other countries. The implication was an acceleration in flagging out, at the time recorded as exports of ships.

Secondly, a new Norwegian International Shipregister (NIS) was established in 1987, allowing 100 per cent direct foreign ownership. It was found unacceptable for statistical purposes to treat these ships as part of Norwegian fixed capital stock and hence record them as imports when written into the NIS. Thus from 1988 the owner criterion was introduced in place of the register or flag criterion, i.e. the nationality of the registered owner decides whether the ship belong to the Norwegian capital stock or not.

In the National Accounts, capital formation of platforms for petroleum production is recorded on a continuous basis, with a corresponding effect on imports related to investments in petroleum fields. Production platforms constructed abroad are now recorded as imports as the work progresses, and not as previously at the time they are towed to the offshore field. This has resulted in a different time profile of such investment, with a corresponding effect on imports for oil activities. Viewed over a longer period of time, however, this type of imports has not changed. One result of recording capital formation on a continuous basis is that the imports of parts to oil platforms from the ETS

may in some cases be replaced with data from the Oil and Gas Activity Statistics.

6.3. Exports and Imports of Goods Related to Petroleum Activities

Table 6.3.1. Exports and Imports of Goods Related to Petroleum Activities

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of goods related to petroleum activities							
Oil production platforms, drilling rigs and modules. Adjustment for foreign ownership shares	009385	160	107	121	228	253	197
Oil exploration and drilling. Adjustment for foreign ownership shares	009705	113	69	61	96	126	132
Imports of goods related to petroleum activities							
Adjustment for foreign ownership shares of oil and gas fields on the Continental Shelf, expenditure on fixed assets	005046	3544	5978	4233	6237	7683	9729
Imports of unspecified goods for oil and gas production, operating expenditure and expenditure on fixed assets	005060	4	3	1	3	27	38
Imports of unspecified goods for oil and gas pipeline transport, operating expenditure and expenditure on fixed assets	005062	2297	5008	3884	5256	5175	6448
Imports of unspecified goods for oil and gas pipeline transport, operating expenditure and expenditure on fixed assets	005062	1243	967	348	978	2481	3243
Gas oils	232011	110	100	120	120	96	100

Included in these items are exports and imports of goods related to the petroleum activities on the Norwegian Continental Shelf, which are not recorded in the ETS. In addition, correction items related to territorial borderline fields have been introduced. The source of information is the quarterly and annual statistics on oil and gas activity published by Statistics Norway.

The exports figures represent an adjustment for the UK parts of petroleum fields crossing the borderline between Norway and the UK. When developed by a Norwegian operator, the expenditures on capital formation of the field are refunded by the UK owner according to his share. In the National Accounts these payments are recorded as sale of fixed capital equipment to abroad, and is therefore included in the Balan-

ce of Payments as exports. Similarly, the UK share of operating costs is refunded and hence recorded as exports.

Imports of goods related to the petroleum activities cover four different components. One represents a correction for Norwegian owned parts of petroleum fields stretching across the border between Norway and UK, which are operated by UK enterprises (see above). Two components are unspecified imports of goods directly from abroad to the Norwegian Continental Shelf for use in exploration and pipeline transport activities. The fourth is deliveries of fuel from abroad directly to the installations on the Continental Shelf. These imports are calculated by use of estimated import shares, based on information from the Oil and Gas Activity Statistics.

6.4. Exports and Imports of Other Goods not included in the ETS

Table 6.4.1. Exports and Imports of Other Goods

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of other goods not included in the ETS							
Salmon and trout, farm bred	050012	44	39	56	71	76	75
Meat of bovine animals, fresh, chilled or frozen	151111	22	20	26	35	38	37
Other prepared and preserved meat, meat offal or blood; extracts and juices of meat, fish and aquatic invertebrates	151312	111	99	136	178	190	189
Fish, fish fillets, other fish meat and fish livers and roes, frozen	152012	15	13	20	24	26	26
Fish, otherwise prepared or preserved; caviar	152014	22	20	26	35	38	37
Processed and preserved potatoes	153110	7	7	10	13	13	12
Vegetables, frozen	153311	15	13	20	24	26	26
Jams, fruit jellies and fruit or nut puree and pastes	153322	7	7	10	13	13	12
Butter and dairy spreads	155130	7	7	10	13	13	12
Ice cream and other edible ice	155210	7	7	10	13	13	12
Crispbread, rusks, toasted bread and similar toasted products	158211	7	7	10	13	13	12
Other bread and other bakers' wares	158213	15	13	20	24	26	26
Coffee, decaffeinated or roasted	158611	44	39	56	71	76	75
Miscellaneous food products n.e.c.	158914	44	39	56	71	76	75
Fuel oils	232008	185	164	229	292	320	316
Gas oils	232011	185	164	229	292	320	316
Kerosene type jet fuel	232004	227	262	310	228	218	181
Imports of other goods not included in the ETS		4003	3839	3854	4338	5239	6320
Fuel oils	232008	1864	1527	1549	1752	2135	2562
Gas oils, shipping	232011	1634	1765	1791	2026	2472	2972
Gas oils, oil activity	232011	110	100	120	120	96	100
Other middle distillates	232014	115	111	113	128	201	268
Kerosene type jet fuel	232004	280	336	281	312	335	418

The export figures above cover goods (e.g. fuels, provisions, stores and supplies) procured in ports by non-resident carriers in Norway. Excluded are related services provided (e.g. towing, storage, maintenance etc.), which are recorded under transportation and related services. The ITRS reports three aggregates, one for expenditure by foreign ships, one for expenditures related to foreign platforms and one for expenditures made by foreign aeroplanes. Due to the integration with the National Accounts, these aggregates are specified on various products using a distributional key which to some extent is determined when the supply and use of products are balanced in the National Accounts (see chapter 3.3).

The imports of goods cover imports of fuel to the shipping industry, oil and gas industry and to the air transport industry.

6.5. Goods for Processing

Goods for processing cover, according to the BPM5 (§197 -§198), goods that are exported or imported for processing and comprise two transactions; exports (or imports) of a good, before processed, and the re-import (or re-export) of a good after being processed. The manual recommends that goods for processing should be recorded on a gross basis and specified separately. Goods for processing are included in the ETS on a gross basis, however the quality of the data is questionable and is therefore not specified in the Balance of Payments, but are included in the total figure for exports and imports of goods.

6.6. Repairs on Goods

Table 6.6.1. Repairs on Goods

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Repairs, exports		378	649	544	775	409	592
	Repair of electrical motors, electrical apparatus	16	56	25	72	41	86
	Repair services of oil platforms	44	113	60	49	7	35
	Reconstruction of oil platforms	3	2	1	184	64	0
	Repair services of ships	175	160	218	115	111	78
	Reconstruction of ships (investment)	43	20	109	26	28	304
	Repair services and reconditioning of aircraft	84	298	131	329	158	89
	Payments for contract work in mining and manufacturing (excl. printing and shipbuilding)	13	0	0	0	0	0
Repairs, imports		6144	6102	3759	4359	4475	5860
	Repair of electrical motors, electrical apparatus	81	71	81	85	63	95
	Repair services of oil platforms	164	223	246	155	159	288
	Reconstruction of oil platforms	50	104	101	48	3	373
	Repair services of ships	3055	3165	3183	3559	3684	4406
	Reconstruction of ships (investment)	685	231	148	512	566	698
	Payments for contract work in mining and manufacturing (excl. printing and shipbuilding)	2109	2308	0	0	0	0

Repairs on goods cover repair activity that involves work performed by residents on moveable goods owned by nonresident and vice versa (BPM5 §200). The BPM5 recommends that repairs on goods should be recorded separately under goods on a net basis, i.e. the value recorded should reflect the value of the repairs rather than the gross value of the goods before and after repairs.

On the export side, repairs of ships, aircraft and machines are recorded. The sources are the ITRS and the accounts from SAS (Scandinavian Airline System). On the debit side repairs of ships, platforms and machines are recorded. The sources are the Maritime Transport Statistics and the ITRS. Maintenance of transport equipment is not recorded separately in the Norwegian Balance of Payments. Some maintenance expenditures are probably included in the operating expenditure abroad for shipping, oil and gas activity, and air transport. Due to the integration of the Balance of Payments in the National Accounts, a distinction is made between repairs recorded as gross capital formation and repairs recorded as intermediate consumption.

Repairs are in the Norwegian Balance of Payments and National Accounts classified as services, however, repairs are included in the category for goods in the reporting to international organisations (IMF, OECD, Eurostat).

6.7. Non-monetary Gold

The BPM5 recommends that non-monetary gold should be separately identified from general merchandise. The rationale behind this is that transactions in non-monetary gold are often motivated by considerations other than the use of gold as part of the process of production and consumption. Including these transactions in merchandise could give a misleading impression of an economy's production (in the case of exports) or consumption (in the case of imports).

Transactions in non-monetary gold are not considered important in the Norwegian Balance of Payments or National Accounts and are therefore not identified separately, but are included in the exports and imports of merchandise from the External Trade Statistics.

6.8. C.i.f - f.o.b Valuation

Table 6.8.1. C.i.f. - f.o.b. Valuation

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Imports of freight and insurance services							
Freight transportation by railway	601021	374	326	234	189	186	139
Freight transportation by other land transportation services	602410	384	451	513	541	524	635
Ocean water freight transportation services	611022	3022	3720	4910	5326	5142	3451
Scheduled transportation services of other freight by air	621022	160	199	177	189	183	399
Other non-life insurance services	660319	933	952	1096	1208	1325	1422
Exports (imports freights by Norwegian operators)							
Ocean water freight transportation services	611022	858	720	840	894	894	894

In the Norwegian Balance of Payments publications, imports of goods are valued c.i.f. (i.e. including cost, insurance and freight) and the exports of goods are valued f.o.b. (i.e. free on board). The IMF manual recommends that all exports and imports of goods should be valued f.o.b. at the customs border of the exporting economy. Consequently, adjustments for valuing the import f.o.b. are done for international reporting purposes. Two types of adjustments are carried out.

The first adjustment refers to the case where nonresident operators produce the services (i.e. transportation and insurance). The import value of goods are reduced by these service items, which are recorded in the appropriate imports of services items. This adjustment leads to a redistribution from imports of goods to imports of services and the total import figure is not affected.

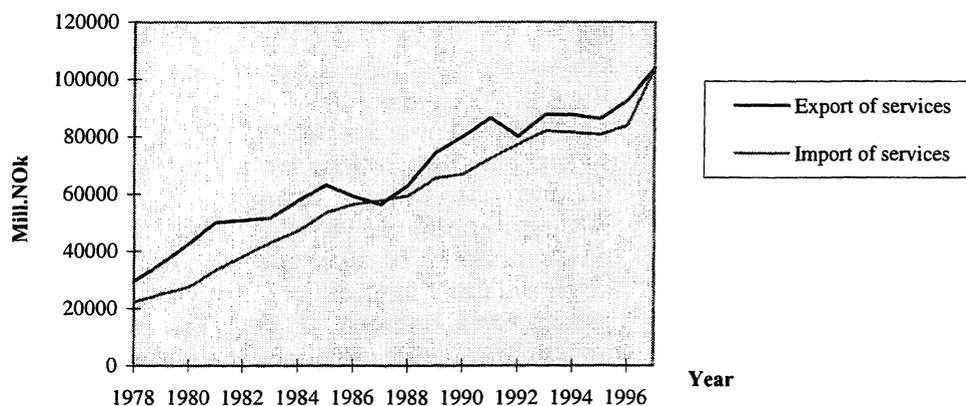
The second adjustment relates to the case where resident operators produce the services. Initially, the services are domestically produced, then exported (as services) before being re-imported as part of the c.i.f.-value of imports of goods. When applying the imports f.o.b.

principle, the services are recorded as transactions between resident units. In this case, the result of the adjustment is that both imports of goods and exports of services are reduced with the same amount. However, the overall trade balance is not affected.

The sources used for conducting these adjustments are the ITRS from Norges Bank and the Maritime Transport Statistics from Statistics Norway. Norges Bank reports payments for freight transport by type of equipment, but does not distinguish whether this concern payments for freight of exported goods or payments for freight of imported goods. A distributional key is estimated in Statistics Norway and used to disperse the total on freight of goods imported to Norway and freight of goods exported. The estimated figure for freights of imported goods is then subtracted from imports c.i.f. Insurance on imports of goods is estimated as 0,6 per cent of total imports of goods as recorded by the ETS. The adjustment for freights on imports of goods produced by Norwegian transporters, are based on information from the Maritime Transport Statistics.

7. Services

Figure 7.1. Exports and Imports of Services 1978 - 1997



The essential difference between goods and services is that the production of a service is generally linked to an arrangement between a particular producer and a particular consumer, whereas this is generally not the case with goods.

The time at which the exports or imports of a service should be recorded is, according to the SNA §14.70,

the time at which it is rendered (delivered or received), which mostly coincides with the time at which the service is produced (and consumed). In some instances (e.g. freight and insurance, port services etc.), as may be the case with trade in goods, there may be pre-payments or post-payments for such services.

7.1. Maritime transport

Table 7.1.1. Services related to the Shipping Industry

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of services from the shipping industry							
Exports of sea transportation services		42905	46866	45278	45817	47337	53291
Exports of sea transportation services		42090	46068	44517	45204	46641	52787
Ocean transport, other passenger transport and transportation by ferries	611014	1258	1156	992	1234	1234	1234
Ocean water freight transportation services	611022	30503	33132	32404	31769	32681	36654
Supply services n.e.c. for oil activity	611029	1058	865	910	833	833	833
Rental services of vessels with crew, ocean water transport	611033	8413	10195	9371	10474	10999	13172
Ocean water freight transportation services, imports of goods	611022	858	720	840	894	894	894
Exports of other services from the shipping industry		815	798	761	613	696	504
Renting services of ships and boats (without crew)	712210	677	615	581	426	426	300
Other engineering services	742040	138	183	180	187	270	204
Imports of services and fuels to the shipping industry		26032	25518	25339	27222	29367	35407
Services		22419	22115	21886	23316	24559	29605
Current expenditure abroad for shipping	005053	18376	18290	18027	18901	19957	24085
Repair services of ships	351191	3055	3165	3183	3559	3684	4406
Reconstruction of ships (investment)	351194	685	231	148	512	566	698
Other non-life insurance services	660319	303	429	528	344	352	416
Fuel		3613	3403	3453	3906	4808	5802
Fuel oils	232008	1864	1527	1549	1752	2135	2562
Gas oils	232011	1634	1765	1791	2026	2472	2972
Middle distillates	232014	115	111	113	128	201	268

Exports and imports of services related to the shipping industry are the most important items in the services category of the Norwegian BOP. In 1997, more than 50 per cent of total exports of services were related to shipping.

The sources used for the estimations in the Balance of Payments are the annual Maritime Transport Statistics compiled by Statistics Norway and the ITRS from Norges Bank. The latter source has less detailed information, but is available earlier; it is therefore used as the basis for the preliminary Balance of Payments statistics. The Maritime Transport Statistics are compiled by Statistics Norway on an annual basis. These statistics cover, in principle, all Norwegian operated vessels in foreign-going trade and are based on reports from resident shipping companies for each ship of 250 gross tons (GRT) or more in their operation. Also included in the statistics is information on foreign owned or registered ships operated by Norwegian companies.

The reports provide information on type of earnings, type of vessel, whether the service is provided to non-residents and the size of vessel. 13 types of vessel are specified, among them three types of tankers, bulk carriers, ro-ro vessels, passenger vessels, liners etc. The reports are grouped together to form categories taken as a starting point for the estimation of constant price figures in the National Accounts.

Recorded on the export side of the Balance of Payments are separate items for freight transport, passenger transport and rental of vessels with crew. Rental of vessels without crew and other technical services rela-

ted to shipping are recorded under the items "rental services" and "other services", respectively. On the import side, "the shipping industry's expenditures abroad" is recorded. This item excludes fuel, which is recorded under "goods", insurance and repairs, which are recorded under "financial" and "other services", respectively, and compensation of nonresidents employees, which is recorded in the income account. For international reporting, repairs are recorded under the goods heading.

Total net receipts from shipping are presented as a memorandum item in the national publications.

Prior to the mid-1980s, the figures in the ITRS and the Maritime Transport Statistics were in relatively good accordance with another. From then on, however, there have been differences of considerable size at least when gross figures are compared, with the ITRS showing the higher figures. Closer studies have unveiled that the ITRS probably includes some financial transactions, while on the other hand the Maritime Transport Statistics seems to underestimate the total earnings and expenditures due to lack of coverage. With a large part of the Norwegian merchant fleet flagging out to registers of convenience, the Maritime Transport Statistics in periods have failed to register transactions related to ships registered in non-Norwegian registers but still operated by Norwegian shipping companies. The «true» level for both gross receipts and gross expenditures for shipping are reckoned to lie somewhere between the two sources, but closer to the level of the ITRS than to the Maritime Transport Statistics. Thus, the gross figures used in the

Balance of Payments are reached by subtracting about 1/3 of the difference between the two statistical sources from the ITRS. The results are, however, closely assessed when the total production account for the shipping industry are set up as part of the final National Accounts estimations. The distribution of the various products is based on distribution keys extracted from the Maritime Transport Statistics.

Other adjustments are also made to the figures from the ITRS, reflecting that the system is not able to identify all the relevant transactions constituting total income from provision of ocean transport services.

A supplement item is added to the export side for transportation services provided by domestic operators carrying goods either to or from Norway and settled in domestic currency (Norwegian kroner). These transactions are not registered in the ITRS. Previously, Norges Bank collected separate reports on these transactions, but this practice has discontinued. The supplement item is therefore currently based on estimates made in Statistics Norway.

Several adjustments are made to the ITRS on the import side. One adjustment relates to procurement of fuel and other goods in Norwegian ports by Norwegian carriers and settled in foreign currencies. Another reflects the case where Norwegian operators pay another resident for freight commissions in foreign currencies.

7.2. Pipeline Transport

Table 7.2.1. Services related to Pipeline Transport

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports, pipeline transport		1508	1660	2133	2245	3424	3987
Transportation of crude or refined petroleum and petroleum products via pipelines	603011	271	256	228	204	214	296
Transportation of natural gas via pipelines	603012	1237	1404	1905	2041	3210	3691

A large part of Norwegian crude oil and natural gas is exported by pipeline to other North Sea countries. The transport service comprises the operation of pipelines from petroleum fields on the Norwegian Continental Shelf to installations onshore abroad. Exports of pipeline transport are recorded as two products; one for transport of oil and one for transport of gas. The source is the Oil and Gas Activity Statistics compiled by Statistics Norway, which provides separate information for each of the pipeline systems from the Norwegian offshore petroleum fields to terminals abroad, such as Ekofisk - Teeside (oil), Frigg - St. Fergus (gas), Ekofisk - Emden (gas), Ekofisk - Zeebrügge (gas) and Ekofisk - Nordnerney (gas). The statistics are based on reports from the Norwegian pipeline companies, stating both income and cost data as well as transported volume for each transport system, including those crossing the territorial border. Based on these statistics the value of output of

These transactions between domestic residents, are included in the ITRS, and estimated figures are subtracted from the ITRS. Finally, a supplementary item is added on the import side to take into account Norwegian operators' expenditures on repairs abroad paid in Norwegian kroner.

A large part of the Norwegian owned cruiser-fleet is operated from abroad (mainly Miami, USA). These ships are typically flying flags of convenience and formal ownership is with nonresident companies. In accordance with the principles previously outlined, both the production and the capital stock represented by the cruise-fleet are regarded nonresidential to Norway. The Norwegian Balance of Payments and National Accounts do not record exports of services from the foreign registered, owned and operated cruise-fleet. Norwegian companies, however, having made direct financial investments in those nonresident companies, normally are benefiting from the flows of financial returns on their investments.

Prior to this situation, the cruiser-vessels were registered in Norway as well as operated and owned by Norwegian companies. The earnings of these vessels were recorded as exports in the Norwegian Balance of Payments and National Accounts to the extent that the cruise-tickets were bought by nonresidents. The transactions were recorded under the export item "Ocean transport" and not "Travel". Needless to say, the same applies to those cruise-vessels still operated by resident companies.

pipeline transport services is established and the corresponding export value is estimated. New pipelines are opened regularly and the industry is closely monitored to make sure that all transport from the relevant pipelines are included as exports.

The pipeline systems are situated partly on Norwegian territory, partly on foreign territory. It was decided early on to employ the ownership criterion rather than the territorial criterion for the delimitation of domestic and non-domestic activity. All installations off-shore, including the pipeline itself and pumping stations etc. on other countries' continental shelf owned by Norwegian companies, are considered part of the Norwegian fixed capital stock and hence the transportation activities domestic production. Only installations on-shore the recipient countries are considered nonresident.

7.3. Oil Drilling Services and Other Services related to Oil Activities

Table 7.3.1. Oil Drilling Services and Other Services related to Oil Activities

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports, oil drilling services and other services related to oil activities		2120	2581	2439	1981	2257	2677
Adjustment for foreign ownership share of oil and gas fields on the Continental Shelf, current expenditure	005048	452	815	637	576	714	752
Drilling services incidental to oil and gas extraction	112011	822	435	472	137	56	38
Renting services of drilling rigs	713412	846	1331	1330	1268	1487	1887
Imports, oil drilling services and other services related to oil activities		7794	8605	9017	6133	7202	11672
Adjustment for foreign ownership share of oil and gas fields on the Continental Shelf, current expenditure	005048	107	102	89	95	168	177
Current expenditure abroad for oil and gas pipeline transport	005057	273	167	147	209	432	455
Imports of unspecified services for oil and gas production, operating expenditure and expenditure on fixed assets	005063	2188	3146	2320	2173	2466	2209
Imports of unspecified services for oil and gas pipeline transport, operating expenditure and expenditure on fixed assets	005064	1337	1538	3947	1486	1074	2844
Drilling services incidental to oil and gas extraction	112011	1793	1526	1027	1200	1542	3319
Supply ship services n.e.c. for oil activity	611029	673	0	0	0	0	0
Renting services of drilling rigs	713412	0	327	249	124	130	405
Current expenditure abroad for oil and gas exploration and drilling, including imports and unspecified services and expenditure on fixed assets	005056	1209	1472	891	643	1228	1602
Repair services of oil platforms	351143	164	223	246	155	159	288
Reconstruction of oil platforms	351144	50	104	101	48	3	373
Imports of goods, oil activities		110	100	120	120	96	100
Gas oils	232011	110	100	120	120	96	100

The statistics on oil and gas activities compiled by Statistics Norway are supplemented with the ITRS from Norges Bank.

The Oil and Gas Activity Statistics are compiled by collecting reports directly from domestic oil drilling companies. They report remuneration for oil drilling services provided to nonresidents both in the North Sea area and on continental shelf in other parts of the world. Included is income from leasing of drilling rigs and from pipeline construction works.

The operating expenditures for oil drilling activities abroad are shown as a separate item on the import side. Excluded are expenditures on bunkers, which are recorded as "merchandise" imports, and expenditures on insurance and repairs, which are included in imports of "financial and business services" and "other services", respectively. The figures reported by the ITRS constitute the total expenditures abroad for the oil drilling activities. The distribution of the total on various products is based on information in the Oil and Gas Activity Statistics.

Exports of services related to oil and gas activity include correction items, representing refunds on operating expenditures charged on UK owners of petroleum

fields crossing the territorial border between Norway and UK and operated by Norwegian companies. The source is the Oil and Gas Activity Statistics.

Imports of services to oil and gas activities include imports of unspecified services used both for intermediate consumption and capital formation in the various petroleum activities. Also included is a correction item representing refund of UK expenditures on Norwegian parts on borderline fields operated by UK companies. The source is the Oil and Gas Activity Statistics.

7.4. Other Transportation Services and Related Services

According to the IMF manual, transportation covers all transport services that are performed by residents of one economy for those of another and that involve the carriage of passengers, the movement of goods, rentals of carriers with crew and related supporting and auxiliary services (BPM5 §230).

The Scandinavian Airline System (SAS) is given a special treatment in the National Accounts and Balance of Payments statistics. SAS consists of a corporation established through special legislation by the governments in Denmark, Sweden and Norway acting jointly, and registered in each of the three countries involved.

The transactions concerning SAS are allocated to the three countries in proportion to their shares of the corporation equity, the shares being 3/7 for Sweden, 2/7 for Denmark and 2/7 for Norway. This way of

treating SAS affects the Balance of Payments since it is also applied on the methods for calculating exports, operating expenditures abroad and investments.

7.4.1. Passenger and Freight Services

Table 7.4.1. Passenger Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of passenger services							
Motor coach services	602310	12	8	50	8	1	0
Scheduled passenger transportation services by air	621010	1928	1165	1590	1778	1837	1712
Transportation of passengers by distant train	601010	249	205	152	97	74	82
Imports of passenger services							
Transportation of passengers by distant train	601010	322	184	149	105	72	82
Motor coach services	602310	5	5	9	4	2	1
Ocean transport, other passenger transport and transportation by ferries	611014	122	99	92	48	76	151
Scheduled passenger transportation services by air	621010	797	1310	1096	1417	1077	1466
Non-scheduled passenger transportation services	622012	0	0	500	0	0	0

Imports of passenger services are defined as the transport of Norwegians on nonresident carriers, either between Norway and abroad, between two destinations abroad or inside Norway. Exports of transport services are defined in a corresponding manner.

Exports of passenger services by railway and road, and imports of passenger services by railway, air, road and sea were previously included in the travel item, but are now recorded separately as passenger services. Consequently, the level of the travel item has been reduced with a corresponding upward adjustment of exports and imports of transportation services. The data source is the ITRS from Norges Bank. It can, however, be diffi-

cult in practice to distinguish passenger services from travel.

On the basis of reports from airline companies, exports of passenger and freight services by air and rental of aircraft with crew are calculated by Statistics Norway as part of the evaluation of the production account for the air transport industry in the National Accounts. Imports of operational leasing are calculated as part of the intermediate consumption in the air transport industry. The calculations related to the air transport industry also specify exports of trade margins, fees and other services which are classified as other services.

Table 7.4.2. Freight Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports, freight services							
Freight transportation by railway	601021	172	123	179	185	249	165
Freight transportation by other land transportation services	602410	268	227	307	333	441	464
Scheduled transportation services of other freight by air	621022	225	291	277	265	459	428
Exports, other services							
Goods for resale, trade margins, air transport industry	000350	ND	525	606	569	812	754
Fees and other payments for various services (commissions, sales from own canteens, freights), air transport industry	000379	ND	180	193	202	284	264
Rental services of aircraft with crew	622030	ND	278	338	290	438	409
Imports, freight services							
Freight transportation by railway	601021	374	326	234	189	186	139
Freight transportation by road	602410	384	451	513	541	524	635
Freight transportation by sea	611022	3022	199	4910	5326	5142	3451
Freight transportation by air	621022	160	3720	177	189	183	399
Imports, other services							
Current expenditures abroad for air transport	005055	1928	1701	1905	2218	2174	2502
Rental services of aircraft with crew	622030	0	233	370	413	232	289

Exports of freight services by railway and road are reported in the ITRS from Norges Bank. Exports of "freight services by road" constitute a small item in the Norwegian Balance of Payments. No alternative information is presently available to the ITRS. The relative small value reported in the ITRS may have several explanations. Firstly, road transport can be a component of the payments on merchandise imports. Secondly, expenditure on road transport can be included

in the payment for forwarding of goods. A third explanation may be that domestic agencies are involved in international road transport and that the settlements therefore take place domestically.

Imports of freight services are not specified in the national published Balance of Payments tables, because the imports of goods are valued c.i.f., i.e. including freight (see chapter 6.8.1).

7.4.2. Supporting and Auxiliary Services to Transport

Table 7.4.3. Supporting and Auxiliary Services to Transport

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of supporting and auxiliary services		2605	2845	3387	3848	4152	4317
Cargo handling services	631110	132	143	174	172	187	206
Storage and warehouse services	631210	55	61	73	74	81	88
Port authorities services	632211	165	163	197	198	214	236
Other support services for water transport	632215	1323	1344	1037	961	1757	1942
Pilotage services, central government fees	632272	221	218	216	216	216	216
Support services for air transport	632310	0	76	68	371	446	537
Support services for air transport, central government fees	632370	52	0	0	0	0	0
Ship-broker and charterer services	634011	344	508	622	787	822	622
Other forwarding agents services	634012	309	326	999	1069	424	470
Other support and auxiliary transport services	634020	4	6	1	0	5	0
Imports of supporting and auxiliary services		405	508	522	464	268	253
Supporting services to railway transport	632110	65	0	102	0	0	0
Ship-broker and charterer services	634011	327	497	406	460	263	246
Other supporting and auxiliary transport services	634020	13	11	14	4	5	7

Exports and imports of supporting and auxiliary services to transport cover a range of services provided in ports, airports, and other terminal facilities.

Total exports of services provided to foreign ships and oil rigs are reported in the ITRS. The Government Accounts supply information on total income from pilotage. A new law concerning the use of pilot was introduced in 1995. This law increases the obligation of using pilot. From 1995 all ships that exceed 500 GRT or that carry dangerous or contaminated cargo are obliged to use pilot. It is estimated that approximately 80 per cent of the income in the Government Accounts is paid by nonresidents. Local Government Accounts include information on income from port charges. The harbour charges are levied relative to the size of the vessel and the time spent in the harbour. In addition, the Port Statistics compiled by Statistics Norway contain information on foreign ships' call in Norwegian harbours, their size and the length of stay. From this information the nonresidents' share of total harbour charges is estimated and amounts to approximately 30 per cent. The total value reported in the ITRS is reduced with the exports of pilotage and port charges. The residual is distributed to various products such as loading, unloading, storage and warehousing, forwarding of goods and other unspecified products related to

sea transport. The distribution is to some extent determined when the Balance of Payments is integrated in the National Accounts. The export figures are then evaluated together with the production and other uses in the relevant industries.

Exports of commissions and agents' fees related to sea transport are reported in the ITRS. It is estimated that the figures from Norges Bank include transactions in foreign currencies between residents, which are not relevant for Balance of Payments. The total value according to the ITRS is therefore reduced with these resident-to-resident transactions, and the residual is recorded as exports of commission and agent fees.

Imports of services related to sea transport are reported by the ITRS. In addition, Norges Bank reports imports of commissions and agents' fees related to sea transport. It is assumed that both shipping companies and brokers are involved in these transactions. 50 per cent of the import value is therefore included as imports of commissions and agents fees, while the other 50 per cent is included in the calculations of the shipping industry's operating expenditure abroad.

Both exports and imports of services provided in airports are reported by the ITRS from Norges Bank.

7.5. Travel

Table 7.5.1. Travel

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports, travel		12650	13757	15741	14974	15221	15802
Travel, tourists	005076	12002	12905	14923	14099	14352	14938
Travel; other	005077	648	852	818	875	869	864
Imports, travel		23066	23840	26206	26923	29129	31940
Travel, tourists; resident households consumption abroad	005066	15330	15854	17422	17917	19396	21281
Travel, other consumption abroad	005067	186	177	204	180	180	180
Travel, business; resident industries consumption abroad (intermediate consumption)	005068	6406	6626	7281	7488	8105	8893
Travel, settlements between/with travel agencies	005069	1144	1183	1299	1338	1448	1586

Travel differs from other components of international services in that it is a demand oriented activity. Unlike other services travel is not a specific type of service but an assortment of services consumed by travellers. According to the BPM5 §242 -244, travel covers primarily the goods and services acquired from an economy by travellers during visits of less than one year in that economy. Excluded is the international carriage of travellers, which is included in passenger services under transportation. The one-year rule does not apply to students and medical patients who remain residents of their economy of origin even if the length of stay in another economy is one year or more. All their expenditures should be recorded as travel.

The IMF manual distinguishes two types of travel, businesses travel and personal travel. Business travel is recorded as intermediate consumption in the National Accounts, while personal travel is recorded as final consumption in households. The Norwegian Balance of Payments records four different products under the item travel; tourist expenditures, business travel expenditures, other consumption expenditures, and settlements between travel agencies.

One consequence of adopting to the new IMF manual, was that the content of the item travel was reduced. Part of the expenditures for the carriage of passengers which was previously included in "travel", has been transferred to the item "transport services".

Through 1991, entries for travel were based entirely upon data supplied by Norges Bank on the sale of local currency in exchange for foreign currency, supplemented by data from credit card companies. From 1992, these sources have been supplemented with separate estimates based on tourist statistics (i.e., accommodation statistics, passenger transport statistics).

The current price estimates are deflated within the National Accounts commodity flow tables and the volume indices are compared and adjusted to adhere to volume indicators (e.g. guest nights). This adjustment is then

also reflected in the adjustments of the current price figures.

The data reported from the ITRS are not able to separate business travel from tourist travel. Other sources, such as a special survey of travellers, have been used to estimate business travel expenditures, amounting to between 27-30 per cent of the total expenditures on travel. The distinction between tourist and business travel is only made for residents abroad, i.e. on the import side only.

Consumption by individuals staying in military bases, in embassies etc. should, according to the BPM5 (§243), not be included in the travel component. In the reporting to the IMF "other consumption expenditure" is included in "government services n.e.c.". However, in the Norwegian Balance of Payments, these expenditures are recorded as a separate product under travel, because it is part of the correction of consumption of households in the National Accounts. The sources are the ITRS and Government Accounts, the latter supplying information on salaries paid to diplomats. The Government Accounts do not separate salaries to Norwegian diplomats from salary to local employees, and therefore only 75 per cent of the total is recorded as consumption of Norwegian households.

Settlements between travel agencies are treated in a special way in the Balance of Payments, due to the integration with the National Accounts. Only the margins in the travel agencies are recorded as production of services in the National Accounts, while the transactions of the tour operators are recorded on a gross basis. This implies that the purchases by households of package tours are included in the National Accounts as household consumption expenditures. The settlements that the tour operators have with local hotels, transport agencies etc. abroad, are consequently recorded as intermediate consumption in the travel agency industry, in order to avoid double counting on the household consumption expenditure account. Only the settlement payments to abroad are recorded as intermediate consumption in the National Accounts. The settlement payments from abroad,

representing consumption expenditures by non-residents, are included in the various household consumption expenditure groups (e.g. hotel services) and are subsequently included as part of the

correction of nonresident consumption in Norway, in order to arrive at domestic household consumption expenditure.

7.6. Communication Services

Table 7.6.1. Communication Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of communication services		1412	1561	1144	1126	1240	1420
Settlements with foreign post offices	641115	299	336	289	298	292	468
Public telephone services	642011	588	646	446	438	504	496
Telex., telegram n.e.c.	642014	33	37	24	24	24	24
Data network services	642016	8	9	1	1	12	12
Interconnection services	642023	307	338	251	231	252	264
Other telecommunications services	642025	177	195	133	134	156	156
Imports of communication services		1774	1961	1108	986	1135	1185
Settlements with foreign post offices	641115	150	174	141	157	163	213
Public telephone services	642011	1446	1590	858	733	864	864
Telex., telegram n.e.c.	642014	146	161	85	72	84	84
Data network services	642016	16	18	12	12	12	12
Other telecommunications services	642025	16	18	12	12	12	12

Communication services cover, according to the BPM5 §253, two main categories; telecommunications and postal and courier services. Telecommunications encompass the transmission of sound, images, or other information by telephone, telex, telegram, cable, broadcasting, satellite, electronic mail, etc. Postal and courier services encompass pick-up, transport and delivery of letters, newspapers, periodicals, brochures, parcels and other packages by national postal administrations and other operators. Also included are post office counter and mailbox rental services.

In 1994, the public owned telecommunication company was reorganised from being a part of the public administration to a public owned enterprise. As a consequence new accounting rules were applied and the details concerning income and expenditures which were previously reported to Statistics Norway, were reduced. Previously, the accounts included detailed information on income and expenditures to and from abroad which were used as exports and imports of telecommunication services in the Balance of Payments and in the National Accounts. From 1994, more aggregated information has been reported and exports and imports have been estimated on

the basis of the development of the production and other relevant aggregates.

The monopoly of telecommunication services has been gradually abolished and it is likely that in the future other entities than the public enterprise will be more involved in international transactions. Additional sources of information which can be used to estimate exports and imports of telecommunication services will have to be assessed and utilised in order to enhance the quality of these data.

Information on remuneration of post to and from abroad is included in the accounts from the National Post service and is used as exports and imports of postal and courier services. Other private operators are involved in exporting and importing these services, and the data reported from the ITRS include, in principle, payments related to other operators. However, the data from the National Post service do in general exceed the data from the ITRS, and it is therefore assumed that the data from ITRS to a large extent contain net figures. No alternative sources are, at present, available for estimating private operators' exports and imports of postal and courier services.

7.7 Construction Services

Table 7.7.1. Construction Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of construction services		457	186	575	188	175	88
General construction work for buildings	452110	113	61	40	58	13	51
Construction of roads, airfield runways and sports installation	452300	305	117	475	129	161	23
Other construction work involving special trades	452500	39	8	60	1	1	14
Imports of construction services		109	151	112	221	169	97
General construction work for buildings	452110	26	90	48	95	48	40
Construction of roads, airfield runways and sports installation	452300	83	61	64	126	121	57

Construction services cover, according to the BPM5 §245, work performed on construction projects and installations by employees of an enterprise in locations outside the economic territory of the enterprise. Goods imported by the enterprise for use in the projects are included in the value of the services rather than under goods, expenditures for local supplies etc. are included under «other business services». Projects carried out by foreign subsidiaries or branches of enterprises (direct investors) and certain site offices are excluded because such projects are part of the production of the host economy.

Several problems are attached to the recording of these services. The recommendation in the IMF manual is to record goods imported for use in the projects as construction services. This recommendation is, however, difficult to follow in practice. The External Trade Statistics include such products, but it is not possible to identify the goods related to construction. No attempt is therefore made in the Balance of Payments to adjust the External Trade Statistics. Other sources, such as special surveys or the ITRS, have difficulties in separating goods from services. A possibility of double recording is therefore present. Another problem is to distinguish imports

of construction services from domestic production (and direct investment in the Balance of Payments). In order to be classified as exports or imports of construction services, the activity should be performed for a short period of time. Usually the customers pay the contract value in instalments, in line with the progress of work. According to the BPM5, transactions should be recorded at the time when they actually take place, independent of the time when payments are made. Prepayments should be recorded as trade credits received/granted, services rendered but not yet paid as trade credits granted/received. This rule is difficult to follow in practice and the recording of construction services in the ITRS is therefore linked to the time when payments are received/made.

Recognising the problems attached to this area, the source used for exports and imports of construction services is the ITRS. The data reported from Norges Bank are in principle limited to the actual erection of buildings, or the construction of roads, railways, bridges etc. Additional sources will be assessed and direct reporting from large enterprises may be one way to enhance the quality of these figures.

7.8. Insurance Services

Table 7.8.1. Insurance Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of insurance services		3307	3562	3156	2645	2756	2818
Life insurance services	660110	11	9	25	17	12	27
Other non-life insurance services	660319	3296	3553	3131	2628	2744	2791
Imports of insurance services		4618	4949	5041	4137	4171	4453
Life insurance services	660110	1	3	2	0	1	5
Other non-life insurance services	660319	3381	3565	658	656	761	786
Other non-life insurance services, shipping	660319	303	429	528	344	352	416
Other non-life insurance services, bank sector	660319	0	0	0	1	2	13
Other non-life insurance services, insurance sector	660319	0	0	2757	1927	1705	1809
Other non-life insurance services, public owned companies	660319	0	0	0	1	25	2
Other non-life insurance services, c.i.f./fob adjustment	660319	933	952	1096	1208	1325	1422

Insurance services cover the provision of various types of insurance to nonresidents by resident insurance enterprises, and vice versa (BPM5 §255). Such services cover freight insurance, other types of direct insurance (e.g. life, accident, general liabilities etc. insurance) and reinsurance. International insurance services are valued by service charges included in total premiums earned rather than by total premiums. For non-life insurance, total premiums minus the estimated service charge and claims payable are recorded under current transfers. For life insurance, premiums minus the service charges and claims payable are recorded in the financial account under other investment. There are two main features that distinguish life insurance from non-life insurance. Firstly, there is often a substantial lag between the payment of premiums and claims arising from these premi-

ums. Secondly, the premiums payable and claims receivable under life insurance policies may contain a substantial investment element, with the payment of premiums viewed as savings by the insured and claims as withdrawal of these savings. The life insurance policyholder is therefore considered to have a claim on the life insurance enterprise, which explains the entries in the financial account.

In principle, the measurement of transactions in international insurance services is consistent with that of insurance services for resident sectors in the SNA93. However, in practice, both the IMF manual and the SNA93 allow resident/nonresident flows associated with investment income on technical reserves to be ignored because of problems of estimation.

Payments of premiums and claims are reported separately by the ITRS. It is, however, recognised that payments concerning international insurance consist of a complex combination of premiums, claims and other elements. It may therefore be difficult for the reporting banks to specify premiums and claims, and additional information is often required to «unbundle» the payments.

In addition, it may be difficult to distinguish export payments from import payments. A payment from nonresidents may either be premiums paid from abroad (exports) or claims paid from abroad (imports). Likewise, a payment to abroad from residents may be either premiums paid (imports) or claims paid (exports). It is important that the banks can identify the domestic sectors involved in the transactions since exports of insurance services will be provided by the insurance industry only. Imports of insurance services may, on the other hand, apply to all domestic sectors.

Prior to the last main revision of National Accounts and the Balance of Payments, the service charge was calculated as premiums less claim during a given period. One problem with this method is that losses may be greater or less than are expected in the long run, claims may not yet be payable on losses that have already occurred, and premiums may have been paid in advance on risks to which the insurer has not yet been exposed. Therefore, in principle, net premiums may reflect not only a service charge but also capital gains (losses) and prepayments

(post-payments). For a given period the claims may exceed the premiums which result in negative imports (or exports). This method of calculating the service charges has therefore been revised and estimates of the service elements, both for credits and debits, are now made by using the ratio of services to gross premiums, as observed in the statistics on domestic insurance companies, produced by Statistics Norway.

The ratio for non-life insurance was in 1996 33 per cent of the premiums reported from ITRS and the ratio for life insurance was 16 per cent.

Estimation on imports of freight insurance is made when the imports of merchandise are adjusted from c.i.f. to f.o.b. where the insurance services are calculated as 0.6 per cent of the imports of goods from the External Trade Statistics. This ratio is based on estimates made by Statistics Norway.

Non-life and life insurance services are recorded as two different products, re-insurance is, however, not recorded separately but is included in the figures for non-life insurance.

It is assumed that in the Oil and Gas activity statistics, in the Maritime Transport Statistics and in the accounts from SAS, the expenditure on insurance is included in the figures for operating expenditure abroad. In order to avoid double counting, imports of insurance services are not calculated for these industries.

7.9. Financial Services

Table 7.9.1. Financial Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of financial services		237	257	307	290	495	387
Other bank activities, paid service charges	651212	118	92	96	75	115	71
Other credit granting services, paid service charges	652212	119	165	211	215	380	316
Imports of financial services		496	681	463	532	468	413
Other bank activities, paid service charges, public sector	651212	112	166	3	43	2	13
Other bank activities, paid service charges	651212	154	216	116	159	191	192
Other credit granting services, paid service charges	652212	230	299	344	330	275	208

Financial services cover, according to the BPM5 manual §258, financial intermediary and auxiliary services (except those of insurance enterprises and pension funds) conducted between residents and nonresidents. Included are intermediary service fees, such as those associated with letter of credit, bankers' acceptance, lines of credit, financial leasing and foreign exchange transactions. Also included are commissions and other fees related to transactions in securities - brokerage, placements of issues, underwriting, redemption's and arrangement of swaps, options and other hedging instruments, commissions of commodity futures traders, and services related to asset management, financial

market operational and regulatory services, security custody services etc.

The SNA93, in addition to the explicit commissions and fees noted above, includes financial intermediation services indirectly measured. The SNA93 recommends that these services should be distributed to the various uses, exports included. However, this procedure is not recommended in the IMF manual, and as a result, these implicit services are reported indistinguishably under investment income as interest. In the Norwegian National Accounts, the distribution of indirectly measured financial services is not implemented because interna-

tional recommendations for estimation methods are not yet established. When the National Accounts start to apply the SNA93 recommendation on this point, the Balance of Payments will have to do the same, due to the integration of the Balance of Payments with the National Accounts.

It is often assumed that international trade in financial services takes place mainly between resident and non-resident banks, and other financial institutions. Most resident non-banks, above all most private individuals and small and medium-sized companies and government agencies still use the services of resident institutions.

7.10. Computer and Information Services

Table 7.10.1. Computer and Information Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of computer and information services							
Program packages, software	722010	101	124	107	123	44	60
Software consultancy and other supply services	722020	212	311	447	317	294	175
Imports of computer and information services		1317	1429	1573	1765	960	820
Program package, software	722010	730	743	829	939	425	442
Software consultancy and other supply services	722020	587	686	744	826	535	378

Computer and information services cover, (BPM5 §259) computer data and news-related service transactions between residents and nonresidents. Included are: data bases, such as development, storage and on-line time series, data processing - including tabulation, provision of processing services on a time-share or specific basis, and management of facilities of others on a continuing basis, hardware consultancy, software implementation - including design, development and programming of customised systems, maintenance and repair of computers and peripheral equipment, news agency services - including provision of news, photographs, and feature articles to the media and direct, non-bulk subscriptions to newspapers and periodicals.

It is commonly assumed that most of the international business is conducted by large companies and that the great number of small and medium-sized companies usually serve the local or regional demand only. This

7.11. Royalties and Licence Fees

Table 7.11.1. Royalties and Licence Fees

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports, Renting services of licences, patents, royalties n.e.c.	748410	757	891	819	700	762	600
Imports, Renting services of licences, patents, royalties n.e.c.	748410	1142	1888	2104	2377	1873	2368

This service category covers, according to BPM5 §260, the exchange of payments and receipts between residents and nonresidents for the authorised use of intangible, non-produced, non-financial assets and proprietary

rights (such as patents, copyrights, trademarks, industrial processes, franchises etc.) and the use, through licensing agreement, of produced originals or prototypes (such as manuscripts and films).

However, direct transactions with foreign banks (located abroad) have become more frequent in recent years. Norges Bank reports exports and imports of «other monetary intermediation services, direct charges» and «other credit granting services, direct charges» from the ITRS. The figures are compared with other available sources such as Government Accounts and the Banking Statistics, and the figures can be adjusted when the Balance of Payments is integrated in the National Accounts, based on information from these sources. Exports or imports of activities auxiliary to financial intermediation are not recorded separately.

industry has changed considerably over the last few years, and several borderline problems have occurred. It may be difficult to distinguish the service element because many of the services described above comprise a combination of goods and services. It may also be difficult to identify the relevant service category since computer related consultancy often is an integral part of management consultancy, or similarly services related to the transmission of data and other information (communication services) cannot always be distinguished from services related to the production storage, processing and distribution of data, particularly if they are provided by the same entity.

Norges Bank reports exports and imports of computer services. In addition, exports and imports of software are reported in the External Trade Statistics as exports and imports of goods, but are classified as services in the Balance of Payments and National Accounts.

Inclusion of this item under services rather than under income is in accordance with the SNA93 treatment of such items as payments for production of services for intermediate consumption or receipts from sales of output used as intermediate inputs.

Three different transactions can be distinguished; the establishment of protective rights, the final sale of existing rights by the proprietor to another entity and the sale of the right to use the intangible asset for a limited period of time. Only the last transactions should be recorded as exports or imports of royalties and licence fees.

7.12. Merchanting and other Trade-related Services

Table 7.12.1. Trade-related Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of commissions	510900	1059	1122	1148	1197	1550	1964
Imports of commissions	510900	965	1193	1398	1460	1419	1842

Merchanting and other trade related services cover commissions on goods and services transactions between resident merchants, commodity brokers, dealers or commission agents and nonresidents (BPM5 262). This category includes transactions in ships, aircraft and auction sales. Merchanting is defined as the purchase of a good by a resident (of the compiling country) from a nonresident and the subsequent resale of the good to another nonresident. During the process, the good does not enter or leave the compiling country. The difference between the value of goods when acquired and the value when sold should be recorded as the value of merchanting services provided.

Exports and imports of commissions are reported from the ITRS. The transactions related to trade in ships, oil platforms, and aircraft, are reported together with the commissions and agents' fees associated with passenger and freight transport, and are therefore included in «other transportation services». Exports and imports of commissions related to trade in other goods are recorded as trade related services. In addition exports of commissions fees are calculated as 0.144 per cent of the imports of goods from the External Trade Statistics.

The royalties and licence fees may be part of larger payments which consists of several components such as management services, other business services, audio-visual services etc. or the payments may be misused for profit shifting. The payments may be periodical, recurrent payments as well as one-time payments, payments as percentage of turnover or profit, or the exchange of knowledge may take place without any actual payment related to the exchange. This category can therefore not be assumed to reflect the total transfer of know-how and technology in an appropriate manner.

Exports and imports of royalties and licence fees are reported by the ITRS from Norges Bank.

There are two main problems related to the reporting of merchanting. The decision on where the goods will be sold (domestically or abroad) may not have been made when the goods are acquired. The transaction is therefore not reported as merchanting. The reporting banks are, in addition, often not able to distinguish payments for merchanting from payments of ordinary exports of goods. These problems are reflected in the merchanting data reported from Norges Bank, in the sense that the difference between the value of the goods when acquired and the value when sold is negative. Assuming that the purpose of merchanting is profit-making this difference should be positive at least over a longer period of time. Due to these data collection problems, merchanting is, in the Norwegian Balance of Payments, included in «unallocated financial transactions and errors and emissions».

Alternative recording methods are under evaluation. One method considered is to estimate the service charge by applying an average profit margin on the reported sales. This method and other alternative methods will have to be closely assessed before the existing recording practice is revised.

7.13. Operational Leasing

Table 7.13.1. Operational Leasing

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports, leasing							
Renting services of ships and boats	712210	677	615	581	426	426	300
Renting services of other machinery and equipment	713411	323	417	140	155	112	154
Renting services of drilling rigs	713412	846	1331	1330	1268	1487	1887
Imports, leasing							
Renting services of other machinery and equipment	713411	452	867	860	502	312	290
Renting services of drilling rigs	713412	0	327	249	124	130	405

Operational leasing covers resident / nonresident leasing (other than financial leasing) and the charter of ships, aircraft, and transportation equipment such as railway cars, containers, rigs etc. without crew (BPM5 §263). Leasing with crew is recorded as «transportation service».

When lease arrangement is made for a capital good for most or all of its expected economic life, and the lessor expects to carry the responsibilities and to recover most or all of the cost of the good and the carrying charges, the transaction should be regarded as financial leasing. Financial leasing should be recorded as exports, or imports of goods with an offsetting entry in the financial account reflecting the credit extended to the lessee.

The Maritime Transport Statistics collected by Statistics Norway and the ITRS from Norges Bank provide information on rental of ships without crew. The ITRS

reports exports and imports of rental of oil platforms, which are recorded in the preliminary editions of the Balance of Payments and National Accounts. The statistics for Oil and Gas Activity also have some information on rental of oil platforms, which is used to adjust the data from Norges Bank when the National Accounts are balanced. The accounts from SAS include information on rental of aircraft which is recorded as rental with crew and is therefore included as «transportation services». Rentals of other machinery and equipment are reported by the ITRS.

It may be difficult to distinguish the three different types of leasing (i.e. financial leasing, leasing with crew and leasing without crew). The External Trade Statistics contain some information on leasing of ships and aircraft which in the future will be used as an alternative source and for quality checks.

7.14. Other Business Services**Table 7.14.1. Other Business Services**

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of other business services		7319	8255	6187	6442	8432	11723
Legal, accounting and management consultancy services		498	359	647	673	455	577
Legal services	741110	229	263	338	405	144	163
Accounting and auditing services	741200	4	2	7	17	38	22
Business and management consultancy services n.e.c.	741400	265	94	302	251	273	392
Advertising and market research services		154	206	308	341	408	436
Advertising services	744010	154	206	308	341	408	436
Research and development services		386	487	617	673	847	804
Research and development services on natural sciences	731000	386	487	617	673	847	804
Architectural, engineering and other technical services		620	713	913	797	659	1058
Plans and technical drawings	742011	1	1	1	2	0	2
Other engineering services, shipping	742040	138	183	180	187	270	204
Technical advisory and consultancy services	742020	481	471	724	601	386	840
Other engineering services	742040	0	58	8	7	3	12
Agricultural, mining and on-site processing		1274	1250	1109	713	770	790
Adjustment for foreign ownership share of oil and gas fields on the Continental Shelf, current expenditure	005048	452	815	637	576	714	752
Drilling services incidental to oil and gas extraction	112011	822	435	472	137	56	38
Other business services		4481	5290	2593	3245	5293	8058
Photographs, exposed film, goods	748110	15	7	7	8	11	16
Fees and other payments for various services	000379	1669	2135	183	306	464	605
Rental services involving commercial buildings	702012	18	34	46	53	72	20
Installation work in mining and manufacturing	000375	94	50	ND	ND	ND	ND
Other business services	748400	2685	3064	2357	2878	4746	7417
Imports of other business services		12918	14297	11489	11649	13858	20742
Legal, accounting and management consultancy services		684	822	1084	1051	687	744
Legal services	741110	424	468	603	597	157	204
Accounting and auditing services	741200	5	26	13	24	38	22
Business and management consultancy services n.e.c.	741400	255	328	468	430	492	518
Advertising and market research services		192	190	369	378	307	641
Advertising services	744010	192	190	369	378	307	641
Research and development services		547	506	570	664	913	850
Research and development services on natural sciences	731000	547	506	570	664	913	850
Architectural, engineering and other technical services		789	954	1240	1071	376	813
Plans and technical drawings	742011	8	14	9	4	5	4
Technical advisory and consultancy services	742020	781	940	1231	1067	371	809
Agricultural, mining and on-site processing		5297	6246	4327	4111	5404	7307
Adjustment for foreign ownership share of oil and gas fields on the Continental Shelf, current expenditure	005048	107	102	89	95	168	177
Imports of unspecified services for oil and gas production, operating expenditure and expenditure on fixed assets	005063	2188	3146	2320	2173	2466	2209
Drilling services incidental to oil and gas extraction	112011	1793	1526	1027	1200	1542	3319
Current expenditure abroad for oil and gas exploration and drilling, including imports and unspecified services and expenditure on fixed assets	005056	1209	1472	891	643	1228	1602
Other business services		5409	5579	3899	4374	6171	10387
Current expenditure abroad for fishing and whaling	005051	10	ND	ND	ND	ND	ND
Photographs, exposed film, goods	748110	47	45	30	39	36	27
Imports of fees and other payments for various services	005059	1138	1523	368	520	693	971
Rental services involving commercial buildings	702012	132	190	199	269	217	201
Other business services	748400	4082	3821	3302	3546	5225	9188

This category includes several types of services other than previously described. Included are:

- Legal, accounting and management consultancy services
- Advertising and market research services.
- Research and development services.
- Architectural, engineering and other technical services.
- Agricultural, mining and on-site processing services

The ITRS from Norges Bank reports exports and imports of these services, but it is recognised that it often may be difficult to specify the exact nature of the transactions. Many borderline cases occur and as the international trade in services increases, alternative

sources may probably be necessary in order to ensure the quality of these data. It is commonly assumed that these services are supplied by large, often multinational companies. Direct reporting from these companies is one alternative, another is to include information on exports and imports in the forms that are used in the Manufacturing Statistics collected by Statistics Norway. These and other alternatives will be evaluated in the future.

Services related to the oil industry are included in agricultural, mining and on-site processing services in the reporting to international organisations (IMF, OECD and Eurostat).

7.15. Personal, Cultural and Recreational Services

Table 7.15.1. Personal, Cultural and Recreational Services

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of personal, cultural and recreational services		368	433	548	533	561	665
Audio-visual and related services		68	83	160	184	168	155
Film, cinematography	921110	1	1	0	0	0	1
Video tapes	921120	7	20	34	32	30	39
Motion picture and video tape distribution services	921210	56	58	118	144	130	108
Broadcasting services, advertising	922002	4	4	8	8	8	7
Other personal, cultural and recreational services		300	350	388	349	393	510
Works of art, antiques and other collections	923110	74	91	70	114	88	198
Canteen and catering services	555000	193	224	266	194	183	153
Entertainment in theatre, opera, concert halls n.e.c.	923122	11	11	23	27	25	21
Other personal services	930400	22	24	29	14	97	138
Imports of personal, cultural and recreational services		344	573	507	495	1164	1537
Audio-visual and related services		197	327	334	327	407	392
Film, cinematography	921110	15	17	18	16	18	17
Video tapes	921120	80	142	143	138	121	123
Motion picture and video tape distribution services	921210	99	163	170	170	259	247
Broadcasting services, advertising	922002	3	5	3	3	9	5
Other personal, cultural and recreational services		147	246	173	168	757	1145
Works of art, antiques and other collections	923110	95	154	75	83	70	224
Entertainment in theatre, opera, concert halls n.e.c.	923122	40	65	67	69	104	98
Other personal services	930400	12	27	31	16	583	823

This heading is divided into two categories (1) audio-visual and related services and (2) other cultural and recreational services (BPM5 §265). The first category comprises services and associated fees related to the production of motion pictures (on film or video tape), radio and television and musical recordings. Receipts or payments for rentals, fees received by actors, directors, producers etc. for productions abroad or other associated fees should be included. The second category comprises other personal, recreational and cultural services such as those associated with museums, libraries, archives, and other cultural, sporting and recreational activities.

Exports and imports of films, videotapes and art objects are registered in the External Trade Statistics as exports and imports of goods, but are classified as exports and imports of personal, cultural and recreational services in the Balance of Payments and National Accounts.

The ITRS from Norges Bank reports a total for cultural services. This total is distributed to three different products; film and video distribution, broadcasting (advertising), and theatre/ opera. The distributional key is based on an analysis of the entities involved in the transactions. For 1996 the keys for exports were;

80 per cent to film and video distribution, 15 per cent to theatres and operas, and 5 per cent to broadcasting (advertising). For imports the keys were 70 per cent to film and video distribution, 28 per cent to broadcasting

(advertising), and 2 per cent to opera and theatres. The distributional key is revised regularly. In addition, the ITRS from Norges Bank report exports and imports of other personal services.

7.16. Government Services n.i.e.

Table 7.16.1. Government Services n.i.e.

Mill. NOK	Product number	1992	1993	1994	1995	1996	1997
Exports of government services		1507	1839	2397	1358	1350	1347
Fees and other payments for various services from public sector	000379	0	10	5	3	1	3
Credit services and services to financial intermediation, central government fees	671370	2	0	0	0	0	0
Administration, cultural, recreational and religious services, central government fees	751274	ND	128	1108	0	0	0
Military defence, central government fees	752271	857	849	466	480	480	480
Travel; other consumption	005077	648	852	818	875	869	864
Imports of government services		667	613	1121	600	796	860
Imports of services; central government, military defence	005065	120	196	713	237	226	397
Imports of services; central government	005065	361	240	204	183	390	283
Travel tourists; resident consumption abroad	005067	186	177	204	180	180	180

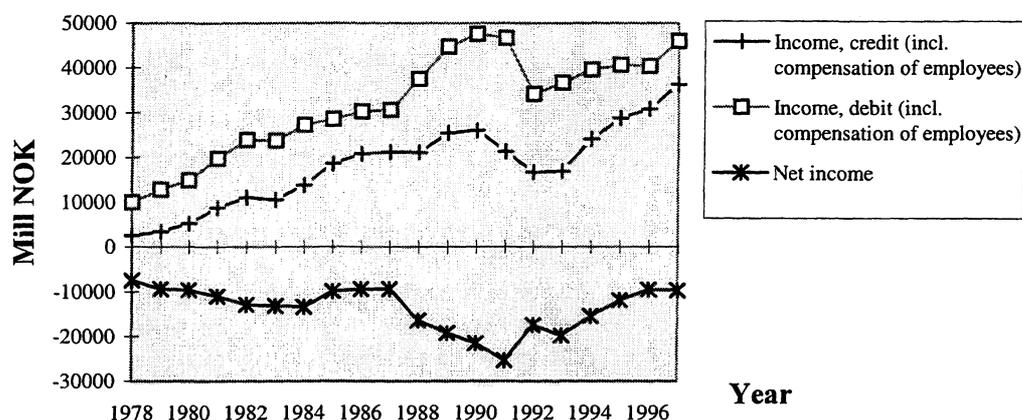
This is a residual category covering government service transactions not included in previous classifications.

Some information on income from military fees is available from the Government Accounts, and recorded as exports. The ITRS reports exports of other government services which cannot be specified on product and is included in this category. The ITRS reports a total for imports of services to the government sector. It is assumed that compensation of employees in Norwegian embassies etc. is included in these figures. The "Government Accounts" includes some information on salaries and allowances to diplomats which include compensations paid to locally employed staff. It is es-

timated that 75 per cent of the total is paid to Norwegians. The total reported from the ITRS is reduced with 75 per cent of the amount from the Government Accounts before recorded as imports of services. The ITRS also reports a total for military expenses abroad and it is assumed that this total includes compensation to military staff employed in the UN. The total is reduced with an estimate made for the UN staff before recorded as imports of services unspecified on product. The expenditures made by diplomats and UN staff are included as "travel" in the Norwegian Balance of Payments and are part of the correction item of household consumption expenditure in the National Accounts.

8. Income

Figure 8.1. Total Income 1978 - 1997



Income covers two types of transactions between residents and nonresidents; those involving compensation of employees and those involving investment income receipts and payments on external financial assets and liabilities (BPM5 §267). Holding capital gains and losses, both realised and unrealised, are not classified

as income on investment. Realised holding gains and losses arising from transactions are included in the financial account, while unrealised valuation changes are not included. In the National Accounts and the International Investment Position Statistics, the latter is recorded on a separate revaluation account.

8.1. Compensation of Employees

Table 8.1.1. Compensation of Employees

Mill. NOK	Payment type	1992	1993	1994	1995	1996	1997
Income, compensation of employees		1180	1180	1200	1200	1200	1200
Income, compensation of employees	30111	1180	1180	1200	1200	1200	1200
Expenditure, compensation of employees		2774	3774	3315	3201	3443	3910
Compensation to nonresident seamen	30111	2274	3032	2681	2738	2881	3469
Compensation to nonresident pilots	30111	500	742	634	463	562	441

Compensation of employees comprises wages, salaries, and other benefits, in cash or in kind, earned by individuals in economies other than those in which they are residents, for work performed (and paid for by) nonresidents (BPM5 §269). Contributions paid by resident employers to foreign Social Security schemes or similar foreign private insurance or pensions funds

should be included as part of compensation of employees.

On the expenditure side, compensation of employees to foreign seamen and to foreign pilots are recorded. Compensation to foreign seamen is derived from the annual Maritime Transport Statistics compiled by Sta-

tistics Norway. This item consists of two elements. Firstly, foreign seamen on Norwegian ships were redefined from residents to nonresidents as part of the main revision of National Accounts and Balance of Payments, entailing that their wages are no longer recorded as a combination of direct purchases abroad by resident households and transfers to abroad, but entirely as compensation of nonresident workers. Secondly, compensation paid to foreign crews on chartered ships is recorded as compensation of nonresident workers, whereas previously this was included as part of the shipping sector's operating expenditure abroad. The accounts from SAS are used to calculate the com-

ensation to foreign pilots. This is a consequence of the special treatment SAS is given in the National Accounts. No estimation is, at present, made for compensation of employees to other groups. Alternative sources for information will be assessed in the future in order to enhance the quality of these data.

On the income side, an estimation is made for Norwegians working abroad as a group as a whole. This calculation is based on information from the tax authorities and from the register of wages and salaries. It is recognised that this information is rather uncertain, and further improvements of the data are required.

8.2. Investment Income

Table 8.2.1. Investment Income

Mill. NOK	Payment type	1992	1993	1994	1995	1996	1997
Total investment income		15533	15702	22951	27563	29643	35136
Interest on bank deposits	32229	11998	9216	13287	14213	14750	19912
Interest on bonds and other securities	32230	518	1547	2228	3157	4252	4534
Interest on loans	32249	5068	5232	3699	4472	4068	4325
Dividends	32250	615	729	492	1279	1816	3294
Unspecified investment income	32235, 32254	510	445	208	439	279	87
Reinvested earnings	32271	-3176	-1467	3037	4003	4478	2984
Total investment expenditure		31413	32881	36258	37431	36921	42113
Interest on bank deposits	32229	6571	4301	4024	4952	5293	7003
Interest on bonds and other securities	32230	946	1229	1127	1304	1725	3228
Unspecified investment income	32235, 32254	-317	536	186	203	262	95
Interest on loans	32249	17875	19477	19331	18027	15839	18092
Dividends	32250	14337	14645	7517	7844	10871	10089
Reinvested earnings	32271	-8633	-7307	4073	5101	2931	3606

Investment income is defined as the income accruing to an investor from the ownership of financial assets. Included under this heading are dividends, remittance of branch profits, reinvested earnings and interest. The source used to record data on investment income in the Norwegian Balance of Payments is the ITRS from Norges Bank.

The BPM5 recommends that investment income should be split between income from direct investment and income from portfolio investment. The ITRS only partly makes this distinction, but plans are made for a full implementation of this recommendation in the future. Reinvested earnings are, however, recorded as a separate item.

Dividends are reported from the ITRS and recorded as of the date they are paid while reinvested earnings are recorded in the periods when they are earned. Dividends and reinvested earnings are recorded with the code for the resident sector involved, in some cases also by industry, in order to include the transactions in the Institutional Sector Accounts of the National Accounts.

The total operating surplus in direct investment enterprises is recorded as income for the investor. Reinvested earnings are the difference between the total surplus and distributed dividends. Previously, only actual dividend payments were included in the accounts. The offset to the income item reinvested earnings is found in the financial account under the same designation. Retained earnings in a direct investment enterprise, represented by a positive figure for the item direct investment, is in the Balance of Payments accounts shown as an investment transaction which increases the investor's claims on the investment enterprise. If dividend payments exceed the surplus, reinvested earnings are negative, which may be interpreted as desinvestment.

Reinvested earnings are reported from Norges Bank. Data for reinvested earnings from Norway to nonresidents are derived from a special survey conducted by Norges Bank for direct investment in Norway. The survey includes information necessary to calculate reinvested earnings, i.e. operating surplus in the enterprises and interest, dividends, transfers and taxes payable or receivable. The survey is conducted on an an-

nual basis and is published in October the following year. Data for reinvested earnings from nonresidents to Norway are based on information from forms from Skattedirektoratet (The Directorate of Taxes). Norges Bank uses these forms to construct data for direct investment abroad. This information is ready approximately 13 months after the end of a year. Preliminary data for reinvested earnings are estimated by Norges Bank based on expected surplus in the enterprises and reported dividends paid or received. The estimated figures are reported monthly and this reporting is paper based. Due to uncertainty attached to the expected surpluses, the estimated figures for reinvested earnings may be revised considerably when the final data are ready.

The BPM5 recommends that interest should be recorded on an accrual basis. If the interest is not actually paid, an income entry should be recorded under the appropriate instrument and a counterpart entry is made in the financial account to reflect an increase in claim associated with non-payment. Norges Bank reports interest on a payment basis rather than on an accrual basis, but it is assumed that usually there will not be a very large difference between interest recorded on a payment basis and interest recorded on an accrual basis.

An exception to this assumption is big zero coupon bonds, where there may be a substantial difference between the issue price and the value at maturity which should be treated as interest. The difference should be recorded as accruing over the life of the bond as a series of interest payments rather than being recorded when the interest is due for payment. No big zero coupon bonds are at the moment registered in the ITRS. However, methods are constructed so that when

such bonds are registered the interest should be recorded as a series of interest payments until the bond is due for payment.

Another exception to this assumption is that in periods where assets (or liabilities) increases rapidly, a substantial difference may develop between interest on an accrued basis and interest on a payment basis.

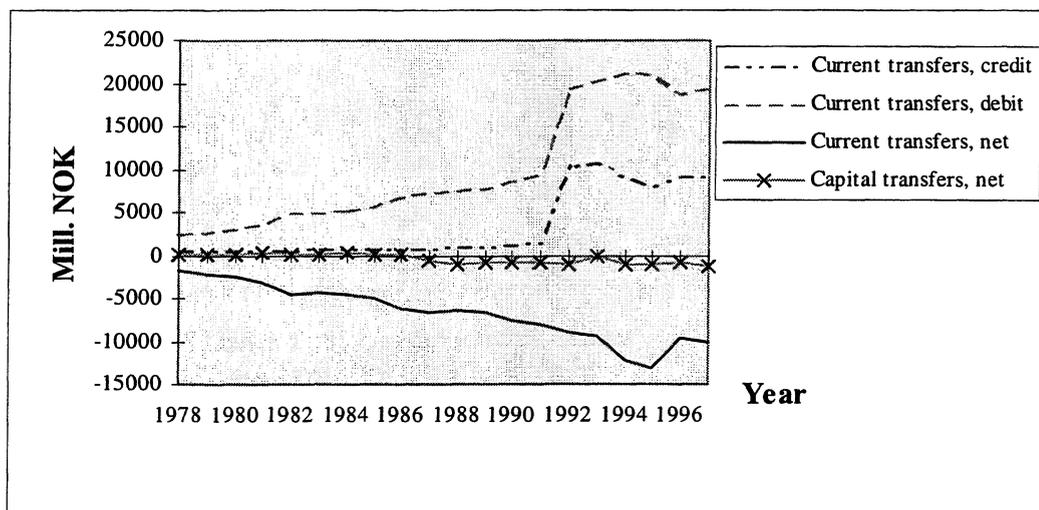
The ITRS reports interest paid on bank deposits, loans, bonds and other securities, specified on the financial asset associated with the interest and the domestic sector (and in some cases the domestic industry) involved in the transactions. Norges Bank's own interest transactions are recorded net (interest from abroad minus interest to abroad) in the Balance of Payments. The reason for this is that accrued interest is included when Norges Bank buys bonds. The price paid is split into interest accrued and the bond itself and the accrued interest is reported as interest payments to abroad. Since it is not regarded logical to pay interest on assets, these interest transactions are recorded net.

Some information on investment income to and from abroad is also found in the accounts for financial institutions and other sources used to establish the Institutional Sector Accounts in the National Accounts. This information is used to evaluate the quality of the data reported from Norges Bank, and adjustments to the reported data may be made when the Balance of Payments data are integrated in the Institutional Sector Accounts.

Included as investment income is also other income that cannot be classified according to the associated financial assets or liabilities. Normally, relatively small figures are reported as other investment income.

9. Transfers

Figure 9.1. Current and Capital Transfers 1978 - 1996



The figures illustrate current and capital transfers for the period 1978 - 1997. A break in the time series occurred between 1991 and 1992. This is due to a change in the recording of insurance, which is explained in more detail in chapter 7.8 and chapter 9.1.3.

Transfers are defined in the BPM5 as being the offsetting entries for the provision of real resources or financial items by one economy to another without a quid pro quo. This means that whenever a given economy does not receive (supply) recompense in the form of real resources or financial items for goods, services, income or financial items supplied to (received from) another economy, the Balance of Payments should record a transfer.

A distinction is made between current and capital transfers. Current transfers are recorded in the current account, whereas capital transfers are recorded in the

capital sub-account of the capital and financial account. This distinction reflects efforts made to harmonise the BPM5 with the SNA93. Capital transfers in kind consist of the transfer of the ownership of a fixed asset, or the forgiveness of a liability (BPM5 §295). A cash transfer is a capital transfer when it is linked to, or conditional on, the acquisition or disposal of a fixed asset by one or both parties to the transaction (e.g. investment grants). By convention, migrants' transfers are also considered capital transfer. Capital transfers are generally large and irregular, but they cannot always be defined in terms of size or frequency. All transfers that are not considered to be capital transfers are current transfers. Current transfers directly affect the level of disposable income and should influence the consumption of goods and services. That is, current transfers reduce the income and consumption possibilities of the donor and increase the income and consumption possibilities of the recipient.

9.1. Current Transfers

Table 9.1.1. Current Transfers

Mill. NOK	Payment type	1992	1993	1994	1995	1996	1997
Current transfers, income							
		10429	10877	9120	8087	9124	9300
Tax	33522	545	920	669	348	629	365
Pensions	33611	98	99	112	118	114	65
Inheritance	34196	177	244	234	273	196	214
Private transfers, subscription and mission	34197	717	677	766	541	403	459
Workers remittances	34198	ND	ND	ND	206	23	23
Unspecified transfers	34199	186	258	242	488	1064	1623
Unspecified claims / compensations	34430	59	106	99	205	116	328
Insurance premiums, accident, net	34610	6693	7213	6358	5330	5569	5666
Insurance claims, accident	34620	1954	1360	640	578	1010	557
Current transfers, expenditure							
		19457	20408	21345	21138	18815	19395
Tax	33522	302	212	467	194	281	218
Pensions	33611	22	45	121	67	29	49
Transfers, general government	34190	6804	6598	7387	7932	7200	7473
Inheritance	34196	347	383	495	527	216	220
Private transfers, subscription and mission	34197	2300	2448	2812	1650	2799	3001
Workers remittances	34198	ND	ND	ND	1227	28	24
Unspecified transfers	34199	651	368	415	711	566	685
Unspecified claims / compensations	34430	214	200	98	142	108	66
Insurance premiums, accident, net	34610	6865	7239	6792	5253	5078	5301
Insurance claims, accident	34620	1952	2915	2758	3435	2510	2358

Current transfers are classified according to the sectors of the compiling economy into two main categories: general government and other sectors (BPM5 §298). The «other» sub-component is further broken down into two items; workers remittances and other transfers.

9.1.1. General Government transfers

This component refers to transfers between the domestic government and nonresidents. Included in this item are subsidies or grants to current budgets, technical assistance, indemnities imposed under peace treaties, casualty insurance premiums less service charges and casualty insurance claims, and government contribution to the administrative budgets of international organisations. Also included are taxes, fines, membership fees to non-governmental organisations, grants to non-governmental entities, pensions etc.

In the Norwegian Balance of Payments the, figures for government transfer to nonresidents are taken from the Government Accounts. The preliminary Government Accounts are less detailed than the final accounts. For the monthly Balance of Payments, Statistics Norway estimates government transfer based on the information available at that stage. These estimates are revised when the final version of Government Accounts becomes available.

9.1.2. Workers Remittances

Workers' remittances cover current transfers by migrants who are employed in new economies and considered residents there (BPM5 §302). Workers' remit-

tances often occur between related persons. Workers remittances are reported from the ITRS.

9.1.3. Other Transfers

This item refers to current transfers, other than workers' remittances, where the resident entity is not part of the government sector. The ITRS reports data on transfers from residents' NGO (non government organisation) to nonresidents for foreign aid, contributions to missionary work abroad, membership fees to foreign / international organisations, pensions, taxes, fines, heritage and workers remittances. In addition, insurance premiums (less services charges) and claims are recorded as other transfers. The calculations concerning insurance are explained in detail under the heading for insurance services. The method for insurance is applied from 1992 and onwards, the time series are therefore not consistent for these products.

In the cases when transfers from Norway to nonresidents take the form of provision of goods, the offsetting item is found in the External Trade Statistics as exports of goods. When transfers take the form of provision of services, exports of services should be recorded as the offsetting item. The ITRS from Norges Bank is based on payments and will therefore not include these services. Since the ITRS is the main source for many service categories, a potential problem of underestimating the total export of services exists. As part of the work with increasing the quality of the Balance of Payments, this will be one of the areas that will be closer examined in the future.

10. Capital Account

The capital account covers all transactions that involve the receipt or payment of capital transfers and acquisition / disposal of non-produced, non-financial assets.

Transactions in assets such as land and subsoil assets (tangible assets), and patents, copyrights, licenses etc. (intangible assets) should be recorded as transactions in non-produced, non-financial assets. It is only the purchase or sale of intangible assets such as patents, licences etc. that should be recorded in the capital account, the use of such assets for provision of services to nonresidents should be recorded under services. Transactions in tangible assets such as land and subsoil assets will generally not be recorded in the Balance of

Payments because land, in most cases, is considered to be owned by a resident of the economy in which it is located. The acquisition of land will therefore be considered as a nonresident having a financial claim on a resident unit. The only exception concerns land purchased or sold by a foreign embassy when the transaction involves a shift of the land from one economic territory to another. In these cases transactions should be recorded as transactions in non-produced non-financial assets. Such transactions are rather infrequent and the capital account in the Balance of Payments will therefore in most periods be restricted to comprise capital transfers.

10.1. Capital Transfers

Table 10.1.1. Capital Transfers

Mill. NOK	Payment type	1992	1993	1994	1995	1996	1997
Capital transfers, assets		1958	2394	1764	1610	1235	1475
General government	36190	943	993	955	819	844	1008
Migrants transfers	36192	1015	1178	809	791	199	251
Debt forgiveness	36192	0	223	0	0	192	216
Capital transfers, liability		888	2172	662	543	415	198
Migrants transfers	36192	888	1276	662	543	163	132
Debt forgiveness	36192	0	896	0	0	252	66

As with current transfers, capital transfers are, in the BPM5, broken down into two sub-components; general government and other. General government capital transfers are further broken down into debt forgiveness and other, while non-government transfers are split into migrants' transfers, debt forgiveness and other.

With regard to the cancellation of debt, only cancellation based on mutual agreements between creditor and debtor represent capital transfers, the unilateral writing off of debts reflects a capital loss which should not be recorded as transfer. The cancellation of debt is recorded in the financial account as a reduction of the liability concerned and as an offsetting entry as capital transfer in the capital account.

Migrants are defined in the BPM5 to be individuals (except students, medical patients, diplomatic and military personnel) who move their home from one country to another and who stay in the new country for at least one year. Migrants' transfers refer to the household and personal effects, together with the financial claims and liabilities, that migrants take with them at the time they migrate from one country to another. The value of the household and personal effects of migrants together with the movable capital goods that they actually transfer should be recorded as transactions in goods, with offsetting entries in the capital account. The financial claims and liabilities should be recorded under the relevant categories in the financial account with offsetting entries in the capital

account. It is recognised that it may be difficult in practice to include all assets accompanying migrants when they enter a new economy.

Other capital transfers relate mainly to investment grants. Investment grants are used for the purpose of adding to or financing the recipient economy's gross fixed capital formation. In addition, inheritance taxes, death duties, gift taxes, and exceptionally large donations should be recorded as capital transfers.

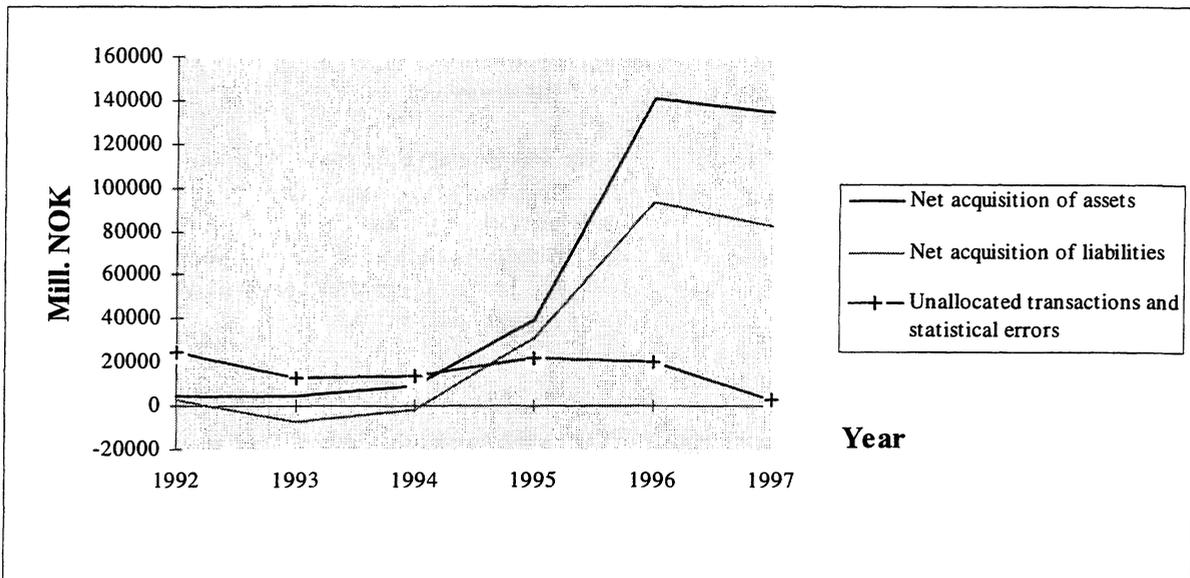
Debt forgiveness and migrants' transfers are reported by the ITRS from Norges Bank. The migrants' transfers are recorded as from the date when the transfers are

registered in the ITRS even though the migrant may not yet have changed his status from resident to non-residents (and vice versa). No offsetting entries are made in the current or financial account for migrants' transfers. It is assumed that these entries are already included in the External Trade Statistics and in the financial transactions reported from the ITRS.

The Government Accounts includes information on investment grants and deposits made in «investment banks» which is recorded as capital transfer. Statistics Norway estimates, on a quarterly basis, capital transfers until the final version of Government Accounts becomes available.

11. Financial Account

Figure 11.1. External Financial Transactions



The BPM5 defines the financial account as comprising all transactions (actual and imputed) in an economy's external financial assets and liabilities. The definition of the financial account stipulates that three criteria have to be met for a transaction to be included in the financial account;

1. A transaction should involve a change of ownership, including the creation or liquidation of an asset or liability.
2. An asset or liability must represent actual claims that are legally in existence.
3. A transaction should involve an external financial asset or liability. The creditor and debtor must be resident of two different economies, in order to classify the financial asset or liability as external.

For some non-financial assets the BPM5 has adopted a convention that results in the imputation of financial assets. An example of this is land, which (by convention) is generally considered to be owned by a resident entity. If a nonresident legally owns land, then the nonresident is considered to have a financial claim on a resident entity that in turn owns the land. Another example, is that goods transferred under a financial lease arrangement are presumed to have changed

ownership and, thus, involve the imputation of a financial asset for the lessor and a liability for the lessee.

The following changes in financial assets should according to the BPM5 §310, not be recorded as transactions in the financial account:

1. Allocation or cancellation of Special Drawing Rights (SDRs) (see chapter 11.4.2). The impact of the allocation or cancellation of SDRs on a country's reserves may be determined from an analysis of the «reserve» components of the International Investment Position statement.
2. Monetization or demonization of gold. Gold can be held as a commodity (non-monetary gold) or as a financial asset (monetary gold). Changes in holdings of monetary gold resulting from the reclassification of a given stock of gold should not be recorded in the Balance of Payments.
3. Valuation changes. Changes in the price of an asset and changes in exchange rates lead to valuation changes. Unrealised valuation changes are not included in the Balance of Payments, as they do not

represent transactions. However, if a transaction takes place that realises the valuation change then the resulting capital gains or losses are reflected implicitly in the Balance of Payments as part of the value of the transaction.

4. **Write-offs.** Valuation changes as a result of write-off occur if a debtor is unable or unwilling to make a partial or full repayment of a claim against the debtor. Such write-offs should be regarded as unrealised capital loss and are therefore not included in the Balance of Payments. When the creditor forgives all or part of the debt owed by the debtor, this does constitute a transaction that should be recorded. This is discussed in more detail under the heading for capital transfers.
5. **Classification changes.** Changes arising from territorial changes (except purchase of land by embassies etc.), reclassification between portfolio and direct investment, or reclassifications associated with the monetary authorities taking over or relinquish control over banks' foreign exchange assets are examples of the type of reclassification changes that should not be recorded in the Balance of Payments.

11.1. Direct Investment

Table 11.1.1. Direct Investment

Mill. NOK	Financial instrument	Purpose	1992	1993	1994	1995	1996	1997
Direct investment abroad (asset)			-747	5096	15328	18130	36788	28634
Equity capital	71512	45	712	6771	7284	12249	24329	12433
Reinvested earnings	71512	46	-3176	-1467	3037	4003	4478	2984
Other capital								
claims on affiliated enterprises, loans	71409	45	1088	-2380	3796	1921	11489	13528
claims on affiliated enterprises, other capital	71702	45	629	2172	1211	-43	951	88
- liabilities to affiliated enterprises	71409	47	ND	ND	ND	ND	4459	399
Direct investment in Norway (liability)			-4152	7034	19595	15264	20618	25518
Equity capital	71512	45	2633	12494	1032	3012	15849	20012
Reinvested earnings	71512	46	-8633	-7307	4073	5101	2931	3606
Other capital								
liability to direct investor, loans	71409	45	1793	1751	14587	6728	-1013	3204
liability to direct investor, other capital	71702	45	55	96	-97	423	464	146
- claims on direct investor	71409	47	ND	ND	ND	ND	-2387	1450

Direct investment is defined as a cross-border financial investment made by an investor for the purpose of acquiring a lasting interest in a foreign enterprise, and exerting a degree of influence (by owning 10 per cent or more of the ordinary shares) on that enterprise's operations. The establishment of a subsidiary abroad is an example of a direct investment. Direct investment is not recorded on a strict asset / liability basis, but is instead recorded on a directional basis, i.e. direct investment abroad and foreign direct investment in the domestic economy. Capital invested by a direct investment enterprise in its direct investor («reverse investment») is regarded as an offset to the capital invested by a direct investor. This kind of «desinvestment» is

Transactions in financial items should be recorded in the financial account at market values at the time when a change of ownership occurs.

In the BPM5, the primary purpose of the classification is to distinguish categories that exhibit different patterns of behaviour (BPM5 §328). The classification of the components of the capital and financial account in the BPM5 is the same as in the SNA93. However, the primary basis for the classification of the BPM5 is functional (i.e. direct investment, portfolio investment, other investment and reserve assets), while the SNA93 classification is primarily by type of instrument (monetary gold, currency and deposits, loans etc.). The Norwegian Balance of Payments tables follow to a large extent the BPM5 layout. However, due to the integration of the Norwegian Balance of Payments in the National Accounts, both dimensions are reflected in the basic file structure.

In the Norwegian Balance of Payments, the figures of the financial account are published on a net basis, i.e. as acquisition less sales for each type of assets, and correspondingly acquisition less sales for each type of liability. The detailed database includes, however, gross figures to a certain degree.

identified separately in the Norwegian Balance of Payments from the year 1995 onwards. Direct investment is broken down into equity capital, reinvested earnings, and other capital (BPM5 §330). Equity capital comprises equity in branches, all shares in subsidiaries and associates and other capital contributions. Reinvested earnings consist of the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends to the direct investor (BPM5 §369). Other direct investment capital covers the borrowing and lending of funds, including debt securities and suppliers' credits, between direct investors and subsidiaries, branches and associates (BPM5 §370).

No distinction is made between short- and long-term investment.

When a nonresident holds less than 10 per cent of the shares of an enterprise as a portfolio investment and subsequently acquires additional shares resulting in a direct investment interest (10 per cent or more), only the purchase of additional shares should be recorded as a direct investment transaction. The holdings that were acquired previously should not be recorded in the Balance of Payments, but should rather be reflected as a reclassification from portfolio investment to direct investment in the International Investment Position (BPM5 §374).

Direct investment transactions are reported by Norges Bank. The ITRS reports equity capital and other direct investment capital, while reinvested earnings are reported separately on paper. The treatment of reinvested earnings is discussed in detail under the heading for "income". The flows reported from the ITRS and the stocks reported in the special direct investment survey conducted by Norges Bank are not integrated with each other. Changes in stocks from the survey cannot be decomposed as transactions from the ITRS and other valuation changes. However, information from the survey on direct investment companies is, to some extent, used to classify the flows registered in the ITRS as direct investment transactions. The direct investment transactions are reported with the code for the domestic sector, and in some cases the domestic industry involved.

11.2 Portfolio investment

Portfolio investment covers transactions in equities, other securities, and financial derivatives, except where these transactions relate to direct investment or reserve assets category. The essential characteristic of instruments that are classified as portfolio investment, is that they are traded or tradable. Portfolio investment is first classified as asset or liability. Within this asset / liability classification, portfolio investment is classified by type of instrument.

Table 11.2.1. Portfolio Investment - Equities

Mill. NOK	Financial instrument	Purpose	1992	1993	1994	1995	1996	1997
Equities								
Assets								
			2774	877	-1409	2343	7595	20078
General government	71512	40	0	0	-5	0	-1	4
Banks	71512	40	0	-950	458	261	-339	-12
Other sectors	71512	40	2774	1827	-1862	2082	7935	20086
Liabilities								
			4860	2728	4655	3983	-1439	-8068
Banks	71512	40	-577	1082	119	1243	1424	-586
Other sectors	71512	40	5437	1646	4536	2740	-2863	-7482

For transactions in shares where *state lending institutions* act as creditors (i.e. an asset for Norway) the changes in stocks from the Banking Statistics are recorded as transactions.

In the Norwegian Balance of Payments, the Banking Statistics and the ITRS, both compiled by Norges Bank, are used to establish the portfolio investment component of the financial account. The Banking Statistics are used to calculate the transactions in assets and liabilities for Norges Bank, state lending institutions and commercial and savings banks. The Banking Statistics report stocks of assets and liabilities at the end of each month. The changes in stocks are calculated and are either recorded directly as transactions or, for some instruments, adjusted for valuation changes due to price and exchange rate fluctuations as reported by Norges Bank, before recorded as transactions. It is recognised that it is a simplification to treat changes in stocks as transactions, but this is conducted only for instruments where there is no information on such valuation changes available. Norges Bank calculates valuation changes due to exchange rate changes for certain instruments and these changes are reported as part of the monthly reporting to Statistics Norway. Valuation changes other than exchange rate changes are not calculated except for changes in prices on instruments held by Norges Bank itself. Valuation changes not due to transactions are discussed in more detail under the heading for revaluation.

One consequence of using changes in stocks as transactions, is that the figures from the Banking Statistics are recorded as net figures. For other domestic sectors the ITRS reports gross figures, i.e. purchase and sale are reported separately.

The use of data from the Banking Statistics in replacement of ITRS data, will be evaluated in the future.

11.2.1. Equities

Shares or similar documents usually denote ownership of equity. The ownership of trusts, mutual funds, and other similar investments also represent equity investment, regardless of the types of investment made by the trust or the fund (BPM5 §388).

The Banking Statistics are not able to distinguish between direct investment and portfolio investment for transactions where *commercial and savings banks* act as creditors. However, the ITRS reports transactions in

shares with specifications for direct investment and portfolio investment. The data for direct investment from the ITRS are recorded under direct investment, and the changes in stocks from the Banking Statistics are reduced by this direct investment figure and the residual is recorded as portfolio investment. As a result, the total transactions in shares (direct investment plus portfolio investment) for the commercial and savings banks are equal to the changes in stocks from the Banking Statistics. For transactions in shares where commercial and saving banks act as debtors (i.e. liability to Norway), the changes in stocks from the Banking Statistics are not adjusted, but recorded directly as portfolio investment.

For other sectors than the banking sector, the ITRS reports transactions in shares directly both for assets and for liabilities. These transactions are reported with

the code for the domestic sector and in some cases for the domestic industry.

11.2.2. Bonds and Money Market Instruments

Bonds include debt securities with an original contractual maturity of more than one year. Transactions relating to issues, redemptions, purchase / sales and the offset to interest accrued but not due for payments, should be recorded in the Balance of Payments. Money market instruments are debt securities that are issued with a maturity of one year or less. Included are Treasury bills, commercial paper, bankers' acceptances, short-term negotiable certificates of deposits. As with bonds and notes, entries should be recorded for transactions relating to the issue, purchase and sale, and redemption of money market instruments, and as an offset to interest income accrued but not due for payment on these instruments.

Table 11.2.2. Portfolio Investment - Bonds and Money Market Instruments

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Bonds and other securities							
Assets		9482	-15693	-5464	20041	55724	100784
Bond and notes		9583	2005	-11896	18520	61472	101041
	Monetary authorities	74390	0	0	0	45157	81060
	Banks	71330	11125	-7346	611	3178	4373
	Other sectors	71330	-1542	9351	17909	13137	15608
Money market instruments		-101	-17698	6432	1521	-5748	-257
	Banks	71311	246	1581	1392	1173	-3855
	Other sectors	71311	-347	17452	129	-6921	3598
Liabilities		514	-11064	-8311	39	2210	26410
Bond and notes		3174	-9877	-8649	-7171	8767	27209
	Monetary authorities	71330	22092	10280	-1540	-11139	-13379
	Banks	71330	-4113	-12948	-2728	7608	22480
	Other sectors	71330	-14805	7209	2903	12298	18108
Money market instruments		-2660	-1187	338	7210	-6557	-799
	General government	71311	-850	732	3254	-4215	3005
	Banks	71311	-529	96	56	-26	-31
	Other sectors	71311	-1281	573	3900	-2316	-3773

Transactions in Treasury notes (assets for Norges Bank) and other bonds and securities where *Norges Bank* acts as creditor are included in the international reserves. An exception to this is the transactions in the Norwegian Petroleum Fund which are recorded as part of portfolio investment. The Banking Statistics do not identify separately the Norwegian Petroleum Fund. The total balance of bonds from the Banking Statistics thus includes both the international reserves and the Petroleum Fund. The transactions reported by the ITRS are used to identify the transactions related to the Petroleum Fund, which reduce the international reserves and are recorded as portfolio investment. Up to the end of 1997 the Petroleum Fund was only invested in bonds, from 1998 the fund will also invest in shares. It has been decided that the Norwegian Petroleum Fund in statistical terms will not be shown as part of Norges Bank's assets. Instead, it will be presented as

part of the balance sheet of the Central Government. Accordingly, the international transactions of the Petroleum Fund will be part of governmental international transactions.

For transactions in bonds by *state lending institutions*, the changes in stocks from the Banking Statistics are adjusted for valuation changes on the asset side only. On the liability side, the changes in stocks from the Banking Statistics are recorded as transactions.

In cases where *commercial and savings banks* act as creditors, transactions in bonds and other securities are recorded as changes in stocks from the Banking Statistics. Bonds and other securities are recorded as separate financial instruments. The ITRS reports a total for all sectors (including banks) transactions in bonds and securities without specifying the sectors acting as credi-

tors. The reason is that it is difficult to identify the real creditor, since many transactors use agents (banks, security dealers, brokers etc.) acting on their behalf. These agents appear as creditors when the transactions are reported to the ITRS giving a misleading picture of the allocation of creditors on domestic institutional sectors. The total reported from the ITRS is reduced by the figures from the Banking Statistics and the residual is recorded as transactions in bonds and other securities unspecified on sector.

On the liability side, transactions in bonds and securities by the *banking sector* are calculated as the change in stocks from the Banking Statistics adjusted for re-valuation changes reported from the ITRS. Transactions on the liability side by *other sectors* than the banking sector are reported by the ITRS specifying the domestic sector and in some cases the domestic industry involved.

A distinction is made in the Norwegian Balance of Payments between the first issue of bonds and notes and second-hand purchases and sales of these instruments. The purchases and sales do not influence the total liability for the debtor, but in the cases where bonds (or other securities) are sold from (to) a resident creditor to (from) a nonresident creditor, the relationship with the rest of the world is changed. This change should be reflected in the Balance of Payments. Two separate codes are applied for first issue and purchases and sales. The codes are part of the classification of financial purpose. The code for first issues is restricted to the situations when the debtor sector is directly involved in the transaction either by issuing the bond or

by redemption. The code for purchases and sale will on the other hand include only the cases when the debtor sector is not actively involved in the transactions. The intention behind this distinction is that it might be possible to utilise this information when the financial account component of the National Accounts is developed. The distinction between first issues and purchases and sales is only made for those institutional sectors where the ITRS is used as the main source. The Banking Statistics do not make this distinction, the stock data include, however, both first issues and net sales.

11.2.3. Financial Derivatives

Financial derivatives may be subdivided into options and warrants and other derivatives. Options are financial instruments that provide one party with the right, but not the obligation, to buy or sell a specific financial or real asset for a predetermined price from another party. Derivatives other than options typically involve contracts in which two parties agree to exchange specified assets, either real or financial, at some future points in time. This include forward foreign exchange contracts, futures and currency swaps. The instrument, which is a contract, may be tradable and have a market value. When that is the case, the characteristics of the instrument as a contingent asset or liability change, and is therefore treated as an actual financial asset or liability in the financial account (BPM5 §392). Transactions in derivatives are treated as separate transactions rather than being included as integral parts of underlying transactions to which they may be linked as hedges.

Table 11.2.3. Portfolio Investment - Financial Derivatives

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Financial derivatives							
Assets							
						414	623
Monetary authorities	71350	ND	ND	ND	ND	135	15
General government	71350	ND	ND	ND	ND	0	0
Banks	71350	ND	ND	ND	ND	-56	279
Other sectors	71350	ND	ND	ND	ND	335	329
Liabilities							
						657	898
Monetary authorities	71350	ND	ND	ND	ND	217	195
General government	71350	ND	ND	ND	ND	0	0
Banks	71350	ND	ND	ND	ND	357	486
Other sectors	71350	ND	ND	ND	ND	83	217

Transactions in financial derivatives are recorded separately from the year 1996 and onwards. For the years prior to 1995, transactions in financial derivatives are included as other investment. The ITRS is the source for all sectors for recording transactions in financial

derivatives. The Banking Statistics do not, at present, include financial derivatives. Plans are, however, made to collect information on financial derivatives using a special survey.

11.3. Other Investment

Other investment is a residual category which includes all financial transactions not covered in direct investment, portfolio investment and reserve assets.

Other investment, assets and liabilities, are like portfolio investment classified primarily on an instrument basis. In contrast to both direct investment and portfolio investment, a distinction between long term and short term assets and liabilities is applied (BPM5 §412). The instrument breakdown for other investment, as is the case for portfolio investment, is closely linked to the components in the SNA93. The instrument classification comprises trade credits, loans (including the use of IMF credit and loans from the IMF), currency and deposits and other assets and liabilities (e.g., miscellaneous accounts receivable and payable).

Table 11.3.1. Other Investment - Trade Credits

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Trade credits							
Assets	71701	-10451	-14722	-18037	-10922	-7675	-4420
Liabilities	71701	-200	-6815	-7101	-46	-252	1086

In the Norwegian Balance of Payments, trade credits are calculated as the difference between the exports and imports of some specified goods from the External Trade Statistics (or other sources) and the corresponding payments in the ITRS. This method is recognised in both the BPM5 and the SNA93 (SNA93 §14.136) as one possible method of calculating trade credits. The difference related to exports of goods is recorded as an asset for Norway, while the difference related to imports is recorded as a liability for Norway.

The method is applied on the following products:

Oil and Gas.

The difference between the payments for exports as recorded by the ITRS and the transaction values of the ETS, is recorded as trade credits. The difference between the two statistics is calculated separately for public and private enterprises. Adjustments are made for re-imports of oil and gas, separation costs and part of the pipeline export before recorded as a trade credit. The adjustment for re-imports reflects that the ETS include oil and gas transported to Teeside in UK in their exports figure and record it as an import when it is delivered back to Norway. The data from the ITRS do not include these export and import figures. This is probably an example of a case where the ETS should have been adjusted as no change in ownership in reality has taken place. The Balance of Payments and the National Accounts have chosen to follow the same practice as the ETS in order not to publish two different figures for the exports of oil and gas. The ITRS is

11.3.1. Trade Credits

Trade credits refer to assets and liabilities that arise when payments for goods and services are made at a different time from the change of ownership of the underlying goods or services (BPM5 §414). There are two types of trade credit assets; prepayments on imports and trade credit extended on exports. Trade credit liabilities arise from the prepayment of exports or trade credit received on imports. Trade credit may either be measured directly by approaching enterprises receiving or extending trade credits, or indirectly. Indirect ways of measurement include the estimation of trade credits as the difference between actual imports and exports from the External Trade Statistics and the payments registered in the ITRS.

adjusted for payments for separation costs on UK territory, as this activity is not identified as Norwegian production.

Similarly, payments for pipeline exports are deducted from the ITRS data to reach the f.o.b. value of the oil and gas, before the trade credit on oil and gas is estimated. All these adjustments can be seen as an attempt to put the two statistical sources on an equal footing before the difference between them is calculated.

Ships and Platforms

The difference between the transaction values of the ETS and the payments of the ITRS is recorded as a trade credit. The trade credits due to the difference related to exports of new ships and platforms are allocated to the shipbuilding industry, while the differences that arise for exports of used ships together with the imports of both new and used ships are allocated to the shipping industry. The differences related to the exports of old platforms together with the imports of new and used platforms are allocated to the oil drilling industry.

Aeroplanes

The difference between the figures from the ETS and the payments from the ITRS is recorded as a trade credit. This method is not applied on aeroplanes exported or imported by SAS, due to the special treatment that SAS is given in the Balance of Payments and in the National Accounts. The method thus applies to other private entities.

Air Transport

The difference between the figures reported from the ITRS and the exports figures calculated by Statistics Norway, is recorded as a trade credit. There is no direct information on the distribution of the trade credits to SAS and other companies. It is, however, assumed that SAS is involved in a majority of these resident - non-resident transactions, and the trade credits are therefore allocated to the domestic institutional sector; public owned enterprises.

Telecommunication Services

The differences between the data reported from the ITRS and the data estimated in Statistics Norway are recorded as trade credit, and allocated to public owned enterprises in the communication industry. As the market for telecommunication services is being liberalised, it will become increasingly difficult to specify the domestic sector.

Electricity

Exports of electricity are specified in the National Accounts tables for exports. Until recently, the units exporting electricity were all publicly owned. The difference between the payments reported from Norges Bank and the data in the External Trade Statistics has therefore been calculated and recorded as trade credit under the sector for publicly owned enterprises. After the liberalisation of the market for electricity, it has become more difficult to specify the sector, and this calculation will probably not be continued in the future. Instead it will be part of the general difference between

data from Norges Bank and from the External Trade Statistics relating to merchandise.

Goods for Processing

Even though the BPM5 recommends that goods for processing should be recorded on a gross basis and specified separately, this is not followed in the Norwegian Balance of Payments. The transactions are included in the External Trade Statistics on a gross basis, however, the data are considered to be unreliable. Therefore, these transactions are not specified in the Balance of Payments, but included in the total figure for exports and imports of goods. The ITRS reports goods for processing on a net basis. The difference between the net figure from the ITRS and the ETS figures for some selected processed goods is recorded as a trade credit.

11.3.2. Loans

Loans comprise those financial assets created through the direct lending of funds by a creditor (lender) to a debtor (borrower) through an arrangement for which the lender receives no security evidencing the transaction or receive a non-negotiable document or instrument (BPM5 §415). Included are loans to finance trade (as distinct from trade credits), mortgages and other loans and advances. Financial leases and repurchase agreement are also considered as loans. Use of IMF credit and loans from the IMF comprise a member country's drawings on the Fund, other than those drawn against the country's reserve tranche position. A distinction between short-term and long-term loans is made in the BPM5.

Table 11.3.2. Other Investment - Loans

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Loans							
Assets							
		-3115	-7108	1413	5932	4736	11131
General government	71409	ND	674	22	1010	59	227
Banks	71409	-2924	-6896	-82	3016	8042	4614
Other sectors	71409	-191	-886	1473	1906	-3365	6290
Liabilities							
		12442	2728	-8858	12046	15905	14019
Monetary authorities	71409	0	4689	1311	-2108	9542	-4850
General government	71409	-94	-55	-1234	13	-2	-3
Banks	71409	-3100	-4201	-1345	-498	-364	1438
Other sectors	71409	15636	2295	-7590	14639	6729	17434

The sources for calculating loans in the Norwegian Balance of Payments are the ITRS and the Banking Statistics from Norges Bank. The Banking Statistics do not distinguish between short-term and long-term loans.

For the assets of *savings and commercial banks*, the total change in stocks from the Banking Statistics is adjusted for revaluation and thereby constitutes the total transactions. However, a distinction between short-term and long-term loans is made by using information from the ITRS. Long-term loans reported from the ITRS are recorded directly as such, while

short-term loans are calculated as a residual, i.e. the total change in stocks from the Banking Statistics is reduced with figures for long-term loans from the ITRS, adjusted for revaluation and recorded as short-term loans. The same method is applied on both assets and liabilities for *state lending institutions*.

Transactions by *savings and commercial banks* in loans, liabilities, are calculated as the change in stocks from the Banking Statistics adjusted for revaluation changes reported from the ITRS. No distinctions is made between long-term and short-term loans.

Loans, assets, for *Norges Bank*, are included in the foreign reserves. For *Norges Bank*, the transactions in loans, liabilities, are calculated as the change in stocks from the Banking Statistics adjusted for revaluation from the ITRS. The maturity of these transactions is defined as short-term.

For loans, assets and liabilities, for *other sectors* than the banking sector, the ITRS reports gross transactions directly and a distinction is made between short-term and long-term loans. It is, however, likely that it will be difficult for the ITRS to maintain this distinction in the future. The distinction has been made using information about the types of loans given. It has, however, become more common to trade loans, so what the debtor regards as a long-term loan may be viewed as a short-term investment by the creditor. The BPM5 also regards the maturity distinction as less important than in the previous manual. For previous years, Statistics Norway received information from the Ministry of Finance about loans from the *public sector*. However,

since *Norges Bank* already collects these data through the ITRS, *Norges Bank* now checks their figures against the information from the Ministry of Finance, and the data for the public sector in the Balance of Payments are now reported directly from the ITRS.

11.3.3. Currency and Deposits

Currency consists of notes and coins in circulation. Deposits comprise both transferable and other deposits, but exclude negotiable certificates of deposit which are classified as part of portfolio investment because of their tradable nature. Transferable deposits consist of deposits that are exchangeable in demand at par without restriction or penalty, freely transferable by check or giro order and otherwise commonly used to make payments.

Deposits may be denominated in domestic or foreign currencies. Other deposits include all claims reflecting evidence of deposit other than transferable deposits.

Table 11.3.3. Other Investment - Currency and Deposits

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Currency and deposits							
Assets							
General government	71210, 71229	289	-164	254	-1	-511	29
Banks	71210, 71229	7399	-21017	4355	-5104	-636	2311
Other sectors	71210, 71229	-123	-3084	1126	2231	-351	-6115
Liabilities							
Monetary authorities	71229	4520	-4137	-77	205	45	-125
Banks	71229	-19820	2470	-2484	2775	55655	23068

The Banking Statistics and the ITRS are used as sources to calculate transactions in currency and deposits. For *Norges Bank*, transactions in currency and deposits are included in international reserves.

For *savings and commercial banks* the transactions are recorded as the change in stocks in currencies from the Banking Statistics adjusted for revaluation changes reported by the ITRS. Regarding deposits, *Norges Bank* and the savings and commercial banks act as both creditors and debtors, other sectors appear only as creditors. For the savings and commercial banks the transactions in deposits are calculated as the change in stocks from the Banking Statistics adjusted for revaluation changes from the ITRS. This method is applied on both asset and liabilities. For *other sectors* gross transactions in deposits are reported from the ITRS.

11.3.4. Other Investment Assets and Liabilities

Other assets and liabilities is a residual item that includes all external financial assets and liabilities not recorded elsewhere in the financial account. Among the types of assets and liabilities that are in principle recorded in this item are:

- Households' equity in life insurance and pension funds. Premiums payable should be recorded as an increase in policy-holders' claim on life insurance and pension funds, while claims payable should be recorded as a withdrawal of investment.
- Capital subscriptions to international monetary organisations (grants are recorded as transfer).
- Miscellaneous accounts receivable and payable, for example, those relating to interest payments in arrears, loan payments in arrears, wages and salaries outstanding, prepayments of insurance premiums taxes outstanding etc.

Table 11.3.4. Other Investment

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Assets		3706	2128	9726	2185	3549	11041
General government	71702	-6	-48	-204	-26	-4	-7
Banks	71702	131	-440	374	-622	395	1828
Other sectors	71702	3581	2616	9556	2833	3158	9220
Liabilities		4560	-35	606	-2889	-111	-866
Monetary authorities	71702	3446	986	-433	-2179	112	-763
General government	71702	1	2	38	7	-1	0
Banks	71702	411	-408	328	232	685	1467
Other sectors	71702	702	-615	673	-949	-907	-1570

The sources for calculating other investment assets and liabilities, are the Banking Statistics and the ITRS. The data for other investment from the Banking Statistics include income accrued but not due for payment on the asset side, and expenses accrued but not due for payment on the liability side. The data for other investment reported from the ITRS include transactions not recorded elsewhere in the system. For *Norges Bank* transactions in other investment assets and liabilities are calculated as the change in stocks from the Banking Statistics. On the asset side, the calculation includes the change in stock of shares. These are the shares that *Norges Bank* has been assigned in the Bank for International Settlements (BIS). *Norges Bank* was assigned 8000 shares worth 2500 Gold Franc each. The value of these shares has not been changed since 1970, so in practice, since no adjustment is made due to revaluation changes, no transactions are calculated as a result of the change in stocks of shares. The maturity of these assets and liabilities is defined as short-term.

The total change in stocks from the Banking Statistics is recorded as the transactions by the *savings and commercial banks*. The maturity distinction is made by using information on long-term investment from the ITRS. The change in stocks is reduced with these long-

term transactions and recorded as short-term transactions. For transactions in other investments, assets and liabilities, by *state lending institutions*, the change in stocks from the Banking Statistics is recorded as the transactions. For *other domestic sectors* than the banking sector, the ITRS reports transactions directly, distinguishing between long-term and short-term transactions.

Also included as other investments, are transactions resulting from the recording of life insurance. Premiums minus the service charges and claims payable are recorded in the financial account. The premiums payable and claims receivable under life insurance policies often contain a substantial investment element, with the payment of premiums viewed as savings by the insured and claims as withdrawal of these savings. The life insurance policyholder is therefore considered to have a claim on the life insurance enterprise. In the Norwegian Balance of Payments, the investment element is estimated to 85 per cent of the premiums. The claims paid to nonresidents are recorded as a reduction in liabilities for the insurance sector, while claims received from nonresidents are recorded, without specifying the domestic sector, as a reduction in assets.

11.4. Reserve Assets

Table 11.4.1. Reserve Assets

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Reserve assets		-4543	58278	2045	4446	41617	-29288
Monetary gold	71101	0	0	0	0	0	0
Special Drawing rights	71102	-1580	1535	-267	421	-610	120
Reserve position in the IMF	71103	671	-776	314	2249	-202	854
Foreign exchange							
Currency and deposits	71210, 71229	-13364	-380	-4823	1204	-280	323
Bonds and notes	71315, 71330	9730	27679	15754	11333	6020	-1058
Other claims	71409, 71495	ND	30220	-8933	-10761	36689	-29527

Reserve assets consist of those external assets that are readily available to and controlled by monetary authorities for direct financing of payment imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange markets to

affect the currency exchange rate and / or for other purposes. Included as reserve assets are monetary gold, SDRs, reserve position in the IMF, foreign exchange assets (currency, deposits and securities) and other claims (BPM5 §424).

The main source for calculating transactions in reserve assets in the Norwegian Balance of Payments is the Banking Statistics.

The Norwegian Petroleum Fund, owned by the government and administrated by Norges Bank, is not regarded as part of the reserve assets.

11.4.1. Monetary Gold

Monetary gold is gold owned by the authorities and held as a reserve asset. Other gold (non-monetary gold) should be treated as any other commodity. Transactions in monetary gold occur only between monetary authorities and their counterparts in other economies or between monetary authorities and international monetary organisations (BPM5 §438).

The value of monetary gold has been constant for a long period of time in the Banking Statistics, no transactions are therefore recorded in the Balance of Payments.

11.4.2 Special Drawing Rights (SDRs) and the Reserve Position in the International Monetary Fund

SDRs are international reserve assets created by the IMF to supplement other reserve assets that periodically have been allocated to IMF members in proportion to their quotas. SDRs can be used, among other transactions, to acquire foreign exchange, to settle financial obligations and to extend loans. Changes in the SDR holdings can arise through transactions involving SDRs or through allocation or cancellation. Transactions should be included in the Balance of Payments while allocations / cancellations are reflected in the International Investment Position (BPM5 §440).

The reserve position in the IMF is the sum of the reserve tranche purchases that a member draws upon and any indebtedness of the IMF (under a loan agreement) that is readily repayable to the member. Reserve tranche purchases are purchases from the IMF of other currencies that do not cause the IMF holdings of a member's currency to exceed the member's quota (minus holdings that reflect the member's use of IMF credit). A purchase from the IMF should be recorded as an increase in foreign exchange holdings and a decrease in the reserve position in the IMF (BPM5 §441).

Transactions in SDRs, and the reserve position in the IMF, are calculated as the change in stocks from the Banking Statistics adjusted for valuation changes from the ITRS. The reserve position in the IMF is calculated in the Banking Statistics as the Norwegian quota in the IMF (asset) minus the IMS's balance of Norwegian kroner (liability).

11.4.3. Foreign Exchange and Other Claims

Foreign exchange includes monetary authorities' claims on nonresidents in the forms of currency, ECUs, bank deposits, government securities, other bonds and notes, money market instruments, financial derivatives, equity securities, and nonmarketable claims arising from arrangements between central banks or governments (BPM5 §442). Other claims is a residual category covering claims that are not included previously and that may constitute reserve assets in the form of currency, deposits or securities. For instance, the foreign exchange component may not cover assets that are held by banks and subject to the control of monetary authorities (BPM5 §443).

The Norwegian Balance of Payments includes transactions in Norges Bank's holdings of foreign currencies, deposits abroad, treasury bills, bonds, and loans (including loans to the IMF) as foreign exchange. The change in stocks in currencies from the Banking Statistics is recorded as transaction. Transactions in deposits are calculated as the change in stocks from the Banking Statistics adjusted for valuation changes from the ITRS. Transactions in Treasury notes are calculated as the change in stocks from the Banking Statistics adjusted for valuation changes from the ITRS. Transactions in bonds and other securities are calculated in the same way, i.e. the change in stocks from the Banking Statistics is adjusted for valuation changes before recorded as transactions. This is the only case where the adjustment is made for unrealised valuation changes as well as for realised valuation changes. Bonds and other securities are not distinguished separately for Norges Bank, but recorded as one instrument. Transactions in the Norwegian Petroleum Fund are not regarded as part of transactions in the international reserves, but part of the portfolio investment. Transactions in loans are calculated as the change in stocks from the Banking Statistics adjusted for valuation changes from the ITRS.

11.5. Unallocated Financial Transactions and Statistical Errors

Table 11.5.1. Unallocated Financial Transactions and Statistical Errors

Mill. NOK	Financial instrument	Purpose	1992	1993	1994	1995	1996	1997
Unallocated Financial Transactions and Statistical Errors			24768	13083	13959	21881	19919	2644
Internal difference in ITRS	74701, 74707	94, 95	14756	22343	5980	24435	846	29392
Exports and imports	74701, 74702	91	5736	2558	10930	3914	-3437	-2547
Government accounts	74701, (74330)	93	-4048	-3696	-3002	-2644	-3055	-2859
Banking statistics	Various	92	7330	-9508	-1157	-4639	24350	-21842
Compensation of employees	74701, 74702	96	1180	1180	1148	1094	967	1100
Other			186	-206	-60	279	-248	600

In calculations where the ITRS is replaced with data from other sources, the difference between the ITRS and the alternative source is calculated and recorded as a trade credit or as unallocated financial transactions and statistical error on the financial account depending on the nature of the transaction. The unallocated financial transactions and statistical errors in the Norwegian Balance of Payments can be grouped into five main categories: The internal differences in the ITRS, statistical errors due to other sources than the ITRS used for exports and imports, statistical errors that arise when figures from the Government Accounts for transfers replace the ITRS, statistical errors that arise when the Banking Statistics replace the ITRS and statistical errors related to compensation of employees. In addition, errors may occur as a result of calculation errors, coding errors etc. in the Balance of Payments production system.

Only the net figure for unallocated financial transactions and statistical errors is published. Some of the errors that occur will often offset one another, the size of this net figure does therefore not necessarily provide any indication of the overall accuracy of the Balance of Payments figures.

11.5.1. The Internal Difference in the ITRS.

Since the ITRS is a closed system with self-balancing mechanisms, i.e. credit equals debit, in principle no statistical errors and omissions will occur. A transaction between a resident and a nonresident registered in the ITRS should in principle be recorded both as credit and debit, and net balance should therefore be zero. In practice, however, this is not the case, the balance will always show a net credit or a net debit. In addition, differences arise when transactions between residents and residents or between nonresidents and nonresidents are included in the ITRS.

11.5.2. Statistical Errors related to Exports and Imports.

When other sources than the ITRS are used to calculate exports, the difference between the ITRS and the alternative source is in most cases recorded as a statistical error on the asset side, while differences arising when alternative sources are used on the import side are

recorded on the liability side. The following items are given this treatment:

The External Trade Statistics is used as the main source for exports and imports of merchandise. The difference between the ETS and the ITRS for exports and imports of goods is calculated and recorded as statistical error. It is assumed that the ETS figure for exports of goods includes payments for forwarding goods, the ITRS' figure for forwarding goods is therefore added to the payment figure for exports of goods before the difference is calculated. The ITRS registers payments from Norway to nonresidents for transport of goods, which include both payments for imports of goods and payments for exports of goods. The imports of goods from the ETS are valued c.i.f., while it is assumed that the payments for goods in the ITRS are f.o.b. The payments for transport of imports of goods are therefore added to the payments for goods before the difference between the ETS and the ITRS is calculated. The exports of goods, from the ETS are valued f.o.b., while the figures for exports of goods from the ITRS are assumed to include the transport element which already has been registered as a payment from Norway. The ITRS is therefore reduced before the difference between the ITRS and ETS is calculated. It is not possible for the ITRS to distinguish the payments for transport related to the exports of goods from the payments for transport related to the imports of goods, only a total for payments for transport is therefore reported. A distributional key is then used to assign the payments to exports and imports. In 1996, 70% of the payments for freight by railway, 75% of payments for freight by road, 70% of the payments for sea-freight and 60% of the payments for air-freight were used to adjust the payments for imports of goods from the ITRS. Consequently, the remaining payments were used to adjust the payments for exports of goods from the ITRS. The distributional key is based on estimates made in Statistics Norway.

The problems related to the recording of merchanting were elaborated in the description of the current account. Briefly, the problem is that the difference between the value of the goods when acquired and the

value when sold is negative. Assuming that the purpose of merchanting is profit-making, this difference should be positive, at least over a longer time period. Due to these data collection problems, merchanting is included in unallocated financial transactions and errors and emissions.

The sources used to record oil drilling services and other services related to oil activities are the statistics on oil and gas activities compiled by Statistics Norway, supplemented with the ITRS from Norges Bank. The difference between the oil and gas statistics and the figures reported from the ITRS is calculated as a net figure (exports minus imports) and recorded as statistical errors. Two different sectors and two different industries are involved in these calculations, namely public and private enterprises in the industries for oil exploration and pipeline transport. It is not possible to distinguish these and the difference between the two sources is therefore not allocated to domestic sector and industry. Included in the figures from the ITRS are several products such as insurance, repair, leasing of oil platforms, and other unspecified products which can be related to the oil activity. The same method is applied on the difference related to the exports and imports of goods associated with oil and gas activities.

The exports of commission fees are calculated as 0.144 per cent of the imports of goods from the External Trade Statistics, and the offsetting item is recorded as statistical error on the financial account.

A part of the calculations of exports of services related to the shipping industry, is to increase the credit side for transportation services provided by domestic operators carrying goods either to or from Norway and settled in domestic currency (Norwegian kroner). These transactions are not registered in the ITRS and this supplementary item is currently based on estimates made in Statistics Norway. The offsetting item is recorded as statistical error. Adjustments are also made for the shipping industry's expenditures abroad. The offsetting item to the adjustment related to procurement of fuel and other goods in Norwegian ports by Norwegian carriers and settled in foreign currencies, is found on the asset side, while the offsetting item to the adjustment associated with Norwegian operators' expenditures on repairs abroad paid in Norwegian kroner, is found on the liability side.

The data for travel reported by the ITRS, are supplemented with estimates based on tourist statistics (i.e., accommodation statistics, passenger transport statistics). The offsetting items to these adjustment estimates are recorded as statistical error.

The ITRS report a total on income from abroad to the government sector; "military defence". Income recorded as military fees in the government accounts,

and information on consumption abroad by military staff are deducted from this total. The residual is recorded on the financial account, on the asset side, as statistical errors.

Information on remuneration for post to and from abroad is included in the accounts from the National Post service and is used as exports and imports of postal and courier services. The difference between the data from the National Post service and the ITRS is recorded as statistical error.

In addition, differences may arise when the Balance of Payments is integrated in the National Accounts. The exports and imports figures may be altered when the supply and use of products are balanced in the National Accounts. These corrections are incorporated in the Balance of Payments and an offsetting item will normally be recorded in the financial account as statistical errors.

11.5.3. Statistical Errors related to the use of Government Accounts

In the Norwegian Balance of Payments, the figures for government transfers to nonresidents are taken from the Government Accounts. Even though the Government Accounts distinguish between current and capital transfers, the ITRS is not able to make this distinction. The difference between the Government Accounts and the ITRS for current and capital transfers is therefore not calculated separately, but added together and recorded in the financial accounts on the liability side as statistical error. Up to 1993, the Government Accounts were the source for calculating transactions in bonds by the public sector. The difference between the Government Accounts and the ITRS was included as statistical error. From 1994 and onwards the source for public sector transactions in bonds has been the ITRS.

11.5.4. Statistical Errors related to Financial Transactions of the Banking Sector

The Banking Statistics comprises the following sectors: Norges Bank, state lending institutions, and saving and commercial banks. The Banking Statistics include figures on the balance of foreign assets and liabilities for these sectors, which are used in the financial account of the Balance of Payments instead of the transaction figures reported by the ITRS. The difference between the Banking Statistics and the ITRS is calculated and recorded as unallocated financial transactions and statistical errors. The differences are calculated separately for the different sectors and are also, in most cases, calculated separately for the different financial instruments.

11.5.5. Statistical errors related to Compensation of Employees

Compensation of employees from abroad to residents (credit) is an estimated figure. The ITRS does not sup-

ply any comparable figure and the whole amount is therefore also recorded as statistical error. The calculations related to tax payments (credit and debit) were assessed and altered from 1995. An analysis of the tax figures reported from the ITRS concluded that the figures include company tax, income tax and other duties (such as car registration duty). Compensation of employees (credit and debit) is recorded gross, i.e. income tax is included. In order to avoid double recording of tax, the income tax element in the tax figure from the ITRS is deducted. The ITRS can not provide any exact figure for the income tax, but an estimate of 40 per cent of the total tax is used. The tax figure, both credit and debit, is therefore reduced by 40 per cent, which is recorded as «unallocated financial transactions and statistical errors». This estimated share will be revised regularly and alternative sources will be assessed.

11.5.6. Other

Net financial investment can be calculated either as the sum of all financial transactions in the financial account or as the balance on current account adjusted for capital transfers. Errors arise when the adjusted balance on current account does not equal the balance on the financial account. This type of error is due to errors in the system such as coding errors or calculation errors. It is also likely that errors arise when the input is rounded from hundred thousands or thousands NOK to million NOK, which is the unit of account used in the system.

12. Revaluation

Table 11.5.2. Revaluation

Mill. NOK	Financial instrument	1992	1993	1994	1995	1996	1997
Revaluation							
Assets		21286	21683	-15566	-7363	-3001	18966
Special Drawing Rights	72102	205	119	-68	-138	-26	135
Reserve position in the IMF	72103	542	848	-460	-556	-171	744
Currency and deposits	72210, 72229	5241	3733	-3294	-1409	121	4201
Bonds and notes	72315, 72330, 72390	8006	8961	-8712	-3461	-1267	8680
Loans, (incl. to the IMF)	72409, 72495	7202	8029	-3188	-2451	-1388	5401
Other assets	72702	90	-7	156	652	-270	-195
Liabilities		24121	32791	-24196	-15329	2055	34046
Reserve position in the IMF	72103	ND	ND	-399	87	-125	164
Deposits	72229	3980	2262	-2403	-1900	1143	7374
Money market instruments	72311	241	554	-535	-157	101	1621
Bonds	72330	10298	15617	-8721	-5966	-1048	9859
Loans	72409	9602	14358	-12138	-7393	1995	15279
Other liabilities	72702	ND	ND	ND	ND	-11	-251

All changes in stocks not due to transactions are excluded from the Balance of Payments. In addition to transactions, the value of real resources and financial items is subject to changes resulting either from price changes, from changes in the exchange rates or from other volume changes. Valuation changes of this kind are not included in the Balance of Payments, but are included in the International Investment Position (BPM5 §33). When there is a change in ownership and an asset is sold for a different price than when initially acquired, the difference (holding gain or loss) is implicitly included in the Balance of Payments as part of the transaction. This requires that market values are applied when transactions are recorded.

Price changes and exchange rate changes are included in the International Investment Position (IIP). The IIP is the balance sheet of the stock of external financial assets and liabilities. The change in the position from the beginning to the end of period is broken down into transactions, price and exchange rate changes and other changes (BPM5 §466).

The financial account of the Balance of Payments measures transactions in assets and liabilities, however, revaluation mostly due to exchange rate changes plays

an important role in the compilation of the Norwegian Balance of Payments. The Banking Statistics are used as the main source for calculating transactions by Norges Bank, State lending institutions and Commercial and Savings Banks. The Banking Statistics record the positions at the beginning and end of a given period. In order to derive an estimate for the transaction value, the change in positions is adjusted for valuation changes.

Revaluations are reported by the ITRS from Norges Bank. On the asset side, the ITRS reports revaluations on loans and deposits covering all domestic sectors. In addition, valuation changes in financial instruments when the central bank act as creditor, (i.e. for SDR, reserve position in the Fund, Treasury Notes, bonds, and loans to the IMF) are reported. The ITRS reports valuation changes, covering all domestic sectors, on loans, bonds and other securities. In addition changes in deposits for savings and commercial banks and for the central bank, and changes in the reserve position in the IMF are reported.

The valuation changes are calculated by deducting the transactions during the month from the change in position during a month. Norwegian banks report trans-

actions daily to the ITRS. These transactions are converted into Norwegian kroner by using the daily average exchange rate. Transactions reported from foreign banks or companies to the ITRS are converted into Norwegian kroner by using the monthly average exchange rate. The average exchange rate of the last workday of each month is used to convert the balances. The valuation changes are thus a residual between the opening balance, transactions and closing balance. In practice, this implies that the revaluations of deposits and loans for the banking sectors are calculated by applying the daily average exchange rates used for

transactions. Revaluations of deposits for other sectors are calculated by using the monthly average exchange rate, and revaluations for other sectors' loans use a combination of daily and monthly average exchange rate depending on how the transactions are reported.

Net revaluations, reported from the ITRS, are included in the Norwegian tables for Balance of Payments in order to publish an estimate of the net change in the Norwegian external assets during the accounting period.

13. The International Investment Position

The International Investment Position (IIP) shows, at a given time, the stock of an economy's external financial assets and liabilities. The position at the end of a specific period reflects financial transactions, valuation changes (due to price or exchange rate changes) and other adjustments, all of which affect the level of assets and liabilities, that occurred during the period (BPM5 §463). Other adjustments include the allocation / cancellation of SDRs, the monetization / demonetization of gold, reclassifications, write-offs and measurement errors. The net IIP of an economy, that is external assets minus external liabilities, shows what the economy owns in relation to what it owes. By definition nonresident can not own real assets in an economy, and is therefore defined to have a financial claim on that economy. An economy's net worth is therefore equal to its net IIP plus its holdings of real assets.

The change in a country's IIP from one position in time to another position in time can be explained in terms of Balance of Payments transactions, price changes, exchange rate changes and other adjustments. In order to facilitate analysis of both the IIP and the Balance of Payments international organisations encourage countries to publish a table showing the reconciliation of changes in the IIP.

A breakdown of the IIP is not currently published in Norway. However, statistics covering Norwegian external assets and debt are published annually by Statistics Norway (Finanstellingen). The statistics specify external assets and liabilities by financial instrument, domestic sector and industry, and country. The statistics are normally published 10 - 11 months after the end of

a year. For 1996 the statistics for foreign external assets and liabilities show an increase in net asset of 36 billion kroner. The change in net external assets is also published in the Balance of Payments as net transactions adjusted for net revaluation. The Balance of Payments has estimated that the change in net asset in 1996 was 65 billion kroner. The difference between the two statistics is thus 29 billion kroner.

Several factors contribute to this difference. One factor is that the Statistics for external assets and liabilities use face value on bonds and other securities, while the Balance of Payments record transaction values.

Another factor contributing to the difference is that the Balance of Payments includes reinvested earnings while the statistics for external assets and liabilities have not implemented this item.

Different estimates for revaluation changes are other sources for deviations between the two statistics. In addition, transactions and the change in the balances may not have been recorded in the same year. This is especially relevant for transactions and balance changes that occur just before or just after the turn of a year. In addition, measurement errors in the two statistics will contribute to the difference.

At the moment, no attempt is made to fully harmonise the two statistics. The change in net assets calculated from the Balance of Payments is used as an early estimate until the statistics for foreign assets and liabilities are published.

14. Technical Solutions

The following paragraph gives a short description of the technical systems used to produce and publish the Norwegian Balance of Payments data. A detailed description on how to operate these systems is available in Norwegian.

The sources used in the Balance of Payments can be divided into two main groups, the ITRS and other input. The ITRS is reported electronically and the data are coded from the standard used in Norges Bank to the classifications used in the National Accounts. A SAS programme is developed to code the ITRS and to change and update the codes. Input, other than the ITRS, is registered manually and the same SAS programme is used for this procedure. The output of the SAS programme is flat files which are transferred to a UNIX server. The data are checked for invalid codes and then loaded into an ORACLE database called FIIN_UR. The data related to the current account are entered in a table called FIIN_UR_UI, and the data related to the capital and financial account in a table

called FIIN_UR_OMVA. This database thus contains all input used for calculating the various transactions in the Balance of Payments and the Rest of the World accounts of the National Accounts. The calculations are programmed in C with embedded SQL. A Windows application programme for changing or implementing new calculations has been developed using QBE_VISION. The results of the calculations are stored in an ORACLE database called FIIN. The data are entered into two tables with different structure. The data related to the current account are entered in a table called FIIN_UI and the data related to the capital and financial account in a table called FIIN_OMVA. The input tables have the same structure as the result tables except that the sources for the various input are given different codes. In the result table the source is always 900 which is the code for the institutional sector "Rest of the World". The tables in FIIN (results) and FIIN-UR (input) have the following structure:

Figure 14.1. ORACLE table FIIN_UI

Example	mot_sektor (receiving sector)	mot_fin_naer (receiving industry)	ut_inn_art (income item)	produkt (product)	bet_sektor (paying sector)	bet_fin_naer (paying industry)	kilde (source)	Value
#1		62I	19947	621022	900		900	x
#2	900		13999	641115	630	64I	900	x
#3	200		32229		900		900	x
#4	900		34190		110		900	x

Examples:

- #1 Exports, freight air transport
- #2 Imports, settlements post office
- #3 Income, interest, bank deposits, banks
- #4 Transfer, government sector

Figure 14.2. ORACLE table FIIN_OMVA

Example	deb_sektor (debtor sector)	deb_fin_naer (debtor industry)	endr_fin_kap_obj (Financial instrument)	omva_art (Revaluation type)	finans_fog (financial purpose)	kre_sektor (creditor sector)	kre_fin_naer (creditor industry)	kilde (Source)	Value
#1	710		36192		80	900		900	x
#2	900		712291			400		900	x
#3	710		715121		45	900		900	x
#4	900		72409	10		200		900	x
#5	110		74701		93	900		900	x

Examples:

- #1 Capital transfer, debt forgiveness,
- #2 Transaction deposit insurance, assets
- #3 Transaction, equity, direct investment, private enterprises, liabilities
- #4 Revaluation loans, banks assets
- #5 Statistical error, government transfers

The results are checked for invalid codes before the data are stored in the ORACLE result tables and a procedure is run to check that all input is included in at least one calculation. Data for other domestic institutional sectors needed for the compilation of the National Accounts, are included in the same database.

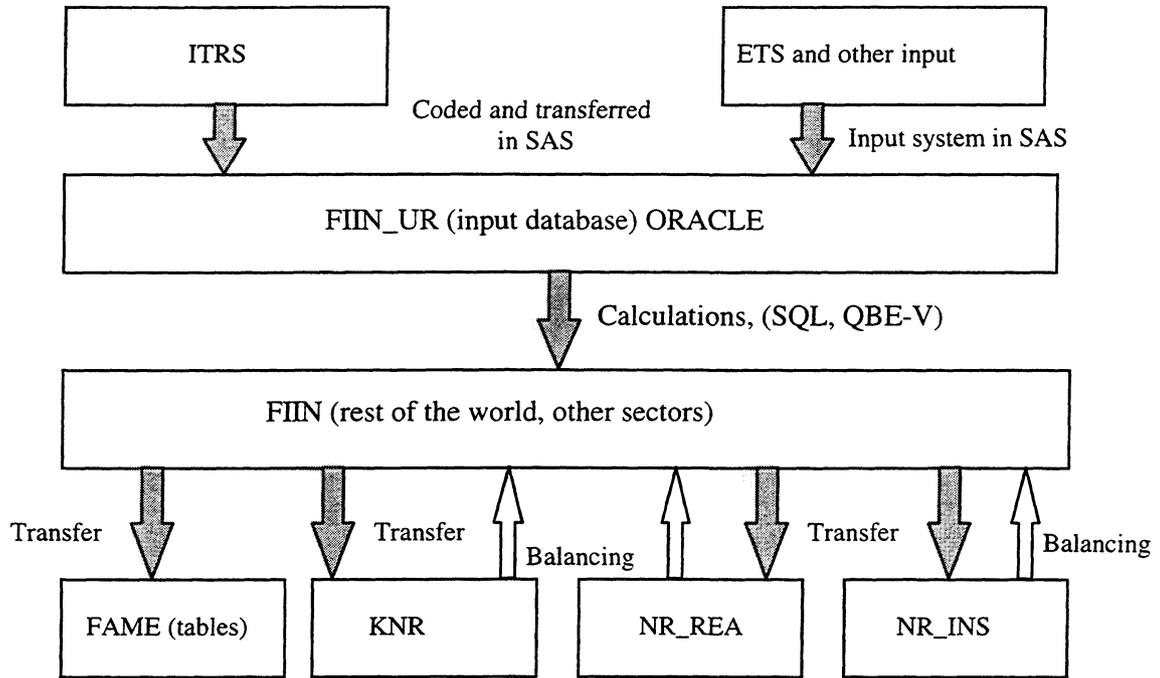
Data on exports and imports of goods not included in the ETS and exports and imports of services are supplied on an aggregated level to the quarterly national accounts (KNR) and on detailed level to the yearly supply and use tables of the National Accounts (NR-REA). Data on income and transfers are supplied to the yearly institutional sector accounts of the National Accounts. Data from the ETS are reported electronically to KNR and NR-REA and are more detailed than the ETS data used in the Balance of Payments. The Balance of Payments data are evaluated both in the quarterly and annual National Accounts systems and

the data can be revised based on various sources of information such as information from counterpart sectors, information on production or information on prices (see chapter 3).

The revisions of the Balance of Payments data are implemented either in the SAS input system or as changes in calculations in order to ensure the consistency between the current account and the capital and financial account.

The data, when approved, are transmitted to a FAME time-series database. The data, on a detailed level, are transmitted to a database called URMND. Aggregates are programmed on the basis of the data in URMND and loaded in a database called URFORM. Tables published nationally and tables reported to international organisations are thus reported from the FAME database URFORM.

Figure 14.3. Structure of the system



References

- International Monetary Fund (1993): Balance of Payments Manual, fifth edition (BPM5).
Washington
- Commission of the European Communities, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations, World Bank (1993): System of National Accounts (SNA-93).
Brussels/Luxembourg, New York, Paris, Washington D.C.
- EUROSTAT/Commission of the European Communities (1996): European system of accounts (ESA 1995).
Brussels/Luxembourg

Balance of Payments

Appendix

Current account. Million kroner

	1996	1997	96:1	96:2	96:3	96:4	97:1	97:2	97:3	97:4
Goods and services										
Exports, total	414 265	447 580	99 308	98 919	103 217	112 821	108 757	109 975	114 188	114 660
Goods	321 704	343 713	77 584	76 268	78 139	89 713	85 160	84 068	85 025	89 460
Crude oil and natural gas	156 688	163 673	34 593	36 717	40 000	45 378	42 598	38 947	40 219	41 909
Ships	8 022	9 393	2 225	1 967	1 251	2 579	3 140	2 138	1 844	2 271
Petroleum activities, various goods	1 141	1 368	379	208	102	452	67	597	638	66
Other goods	155 853	169 279	40 387	37 376	36 786	41 304	39 355	42 386	42 324	45 214
Services	92 561	103 867	21 724	22 651	25 078	23 108	23 597	25 907	29 163	25 200
Gross receipts, shipping	46 641	52 787	11 398	11 664	11 750	11 829	12 165	13 759	13 688	13 175
Petroleum activities, various services	714	752	177	177	180	180	186	188	185	193
Oil drilling etc.	1 543	1 925	359	353	409	422	429	451	534	511
Pipeline transport	3 424	3 987	736	685	855	1 148	1 076	890	848	1 173
Travel	15 221	15 802	3 195	3 773	5 546	2 707	3 177	3 926	5 774	2 925
Transport and communication	8 675	8 781	1 877	2 227	2 299	2 272	1 895	2 063	2 940	1 883
Financial and business services	12 836	15 694	2 984	2 989	3 204	3 659	3 693	3 550	4 237	4 214
Other services	3 507	4 139	998	783	835	891	976	1 080	957	1 126
Imports, total	326 487	371 024	76 409	75 902	82 051	92 125	82 019	93 518	96 268	99 219
Goods	242 512	267 423	58 085	56 200	58 186	70 041	61 212	67 950	66 199	72 062
Ships	6 325	14 041	1 799	652	1 494	2 380	5 388	2 818	3 784	2 051
Petroleum activities, various goods	11 331	11 970	1 977	1 688	2 220	5 446	2 017	4 328	2 674	2 951
Other goods	224 856	241 412	54 309	53 860	54 472	62 215	53 807	60 804	59 741	67 060
Services	83 975	103 601	18 324	19 702	23 865	22 084	20 807	25 568	30 069	27 157
Operating costs shipping, excl. bunkers	19 957	24 085	4 724	4 950	4 863	5 420	5 441	5 987	6 388	6 269
Petroleum activities, various services	4 140	5 685	795	1 092	1 095	1 158	799	2 235	1 613	1 038
Operating costs oil drilling, excl. bunkers	1 228	1 602	360	288	306	274	215	394	512	481
Travel	29 129	31 940	5 407	6 581	10 255	6 886	5 620	7 399	11 184	7 737
Transport and communication	2 862	3 427	676	708	795	683	862	799	841	925
Financial and business services	14 220	19 386	3 278	3 214	3 467	4 261	4 391	4 645	4 749	5 601
Other services	12 439	17 476	3 084	2 869	3 084	3 402	3 479	4 109	4 782	5 106
Balance of goods and services¹	87 778	76 556	22 899	23 017	21 166	20 696	26 738	16 457	17 920	15 441
Balance of goods	79 192	76 290	19 499	20 068	19 953	19 672	23 948	16 118	18 826	17 398
Balance of services	8 586	266	3 400	2 949	1 213	1 024	2 790	339	-906	-1 957
Income and current transfers etc.										
From abroad	39 967	45 636	10 814	9 705	9 460	9 988	10 599	12 215	10 962	11 860
Compensation of employees	1 200	1 200	300	300	300	300	300	300	300	300
Interest	23 113	28 775	6 165	5 473	5 451	6 024	6 254	7 977	6 797	7 747
Dividends etc.	2 052	3 377	1 064	405	280	303	241	1 126	1 060	950
Reinvested earnings	4 478	2 984	580	1 251	1 342	1 305	1 377	454	511	642
Current transfers	9 124	9 300	2 705	2 276	2 087	2 056	2 427	2 358	2 294	2 221
To abroad	59 179	65 418	14 475	15 168	12 471	17 065	15 997	17 337	14 522	17 562
Compensation of employees	3 443	3 910	828	844	847	924	893	976	1 040	1 001
Interest	22 927	28 324	6 067	6 049	3 876	6 935	7 436	7 946	5 646	7 296
Dividends etc.	11 063	10 183	2 915	4 888	2 777	483	2 984	4 859	954	1 386
Reinvested earnings	2 931	3 606	423	-993	689	2 812	340	-932	2 300	1 898
Current transfers from general government	7 200	7 474	1 179	1 515	1 548	2 958	1 318	1 569	1 635	2 952
Other current transfers	11 615	11 921	3 063	2 865	2 734	2 953	3 026	2 919	2 947	3 029
Balance of income and current transfers¹	-19 212	-19 782	-3 661	-5 463	-3 011	-7 077	-5 398	-5 122	-3 560	-5 702
Comp. of employees and inv. income, net	-9 521	-9 687	-2 124	-3 359	-816	-3 222	-3 481	-2 992	-1 272	-1 942
Current transfers, net	-9 691	-10 095	-1 537	-2 104	-2 195	-3 855	-1 917	-2 130	-2 288	-3 760
Current account balance¹	68 566	56 774	19 238	17 554	18 155	13 619	21 340	11 335	14 360	9 739
Capital transfers to abroad, net	820	1 277	-24	37	72	735	416	279	298	284
Net lending	67 746	55 497	19 262	17 517	18 083	12 884	20 924	11 056	14 062	9 455
Memo: Net freight income, shipping	17 970	17 884	4 729	4 693	4 695	3 853	4 274	5 229	4 354	4 027

¹ Positive figures mean surplus, negative figures mean deficit.

Balance of Payments

Current account. Million kroner

	1994	1995	94:1	94:2	94:3	94:4	95:1	95:2	95:3	95:4
Goods and services										
Exports, total	333 200	353 425	78 712	80 693	81 341	92 454	88 670	86 308	87 916	90 531
Goods	245 565	267 234	57 416	59 899	59 341	68 909	68 092	64 860	64 605	69 677
Crude oil and natural gas	106 440	113 231	25 624	27 131	24 756	28 929	28 000	28 003	26 353	30 875
Ships	9 675	9 929	1 375	1 616	2 404	4 280	1 904	2 962	3 200	1 863
Petroleum activities, various goods	922	650	669	191	31	31	69	58	321	202
Other goods	128 528	143 424	29 748	30 961	32 150	35 669	38 119	33 837	34 731	36 737
Services	87 635	86 191	21 296	20 794	22 000	23 545	20 578	21 448	23 311	20 854
Gross receipts, shipping	44 517	45 204	10 709	11 185	11 525	11 098	11 416	11 461	11 177	11 150
Petroleum activities, various services	637	576	159	159	159	160	144	144	144	144
Oil drilling etc.	1 802	1 405	569	369	449	415	408	329	376	292
Pipeline transport	2 133	2 245	534	534	534	531	561	561	561	562
Travel	15 741	14 974	3 134	3 820	4 772	4 015	2 918	3 820	5 474	2 762
Transport and communication	7 208	7 714	1 238	1 386	1 240	3 344	1 764	1 897	1 966	2 087
Financial and business services	10 833	10 590	2 996	2 601	2 402	2 834	2 523	2 472	2 784	2 811
Other services	4 764	3 483	1 957	740	919	1 148	844	764	829	1 046
Imports, total	279 180	297 653	65 923	67 035	69 032	77 190	71 725	73 410	74 362	78 156
Goods	197 685	216 907	48 118	48 386	48 159	53 022	53 382	53 262	51 941	58 322
Ships	7 992	6 317	3 191	2 405	1 078	1 318	2 188	1 425	761	1 943
Petroleum activities, various goods	4 486	6 596	1 163	1 116	1 056	1 151	1 609	1 608	1 639	1 740
Other goods	185 207	203 994	43 764	44 865	46 025	50 553	49 585	50 229	49 541	54 639
Services	81 495	80 746	17 805	18 649	20 873	24 168	18 343	20 148	22 421	19 834
Operating costs shipping, excl. bunkers	18 027	18 901	4 308	4 661	4 542	4 516	4 843	4 706	4 686	4 666
Petroleum activities, various services	6 503	3 963	1 620	1 620	1 622	1 641	726	1 124	1 286	827
Operating costs oil drilling, excl. bunkers	891	643	55	100	57	679	91	156	245	151
Travel	26 206	26 923	4 610	5 680	7 749	8 167	4 845	6 460	9 009	6 609
Transport and communication	3 846	3 437	742	825	977	1 302	813	955	921	748
Financial and business services	15 737	15 123	4 407	3 702	3 805	3 823	4 104	3 817	3 394	3 808
Other services	10 285	11 756	2 063	2 061	2 121	4 040	2 921	2 930	2 880	3 025
Balance of goods and services¹	54 020	55 772	12 789	13 658	12 309	15 264	16 945	12 898	13 554	12 375
Balance of goods	47 880	50 327	9 298	11 513	11 182	15 887	14 710	11 598	12 664	11 355
Balance of services	6 140	5 445	3 491	2 145	1 127	-623	2 235	1 300	890	1 020
Income and current transfers etc.										
From abroad	33 271	36 850	9 936	7 858	7 414	8 063	9 325	8 801	9 291	9 433
Compensation of employees	1 200	1 200	300	300	300	300	300	300	300	300
Interest	19 231	21 860	6 134	4 417	4 079	4 601	5 710	5 062	5 294	5 794
Dividends etc.	683	1 700	116	257	147	163	231	695	459	315
Reinvested earnings	3 037	4 003	752	750	750	785	999	999	999	1 006
Current transfers	9 120	8 087	2 634	2 134	2 138	2 214	2 085	1 745	2 239	2 018
To abroad	60 918	61 770	16 347	16 651	12 061	15 859	16 604	17 416	11 941	15 809
Compensation of employees	3 315	3 201	666	666	666	1 317	816	795	796	794
Interest	24 488	24 285	6 966	6 124	4 815	6 583	6 435	6 652	4 730	6 468
Dividends etc.	7 697	8 045	2 411	3 944	409	933	3 050	3 935	447	613
Reinvested earnings	4 073	5 101	1 020	1 017	1 019	1 017	1 275	1 275	1 275	1 276
Current transfers from general government	7 387	7 932	1 632	1 575	1 800	2 380	1 476	1 575	1 410	3 471
Other current transfers	13 958	13 206	3 652	3 325	3 352	3 629	3 552	3 184	3 283	3 187
Balance of income and current transfers¹	-27 647	-24 920	-6 411	-8 793	-4 647	-7 796	-7 279	-8 615	-2 650	-6 376
Comp. of employees and inv. income, net	-15 422	-11 869	-3 761	-6 027	-1 633	-4 001	-4 336	-5 601	-196	-1 736
Current transfers, net	-12 225	-13 051	-2 650	-2 766	-3 014	-3 795	-2 943	-3 014	-2 454	-4 640
Current account balance¹	26 373	30 852	6 378	4 865	7 662	7 468	9 666	4 283	10 904	5 999
Capital transfers to abroad, net	1 102	1 067	255	271	271	305	65	66	60	876
Net lending	25 271	29 785	6 123	4 594	7 391	7 163	9 601	4 217	10 844	5 123
Memo: Net freight income, shipping	19 939	18 595	4 766	4 889	5 348	4 936	4 599	4 841	4 578	4 577

¹ Positive figures mean surplus, negative figures mean deficit.

Balance of Payments

Financial account. Million kroner

	1994	1995	94:1	94:2	94:3	94:4	95:1	95:2	95:3	95:4
Norwegian investment abroad, total	9 337	39 281	5 844	-107	7 955	-4 355	21 392	2 016	15 885	-12
Direct investment abroad	15 328	18 130	5 519	3 113	815	5 881	3 427	3 066	9 129	2 508
Shares and equity capital	7 284	12 249	3 184	1 563	514	2 023	1 751	926	7 529	2 043
Reinvested earnings	3 037	4 003	752	750	750	785	999	999	999	1 006
Other capital	5 007	1 878	1 583	800	-449	3 073	677	1 141	601	-541
Portfolio investment abroad	-6 873	22 384	1 344	-4 620	-929	-2 668	8 030	8 721	2 490	3 143
Shares and equity capital	-1 409	2 343	1 282	-1 508	-24	-1 159	-123	666	1 193	607
Banks	458	261	401	-	6	51	-3	383	-76	-43
Other sectors	-1 867	2 082	881	-1 508	-30	-1 210	-120	283	1 269	650
Other securities	-5 464	20 041	62	-3 112	-905	-1 509	8 153	8 055	1 297	2 536
Banks	-1 251	2 003	-668	-2 449	917	949	-33	881	195	960
Other sectors	-4 213	18 038	730	-663	-1 822	-2 458	8 186	7 174	1 102	1 576
Other investment abroad	-1 163	-5 679	-4 381	2 401	8 251	-7 434	-1	-466	-1 481	-3 731
Trade credits	-18 037	-10 922	-9 309	-2 912	-5 635	-181	-2 487	-5 011	-1 445	-1 979
Loans	1 413	5 932	86	-1 267	1 379	1 215	1 966	1 151	-540	3 355
Banks	-82	3 016	-474	-1 127	1 359	160	1 319	2 246	-1 776	1 227
Other sectors	1 495	2 916	560	-140	20	1 055	647	-1 095	1 236	2 128
Currency and deposits	5 735	-2 874	4 156	1 878	7 211	-7 510	4 334	675	-4 699	-3 184
Banks	4 355	-5 104	2 975	2 497	3 490	-4 607	1 306	1 938	-4 620	-3 728
Other sectors	1 380	2 230	1 181	-619	3 721	-2 903	3 028	-1 263	-79	544
Other assets	9 726	2 185	686	4 702	5 296	-958	-3 814	2 719	5 203	-1 923
International reserves	2 045	4 446	3 362	-1 001	-182	-134	9 936	-9 305	5 747	-1 932
Drawing rights IMF	-267	421	-459	343	156	-307	486	-834	-30	799
Reserve position IMF	314	2 249	109	257	-148	96	1 338	22	414	475
Foreign currency	1 998	1 776	3 712	-1 601	-190	77	8 112	-8 493	5 363	-3 206
Foreign investment in Norway, total	-1 975	31 377	4 410	-2 871	6 798	-10 312	25 042	1 369	6 777	-1 811
Direct investment in Norway	19 595	15 264	5 606	7 997	6 667	-675	7 525	5 961	65	1 713
Shares and equity capital	1 032	3 012	1 252	-490	425	-155	712	418	1 842	40
Reinvested earnings	4 073	5 101	1 020	1 017	1 019	1 017	1 275	1 275	1 275	1 276
Other capital	14 490	7 151	3 334	7 470	5 223	-1 537	5 538	4 268	-3 052	397
Portfolio investments in Norway	-3 656	4 022	-2 033	128	952	-2 703	-3 451	-1 302	6 985	1 790
Shares and equity capital	4 655	3 983	681	2 276	2 297	-599	-317	1 774	3 778	-1 252
Banks	119	1 243	-283	627	-1	-224	-205	50	135	1 263
Other sectors	4 536	2 740	964	1 649	2 298	-375	-112	1 724	3 643	-2 515
Other securities	-8 311	39	-2 714	-2 148	-1 345	-2 104	-3 134	-3 076	3 207	3 042
Banks	-4 833	-2 672	-1 145	-2 210	-2 008	530	-2 093	-551	29	-57
Other sectors	-3 478	2 711	-1 569	62	663	-2 634	-1 041	-2 525	3 178	3 099
Other investment in Norway	-17 914	12 091	837	-10 996	-821	-6 934	20 968	-3 290	-273	-5 314
Trade credits	-7 101	-46	-4 679	-2 002	-2 014	1 594	324	211	-545	-36
Loans	-8 858	12 046	-214	-8 754	293	-183	-1 057	7 285	1 353	4 465
The Central Bank	1 311	-2 108	267	-2 329	2 387	986	-2 950	760	332	-250
Other banks	-1 345	-498	217	-529	151	-1 184	504	-581	-173	-248
Other sectors	-8 824	14 652	-698	-5 896	-2 245	15	1 389	7 106	1 194	4 963
Currency and deposits	-2 561	2 980	5 953	-300	591	-8 805	23 410	-10 294	-282	-9 854
The Central Bank	-77	205	-228	-39	32	158	40	93	-89	161
Other banks	-2 484	2 775	6 181	-261	559	-8 963	23 370	-10 387	-193	-10 015
Other liabilities	606	-2 889	-223	60	309	460	-1 709	-492	-799	111
Undistributed capital transactions and statistical discrepancy, net	13 959	21 881	4 689	1 830	6 234	1 206	13 251	3 570	1 736	3 324
Net lending	25 271	29 785	6 123	4 594	7 391	7 163	9 601	4 217	10 844	5 123
Revaluations, net	8 630	7 966	1 604	4 269	2 550	207	8 165	-232	93	-60
Increase in Norway's net assets	33 901	37 751	7 727	8 863	9 941	7 370	17 766	3 985	10 937	5 063

Balance of Payments

Financial account. Million kroner

	1996	1997	96:1	96:2	96:3	96:4	97:1	97:2	97:3	97:4
Norwegian investment abroad, total	141 115	133 200	39 567	29 760	20 108	51 680	64 912	5 219	43 597	19 472
Direct investment abroad	36 788	28 634	4 486	13 216	2 871	16 215	5 888	8 984	8 136	5 626
Shares and equity capital	24 329	12 433	2 216	12 397	276	9 440	1 194	4 738	1 662	4 839
Reinvested earnings	4 478	2 984	580	1 251	1 342	1 305	1 377	454	511	642
Other capital	7 981	13 217	1 690	-432	1 253	5 470	3 317	3 792	5 963	145
Portfolio investment abroad	63 598	121 470	8 789	2 909	890	51 010	14 210	12 173	15 632	79 455
Shares and equity capital	7 595	20 078	1 371	323	3 244	2 657	2 424	-926	3 880	14 700
Banks	-339	-12	-60	-43	91	-327	-42	95	-56	-9
Other sectors	7 934	20 090	1 431	366	3 153	2 984	2 466	-1 021	3 936	14 709
Other securities	56 003	101 392	7 418	2 586	-2 354	48 353	11 786	13 099	11 752	64 755
Banks	49 452	81 857	195	1 769	1 696	45 792	3 451	4 660	5 527	68 219
Other sectors	6 551	19 535	7 223	817	-4 050	2 561	8 335	8 439	6 225	-3 464
Other investment abroad	-888	13 977	18 443	-11 260	4 781	-12 852	31 870	-18 305	5 795	-5 383
Trade credits	-7 675	-4 420	-2 419	-4 179	1 841	-2 918	845	-5 298	1 569	-1 536
Loans	4 736	11 131	2 663	4 569	-1 361	-1 135	7 422	389	-767	4 087
Banks	8 042	4 614	3 763	3 935	-581	925	6 504	-764	-1 485	359
Other sectors	-3 306	6 517	-1 100	634	-780	-2 060	918	1 153	718	3 728
Currency and deposits	-1 498	-3 775	17 318	-13 223	3 807	-9 400	17 656	-12 153	348	-9 626
Banks	-636	2 311	8 189	-3 631	-726	-4 468	12 795	-7 554	879	-3 809
Other sectors	-862	-6 086	9 129	-9 592	4 533	-4 932	4 861	-4 599	-531	-5 817
Other assets	3 549	11 041	881	1 573	494	601	5 947	-1 243	4 645	1 692
International reserves	41 617	-30 881	7 849	24 895	11 566	-2 693	12 944	2 367	14 034	-60 226
Drawing rights IMF	-610	120	-650	-36	-68	144	-118	-99	387	-50
Reserve position IMF	-202	854	-22	-24	43	-199	-293	-43	788	402
Foreign currency	42 429	-31 855	8 521	24 955	11 591	-2 638	13 355	2 509	12 859	-60 578
Foreign investment in Norway, total	93 288	81 940	31 315	20 914	1 392	39 667	46 323	-3 597	28 897	10 317
Direct investment in Norway	20 618	25 518	5 974	2 082	6 887	5 675	-2 436	2 115	1 871	23 968
Shares and equity capital	15 849	20 012	4 488	924	9 183	1 254	804	-521	122	19 607
Reinvested earnings	2 931	3 606	423	-993	689	2 812	340	-932	2 300	1 898
Other capital	1 838	1 900	1 063	2 151	-2 985	1 609	-3 580	3 568	-551	2 463
Portfolio investments in Norway	1 428	19 240	-942	6 535	-7 897	3 732	10 874	-11 227	36 899	-17 306
Shares and equity capital	-1 439	-8 068	-2 193	4 025	-5 343	2 072	-930	1 153	1 846	-10 137
Banks	1 424	-586	344	222	759	99	-463	-300	-34	211
Other sectors	-2 863	-7 482	-2 537	3 803	-6 102	1 973	-467	1 453	1 880	-10 348
Other securities	2 867	27 308	1 251	2 510	-2 554	1 660	11 804	-12 380	35 053	-7 169
Banks	8 156	23 130	3 620	49	428	4 059	1 951	127	16 269	4 783
Other sectors	-5 289	4 178	-2 369	2 461	-2 982	-2 399	9 853	-12 507	18 784	-11 952
Other investment in Norway	71 242	37 182	26 283	12 297	2 402	30 260	37 885	5 515	-9 873	3 655
Trade credits	-252	1 086	1 146	-1 665	98	169	2 884	2 256	371	-4 425
Loans	15 905	14 019	4 058	784	3 299	7 764	4 046	2 617	7 873	-517
The Central Bank	9 542	-4 850	2 286	2 053	3 224	1 979	568	-7	5 529	-10 940
Other banks	-364	1 438	378	145	-1 453	566	3 971	-3 146	-746	1 359
Other sectors	6 727	17 431	1 394	-1 414	1 528	5 219	-493	5 770	3 090	9 064
Currency and deposits	55 700	22 943	19 421	13 805	247	22 227	28 196	1 833	-18 634	11 548
The Central Bank	45	-125	-28	13	59	1	-92	-180	112	35
Other banks	55 655	23 068	19 449	13 792	188	22 226	28 288	2 013	-18 746	11 513
Other liabilities	-111	-866	1 658	-627	-1 242	100	2 759	-1 191	517	-2 951
Undistributed capital transactions and statistical discrepancy, net	19 919	4 237	11 010	8 671	-633	871	2 335	2 240	-638	300
Net lending	67 746	55 497	19 262	17 517	18 083	12 884	20 924	11 056	14 062	9 455
Revaluations, net	-5 056	-15 080	-48	-848	-751	-3 409	-6 927	-1 533	-5 786	-834
Increase in Norway's net assets	62 690	40 417	19 214	16 669	17 332	9 475	13 997	9 523	8 276	8 621

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