STATISTICS DEPARTMENT

STAKEHOLDER NEWSLETTER

CENTRAL BANK OF TRINIDAD & TOBAGO

ISSUE 05
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"You can have data without information, but you cannot have information without data." (Daniel Keys Moran)

What do we do?

We capture data from various sectors of the economy to facilitate ***data-driven policy-making***.

One of the key data sets compiled by the Central Bank of Trinidad and Tobago is the **international accounts**. These include the balance of payments, the international investment position, the coordinated direct investment survey, and trade in services, among others.

This newsletter explains one of the basic balance of payments concepts.

What are the international accounts?

The international accounts for an economy summarise the economic relationships between residents of that economy and non-residents.

The international accounts provide an integrated framework for the analysis of an economy's international economic relationships, including its international economic performance, exchange rate policy, reserves management, and external vulnerability.

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The balance of payments (BOP)

The balance of payments is a statistical statement that summarises ***transactions*** between residents and non-residents during a period. It consists of the current account, the capital account, and the financial account.

The Current Account - The Services Account

The current account of the BOP records flows in 1. goods, 2. services, 3. primary income, and 4. secondary income between residents and non-residents. According to the IMF's Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6), primary income is income earned from producing goods and services, investing money or owning resources.

It's main components include:

- Compensation of employees (wages and salaries, including benefits)
- Dividends and interest earned on direct, portfolio and other investments
- Reinvested earnings (the direct investors' share of retained earnings)

Primary income credits are earnings received from non-residents (e.g., dividends and interest on foreign investments, and wages earned abroad). Similarly, primary income debits refer to payments of wages and salaries, dividends and interests to non-residents.

For Trinidad and Tobago, the primary income account is heavily influenced by foreign direct investment in the energy sector. Foreign companies have significant investments in Trinidad and Tobago's energy sector, and earn profits, dividends and interests from these activities. As a result, primary income payments to foreign investors generally exceed primary income receipts from abroad, leading to persistent primary income deficits. The primary income account is a key component of the balance of payments as it provides insight into how income is generated, distributed, and transferred between residents and non-residents.

Where do you come in?

Your responses to the surveys administered by the Central Bank feed directly into the compilation of these critical economic data sets. The Statistics Department assures you that all data provided are treated as confidential with only aggregated data being published.

Source: International Monetary Fund, Balance of Payments and International Investment Position Manual, Sixth Edition
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