



Practice of the Compilation of Workers' Remittances in the BoP of Lithuania

February 26 to March 2, 2007
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Workers' Remittances in the Manual (BPM5)

- Workers' remittances cover current transfers by migrants who are employed in new economies and considered residents there.
- A migrant is a person who comes to an economy and stays, or is expected to stay, for a year or more
- Persons who work for and stay in new economies for less than a year are considered nonresidents; their transactions are attributed mainly to the component of the compensation of employees.



The Main Obstacles in Measuring Remittances

- Difficulties in the differences between seasonal workers and migrants,
- The lack of information about legal migration, seasonal workers abroad or non-resident workers in Lithuania,
- The same sources of information could be used for estimating the compensation of employees and workers' remittances

International Migration Statistics

- The international migration statistics produced by Statistics Lithuania are based on the Population Register data.
- However, not all persons emigrating from Lithuania declare their departure to the national authorities.
- Since the restoration of independence of the Republic of Lithuania (1990 – 2005) the population decreased by 360.5 thousands (90 percent of the decrease was determined by the negative net migration).
- The highest emigration flows are to the United Kingdom, Ireland, Germany, Spain and the USA.

The Flows of Workers' Remittances Increased Notably in the BoP

- The workers' remittances item in the Balance of Payments of Lithuania is becoming increasingly relevant in the current account, as many residents go to work abroad and send money back to their families after a period of time.
- The growing amount of migration puts a demand to estimate the flows of workers' remittances fully and precisely and seek new sources.



The Main Sources for the Workers' Remittances

- The state enterprise Central Post of Lithuania information on remittances;
- Commercial banks' information about natural persons transfers;



The Data of the Central Post

- The Central Post completes a quarterly statistical statement form “Financial and Commercial Activities of the Enterprises with Non-Residents”,
- This form is managed by Statistics Lithuania,
- Respondent submits the information on remittances to and from foreign countries,
- All transaction data are broken down geographically.



The Data of Commercial Banks

- All commercial banks and foreign bank branches complete a monthly statistical statement form “Statement on Total Incoming and Outgoing International Payments”.
- This statement is used to record transfers of the bank and its customers to non-residents and receipts from non-residents during the period under review.
- Transaction data are not broken down geographically.



The Lack and Weakness of the Current Sources

- These sources do not cover transfers that workers bring or transfer in cash and by illegal channels.
- Commercial banks' information is not available by geographical breakdown.
- Information obtained from the current sources is difficult to put definitely on workers' remittances or compensation of employees.



Future Action Plans (1)

- The Bank of Lithuania together with Statistics Lithuania prepare some questions about the workers' remittances that will be included in the annual household survey.
- Households will be investigated about remittances that they received from or transferred abroad in cash in 2006.
- They will be asked about the amount of money they got or transferred.
- Approximately 4000 respondents will be investigated.



Future Action Plans (2)





- Commercial banks will be requested to complete the “Statement on Total Incoming and Outgoing International Payments”, submitting the data by each country.
- It will allow breaking down the data geographically.

The Main Sources for the Compensation of Employees (1):

- The quarterly data on social insurance contributions paid by foreign embassies for resident employees in Lithuania;
- The Ministry of Foreign Affairs (the data on the expenditure of Lithuania's embassies abroad);
- Quarterly reports of non-financial enterprises;
- Commercial banks' information about compensation of employees paid to non-residents.

The Main Sources for the Compensation of Employees (2):

Estimates using these data:

-  The data on financial assistance;
-  The information from commercial banks on net purchases of foreign currency;
-  Monthly surveys of cross-border transactions by individuals and public organisations conducted by commercial banks;
-  Travel data.



Alternative Estimates of the Compensation of Employees

- Statistics Lithuania together with the Bank of Lithuania implemented a PHARE project “Transition from GDP to GNI”.
- One part of this research was an attempt at estimating the compensation of employees.
- The labour force survey data on the location of the work place and the type of the labour contract were used for estimating the number of persons working abroad.
- The average compensation per month was determined after the consultation with persons that actually have been working abroad in the corresponding country.

Conclusion

- The results of an alternative estimate of the compensation of employees were similar to the corresponding figure in the balance of payments.
- It allows stating that the sources and methods used for the estimation of the compensation of employees and workers' remittances are sufficiently correct.



THANK YOU FOR YOUR ATTENTION

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