

**Eighteenth Meeting of the
IMF Committee on Balance of Payments Statistics
Washington, D.C., June 27–July 1, 2005**

Overview of the Work on the Update of *Balance of Payments Manual*, Fifth Edition

**Prepared by the Statistics Department
International Monetary Fund**

Overview of the Work on the Update of *Balance of Payments Manual*, fifth edition

Introduction

1. This paper presents the progress made in the update of *Balance of Payments Manual*, fifth edition (*BPM5*) since the meeting of the IMF Committee on Balance of Payments Statistics (Committee) in October 2004. Specifically, the paper reports on (i) the Committee's technical expert groups, (ii) coordination with the review of the 1993 *SNA*, (iii) coordination with other interested groups and task forces, and (iv) the timetable for the preparation of the new manual.

Technical Expert Groups

2. As endorsed by the Committee in its 2003 meeting, three technical expert groups were established in 2004 to assist in the research and resolution of more complex methodological issues and to undertake a general review of the draft of the manual. These groups are:

- Direct Investment Technical Expert Group (DITEG): to address a range of methodological issues associated with direct investment. DITEG was a joint group of some members of the OECD's Workshop on International Investment Statistics (WIIS) and nominees by the IMF. DITEG reported and made recommendations to both the Committee and the WIIS.¹ The work of DITEG will feed into the revision of the *OECD Benchmark Definition of Foreign Direct Investment (Benchmark Definition)* for which the WIIS has responsibility and which will be aligned with the *BPM5* revision;
- Currency Union Technical Expert Group (CUTEG). The issues associated with currency unions are specialized and are to be given increased priority in the new manual, so this group assists in dealing with the issues related to currency unions; and
- Balance of Payments Technical Expert Group (BOPTTEG): to examine all other issues related to the update of *BPM5*. The BOPTTEG takes into account the specialized topics to be covered by DITEG and CUTEG. While avoiding duplication of work done by these two other TEGs, within the framework as a whole, BOPTTEG addressed issues of coherence arising from the proposals of these groups. The BOPTTEG also is to provide advice on the draft chapters of the new manual.

¹ At its meetings in October 2004 and April 2005, the WIIS reviewed DITEG's outcome papers.

3. Each TEG had its own terms of reference. Membership included representatives from selected IMF member countries from all regions of the world and from several international organizations. Attachments 1-3 provide list of issues for these TEGs.

4. All three TEGs have concluded deliberation of the lists of issues they were to consider. BOPTTEG and CUTTEG met twice (in June and December 2004) and DITTEG met three times, (in June and December, 2004, and March 2005). The documents of these TEGs (such as, list of topics, issues papers, background papers, outcome papers, summary conclusions of their meetings) are placed on the IMF's external website² for information and comment. To make specific questions and comments on the papers of the three TEGs, the IMF created an e-mail address.³ In addition, the Bureau of Economic Analysis (BEA) of the United States,⁴ and the OECD⁵ each established a website where papers and other information relating to DITTEG are posted. These web sites are password protected. Attachments 4-6 provide summaries of the conclusions of these meetings.

5. DITTEG has completed its work and has been disbanded. Work on revising the *Benchmark Definition of Foreign Direct Investment*, third edition (*BD3*), will be carried forward by the OECD's Benchmark Advisory Group (BAG) and the WIIS.

6. While the list of issues for both BOPTTEG and CUTTEG have all been considered, these two TEGs will be reconvened at a later date to review the drafting of the new balance of payments manual.

7. The first set of recommendations by the TEGs, following their June 2004 meetings, was considered by the Committee at its meeting in October 2004. The remaining set of recommendations will be considered at its June 2005 meeting.

8. It is proposed (see BOPCOM-05/70) that a technical expert group be created to address issues relating to reserve assets. The proposed program of work and timetable are set out in that document.

² See <http://www.imf.org/external/np/sta/bop/bopman5.htm>

³ See bpm5update@imf.org

⁴ See <http://www.bea.gov/diteg>

⁵ See <http://www.oecd.org>

Coordination with the Review of the 1993 SNA

9. The revision to *BPM5* is being coordinated with the simultaneous review of the *1993 System of National Accounts (1993 SNA)*, which is being conducted with the auspices of the United Nations. It is regarded as critically important that the two systems remain consistent to the maximum extent possible.

10. Continuing contact is being and will be maintained between the balance of payments community and the InterSecretariat Working Group on National Accounts (ISWGNA) and the Advisory Expert Group on National Accounts (AEG) that the ISWGNA established to assist in the *1993 SNA* review. The IMF presented a paper, which elaborated the balance of payments issues relevant for the review of the *1993 SNA*, to the AEG at its meeting in February 2004. The list of balance of payments issues for *SNA* review is shown at the United Nations Statistics Division's website.⁶ The summary conclusions of the AEG's first two meetings is also available at this web site. Attachment 7 sets out this list of balance of payments issues that were submitted to the AEG and summarizes progress in both the balance of payments and national accounts communities in addressing these issues and plans for continuing work.

11. The second meeting of the AEG scheduled for December 7-16, 2004 allocated two days for reviewing balance of payments issues. IMF staff presented papers for the AEG meeting reflecting the decisions of the Committee. See Attachment 7 for summary of progress of these issues.

Coordination with Other Interested Groups and Task Forces

12. In addition to the ISWGNA, AEG, and TEGs, various interagency task forces/groups are being consulted throughout the *BPM5* revision process. They are kept informed of the progress on the revision and are providing inputs to the update. IMF staff participate in the work of all of these groups. Inputs have been received in the form of written or oral comments on the *Annotated Outline* and the issues and outcome papers of the TEGs, and in the form of papers of these groups.

These task forces/groups include:

- the OECD Workshop of International Investment Statistics (WIIS) for direct investment issues,
- the Interagency Task Force on Finance Statistics, for external debt-related issues,

⁶ See <http://unstats.un.org/unsd/nationalaccount/aeg.htm>

- the Interagency Task Force on Statistics of International Merchandise Trade Statistics, for goods-related issues,
- the Interagency Task Force on Statistics of International Trade in Services (TFSITS) for services-related issues,
- the UN Technical Sub-Group (TSG) on the Movement of Natural Persons, for issues such as residence of individuals and remittances,
- the Technical Subgroup of the Interagency Coordination Group on Tourism Statistics for issues related to travel and linkages with the tourism satellite account,
- the Interagency Task Force on the Harmonization of Public Sector Accounts, for public sector issues,
- the UN Technical Sub-Group (TSG) on Classifications, for work on the Central Product Classification (CPC), which identifies the scope of many balance of payments services items,
- the ECB Working Group on Balance of Payments and External Reserves Statistics, for European views, and
- the Eurostat Balance of Payments Working Group, for European views.

13. Plans are in place for the WIIS to revise the *BD3* (as previously mentioned), for the TFSITS to revise the *Manual on Statistics of International Trade in Services (MSITS)*, and for the TSG on Classifications to revise the CPC, all with the view of aligning with the *1993 SNA/BPM5* changes.

14. Several international organizations are involved in the work on the *BPM5* update through their participation in the Committee and various TEGs. The Committee includes IMF, OECD, UNSD, ECB, Eurostat, and BIS. DITEG includes IMF, OECD, ECB, and Eurostat. CUTEK includes IMF, ECB, Banque Centrale des Etats de l’Afrique de l’Ouest, Banque des États de l’Afrique Centrale, Eastern Caribbean Central Bank, Eurostat, and the West African Monetary Institute. BOPTTEG includes IMF, ECB, Eurostat, BIS, and Banque Centrale des Etats de l’Afrique de l’Ouest. An even wider range of agencies (including ILO, World Tourism Organization, World Trade Organization, UNCTAD, Commonwealth Secretariat, World Bank, and WHO) are involved through their participation in the other groups.

Timetable for the Preparation of the New Manual

15. Most of the initial consultations (for example, the TEGs) have now been done, though there are continuing exchanges with the AEG. By April 2006, the balance of payments community must report to the ISWGNA on the balance of payments issues that affect the 1993 SNA review, after which it is intended that no more substantive methodological changes are to be considered. It is intended that, after October 2006, new issues will not, for the most part, be considered for inclusion in the new balance of payments manual. During 2006 and 2007, chapters of the new manual will be prepared progressively and distributed to the TEGs for initial comment (as necessary) and then to Committee for consideration at its meetings in 2006 and 2007. After each review, the chapters will be revised and placed on the IMF's web site and feedback will be sought from users. Summary reports on the comments from these posting will be prepared for the Committee's consideration.

16. In 2008, there will be a program of broad consultation and review of the draft chapters. Following the Committee's meeting in 2007, when the first complete draft of all chapters of the new manual will have been considered (with some appendices), and the revisions that will arise from those discussions have been made, the document will be sent (by mail or email) to all the Statistics Department's balance of payments correspondents, as well as to the ISWGNA, other interested groups (including several interagency task forces), and other departments at the IMF. Comments will be sought within three months. These comments will feed into the final version of the document that will be considered by the Committee at its meeting in 2008. Translation into the other Fund languages will also commence in early 2008. In addition, it is planned that the IMF conduct a series of regional seminars from February to June 2008. The seminars are intended primarily as a means of introducing compilers to the changes in the new manual, but the seminars will also provide an opportunity for compilers to discuss issues with Fund staff; these discussions may lead to modifications of the manual.

17. At its meeting in late 2008, the Committee will discuss and be asked to endorse these changes. Following this meeting, the document, having incorporated any further changes from the meeting, will be sent to the Committee, primarily for information, although comments will be sought on the changes arising from the meeting. In June 2009, the final draft, subject only to editing, will be placed on the IMF website. It is expected that the new manual will be made available in hardcopy in 2010 in English, with publication in other languages to follow.

18. Attachment 8 updates the "Plans for Preparation and Finalization of the New Manual" that was discussed at the 2004 meeting of the Committee. Because the consultation process, especially with the AEG, has absorbed more time and resources than had been anticipated at last year's meeting, and also because of a recent severe turnover in staff in the balance of payments area of the IMF's Statistics Department, a delay in the start of the drafting of

chapters to November 2005 will occur. To partially offset the delayed drafting work, the IMF proposes to concentrate the series of regional seminars into five months, as opposed to the original proposal of nine months, at the expense of some ongoing external training activities in 2008, and to abbreviate the length of the review process after completion of the first full draft of chapters. Regardless, as the process outlined above indicates, considerable emphasis will continue to be placed on consultation with both compilers and users, not least, through the progressive posting of revised chapters on the IMF's web site.

Topics for discussion:

Does the Committee have comments on the proposed process for dealing with the update of the Manual, in particular:

- (a) coordination with work on national accounts by ISWGNA and AEG?*
- (b) coordination with other interested groups and task forces?*
- (c) the timetable?*

**IMF COMMITTEE ON BALANCE OF PAYMENTS STATISTICS
BALANCE OF PAYMENTS TECHNICAL EXPERT GROUP (BOPTTEG)
CONSOLIDATED LIST OF ISSUES
UPDATED AS OF NOVEMBER 17, 2004**

	<i>Topic</i> ¹	<i>Agency/Country responsible</i> ²	<i>Related Group</i> ³	<i>Meeting</i> ⁴
1	Terms of reference	IMF		
2	Activation of guarantees	IMF		June 2004
3	Accrual principles for debt arrears	IMF		June 2004
4	Nonperforming loans, valuation of loans and deposits, write-offs, valuation of traded loans in balance sheets, and related issues	IMF ECB		June 2004 ⁵ Electronic discussion Sept. 2004
5	Criteria for identification of branches	IMF	DITEG	June 2004
6	Multiterritory enterprises	Australia (<i>Netherlands</i> ⁶)	DITEG	June 2004
7	Institutional sector classification	IMF	CUTEG	June 2004
8	Residence of households	IMF Australia	UNTSGMNP TFSITS	June 2004
9	SPEs and shell and holding companies (units, sectorization, residence, transactions)	IMF Australia	DITEG CUTEG (for information)	June 2004
9B	Sector and industry classification of holding companies	Netherlands (<i>ECB</i>)	DITEG	Dec. 2004
10	Residence of corporations	Netherlands		June 2004
11	Application of direct investment to government corporations	IMF	DITEG CUTEG (for information)	Deferred
12	Untraded and formerly traded securities in portfolio investment	IMF (<i>ECB</i>)		Dec. 2004
13	Traded loans—criteria to become portfolio investment	IMF (<i>ECB</i>)		Dec. 2004

¹ Where a topic is italicized, it is to indicate that another technical expert group has primary carriage; the topic has been included here as BOPTTEG will have an interest in the issue.

² The agency shown is to prepare an issues paper for consideration by BOPTTEG.

³ Indicates which other group(s) are involved in the subject: DITEG = Direct Investment Technical Expert Group, CUTEG = Currency Union Technical Expert Group, UNTSGMNP = the United Nations Technical Sub-Group on the Movement of Natural Person – Mode 4 (UNTSGMNP), TFSITS= Task Force on Statistics on International Trade in Services.

⁴ Indicates the BOPTTEG meeting at which the topic is scheduled for discussion.

⁵ An initial discussion on a paper prepared by a working group of the IMF Statistics Department is planned for the June 2004 meeting.

⁶ For those issues where BOPTTEG has primary carriage, agencies/countries shown in italics indicated interest in preparing background papers.

	<i>Topic¹</i>	<i>Agency/Country responsible²</i>	<i>Related Group³</i>	<i>Meeting⁴</i>
14A	Re-exports and goods in transit	UK	CUTEG TFSITS (for information)	June 2004
14B	Goods for processing	UK	CUTEG TFSITS (for information)	June 2004
15	Repairs on goods (Covered in issues paper # 17)	IMF	TFSITS (for information)	June 2004
16	<i>Merchanting</i>	<i>Japan</i>	<i>TFSITS</i>	<i>June 2004</i>
		<i>IMF</i>		<i>Dec. 2004</i>
17	<i>Classification of services</i>	<i>IMF</i>	<i>TFSITS</i>	<i>June 2004</i>
18	18. Direct investment—reinvested earnings (including negative reinvested earnings)	Netherlands	DITEG	June 2004
19	Retained earnings of mutual funds, and rerouting of investment income of technical reserves of life insurance enterprises and pension funds	IMF (<i>ECB</i>)		June 2004
				Dec. 2004
20	Interest on debt securities ⁷	ECB and UK, Australia (<i>Netherlands</i>)		June 2004
21	Income on securities lending and reversible gold trans actions	Australia ECB		Dec. 2004
22	Treatment of technical assistance	IMF	UNTSGMNP	Dec. 2004
24 ⁸	Reinsurance	UK		June 2004
25	Debt instruments indexed to a foreign currency	IMF		Dec. 2004
26	Interest on indexed debt instruments	IMF		Dec. 2004
27	Non-monetary gold	Japan		June 2004
		UK (<i>UK</i>) (<i>Japan</i>)		Dec. 2004
28	Financial instrument classification	IMF/ECB		Dec. 2004
29	Concessional debt	IMF		Dec. 2004
30	Distinction between loans and deposits	ECB (<i>ECB</i>)		Dec. 2004

⁷The IMF Committee on Balance of Payments Statistics at its meeting in October 2004 raised a harmonization issue between SNA and BOP concerning the treatment of interest on debt securities. This topic will be raised at the December 2004 meeting of the AEG as a clarification item.

⁸ BOPTEG Issue # 23 on mutual insurance was dropped from this list.

**IMF Committee on Balance of Payments Statistics
and
OECD Workshop of International Investment Statistics
Consolidated List of topics for the Direct Investment Technical Expert Group as
Revised at DITEG meeting**

December 9, 2004

<i>Topic¹</i>	<i>Agency responsible²</i>	<i>Related Group³</i>	<i>Meeting⁴/ Priority</i>
1. Valuation of (i) direct investment equity (ii) branches	US, ECB, Australia <i>ECB (new background paper on OFBV issue for Dec. 2004 meeting)</i> IMF		(i) June 2004 (issue reconsidered at Dec. 2004 meeting and to be reconsidered in March 2005) (ii) June 2004
2. Direct Investment – 10 percent threshold of voting power/equity ownership, employment	Luxembourg, OECD <i>(Luxembourg)</i>		June 2004
3. Indirect investment -- FCS, USM, or 50 percent ownership	IMF, ECB/Eurostat, Japan <i>(Netherlands⁵)</i>		June 2004 (issue reconsidered at Dec. 2004 meeting and to be reconsidered in March 2005)
4. Mergers and Acquisitions	Canada, OECD <i>(France, United</i>		Dec. 2004

¹ Where a topic is italicized, it is to indicate that another technical expert group has primary carriage; the topic has been included here as DITEG will have an interest in the issue.

² The agency shown is to prepare an issues paper for consideration by DITEG.

³ Indicates which other group(s) are involved in the subject: BOPTTEG = Balance of Payments Technical Expert Group, CUTTEG = Currency Union Technical Expert Group, TFSITS= Task Force on Statistics on International Trade in Services

⁴ Indicates whether the topic is scheduled for initial discussion at the first DITEG meeting (June 2004 in Paris), the second DITEG meeting (December 2004 in Washington, DC), or the third DITEG meeting (March 2005 in Paris).

⁵ For those issues where DITEG has primary carriage, countries shown in italics have indicated that they will be preparing background papers.

<i>Topic¹</i>	<i>Agency responsible²</i>	<i>Related Group³</i>	<i>Meeting⁴/ Priority</i>
	<i>Kingdom⁵</i>)		
5. Reinvested earnings: A. as it affects national saving B. of indirectly owned direct investment enterprises	Australia IMF	BOPTEG	June 2004 June 2004
6. Bring together all direct investment issues (stocks, flows, income, between affiliates) in an appendix to the Balance of Payments Manual	IMF		June 2004
7. Directional principle	IMF <i>(Ireland⁵)</i> United States (new issues paper for December 2004)		June & Dec. 2004
8. Reverse investment – classification	IMF United States (new issues paper for December 2004)		June & Dec. 2004
9. SPEs, shell companies, holding companies, off-shore enterprises (units, sectorization, residence, transactions)	IMF, Australia Netherlands (<i>new issues paper on sectorization and industry, and new background paper on the definition of SPEs for December 2004</i>)	BOPTEG <i>(CUTEG for information)</i>	June and Dec. 2004
10. Rules for identification of branches (for information)	IMF	BOPTEG	June 2004
11. SPEs ⁶ Inclusion in direct investment of transactions between non-financial DIE and affiliated financial SPE	ECB <i>(Netherlands⁵)</i>		Dec. 2004 (issue to be reconsidered in March 2005)
12 (i). Country identification (Ultimate beneficial owner/ultimate destination and	Eurostat United States	TFSITS (for information)	Dec. 2004 (issue to be

⁶ For further clarification of issues relating to SPEs (and similar units) as they relate to direct investment, after discussion of broader issues in paper #9.

<i>Topic¹</i>	<i>Agency responsible²</i>	<i>Related Group³</i>	<i>Meeting⁴/ Priority</i>
immediate host/investing country) <i>12 (ii). Geographic classification principles (debtor/creditor or transactor principle) (for information)</i>		<i>CUTEG</i>	reconsidered in March 2005)
13. Round tripping	Hong Kong SAR		Dec. 2004
14. Permanent debt between affiliated financial intermediaries	IMF, Japan		Dec. 2004 (issue to be reconsidered in March 2005)
15. Land and buildings owned by non-residents	IMF		March 2005
16. Use of maturity and full instrument split for direct investment	IMF		Dec. 2004
<i>17. Multi-territorial enterprises</i>	<i>IMF</i>	<i>BOPTTEG (CUTEG, for information)</i>	March 2005 (for information)
<i>18. Application of direct investment to government (for information)</i>	<i>IMF</i>	<i>BOPTTEG (CUTEG, for information)</i>	<i>March 2005</i>
19. Bring together all direct investment-related issues (transactions in goods and services, income, financial flows, stocks, between affiliates) as an appendix to the Balance of Payments Manual	IMF		June 2004
20. Define terms more clearly, including: Direct investor; Affiliated DI enterprise; Parent company; Majority ownership and control; Multinational enterprise; <i>Loan guarantees; Debt forgiveness</i>	Canada (excluding guarantees and debt forgiveness)	<i>BOPTTEG (for loan guarantees and debt forgiveness)</i>	Dec. 2004 (issue to be reconsidered in March 2005)
21. Various special cases, including Banking activities; (a) transfer pricing between banks; (b) Shipping companies; (c) Natural resource exploration & Construction	Belgium: Banking Greece: Shipping Russia: Natural resource exploration, and Construction		Dec. 2004 (21a). 21b and 21c to be considered in March 2005
22. Other capital (focusing on short-term instruments)	Netherlands		Dec. 2004
23. Inter-company transactions and amounts outstanding with fellow subsidiaries	Italy		March 2005

<i>Topic¹</i>	<i>Agency responsible²</i>	<i>Related Group³</i>	<i>Meeting⁴/ Priority</i>
24. FDI stock (financial versus economic measurement)	Belgium		March 2005
25. Valuation of real estate	France		March 2005
26. <i>Accounting methods and IAS⁷</i>	<i>Russia</i>		March 2005
27. Principles for classification by industry (according to direct investor or direct investment enterprise)	Eurostat		March 2005
28. Greenfield investments	OECD		Dec. 2004
29. Extensions of capital	OECD		Dec. 2004
30. Mutual funds (units, sectorization, residence, transactions)	Japan		March 2005

⁷ This item is only for information for various issues relating to IAS. It is provided as a background document, and there will no issue paper.

**List of Topics for Consideration by the Currency Union Technical Expert Group
(CUTEG)**

JULY 2004

<i>Topic¹</i>	<i>Agency responsible²</i>	<i>Related Group³</i>	<i>Status⁴</i>
Terms of Reference and issues paper for research related to economic and currency unions	IMF/ECB		
Types of multi-national economic areas			
1. Definition of a currency union	IMF	BOPTTEG	Follow-up
2. Definition of an economic union	IMF	BOPTTEG	Issues paper
3. Architecture of a currency union	IMF	BOPTTEG	Follow-up
4. Distinction between currency union and regional statements	IMF	BOPTTEG	Follow-up
Residence			
5. Residence in a currency union and residence in a single economy	IMF	BOPTTEG	Follow-up

¹ Where a topic is italicized, it is to indicate that another technical expert group has primary carriage; the topic has been included here as CUTEG will have an interest in the issue

² The agency that is or has prepared an issues paper for consideration by CUTEG

³ Indicates which other group(s) are involved in the subject: DITEG = Direct Investment Technical Expert Group, BOPTTEG = Balance of Payments Technical Expert Group, TFSITS= Task Force on Statistics on International Trade in Services

⁴ Follow-up indicates that the issue was discussed at the June meeting but further research is required before CUTEG's discussion of the issue is concluded. Issues paper indicates that an issues paper is to be prepared in the December meeting. June 2004 indicates that CUTEG has completed its discussion and is reporting the outcome to the IMF's Balance of Payments Statistics Committee.

6. Residence and sectorization of regional organization in overlapping regional currency and other economic arrangements	ECB	BOPTTEG	Follow-up
<i>7. SPEs and shell and holding companies (units, sectorization, residence, transactions) (for information)</i>	<i>IMF</i>	<i>BOPTTEG, DITTEG</i>	
<i>8. Residence of multi-territory enterprises (for information, see issue 5)</i>	<i>IMF</i>	<i>BOPTTEG, DITTEG</i>	
<i>9. Rules for identification of branches (for information)</i>	<i>IMF</i>	<i>DITTEG</i>	
Reserve assets			
10. Definition and allocation of reserve assets of a currency union	ECB	BOPTTEG	Follow-up
Other financial flows and stocks			
11. Allocation of financial flows	IMF	BOPTTEG	June 2004
12. Definition of domestic and foreign currency	IMF	BOPTTEG	June 2004
13. Treatment of intra currency union claims and liabilities resulting from the issuance of banknotes	IMF/ECB	BOPTTEG	Follow-up
14. Treatment of banknote migrations within and outside a currency union	IMF/ECB	BOPTTEG	Follow-up
15. Treatment of transactions and positions arising from intra-currency union claims and liabilities, including currency union settlement and clearing arrangements	ECB	BOPTTEG	Follow-up

16. *Application of direct investment to government corporations (for information)*

IMF

*BOPTTEG,
DITTEG*

Current account transactions

17. Reclassification of non financial transactions from a national perspective to a currency union perspective

Eurostat

BOPTTEG

Issues Paper

18. *Goods for processing, Re-exports and transit trade (for information)*

*UK
France
Hong Kong,
SAR*

*BOPTTEG
TFSITS (for
information)*

Sector classification

19. Sector classification of regional institutions (e.g. EIB, EUI) in currency union and economic area statistics (treated with issue 6)

ECB

BOPTTEG

Follow-up

20. *Institutional sector classification (for information)*

IMF

BOPTTEG

Regional issues⁵

21. Conceptual treatment of multinational settlements

BOPTTEG

To be decided

22. Treatment of customs revenue in the SACU arrangement

BOPTTEG

To be decided

⁵ These two issues were added to the CUTTEG list following the June 2004 meeting.

Summary Conclusions
First Meeting of the Balance of Payments Technical Expert Group
IMF Committee on Balance of Payments Statistics

June 22-24, 2004

Washington, D.C. The first meeting of the Balance of Payments Technical Expert Group (BOPTTEG) was held during June 22 - 24, 2004 at IMF Headquarters in Washington, D.C. This report indicates issues/topics for which the BOPTTEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the BOPTTEG did not prepare outcome papers at this stage. This report also summarizes decisions of BOPTTEG on processes, future agenda, and other administrative matters.

I. ISSUES/TOPICS OF THE FIRST MEETING

A. Accounting principles issues

Activation of guarantees

- See BOPTTEG outcome paper # 2.

Loan valuation

- A paper prepared by the Loan Valuation Working Group (IMF) was provided for information. The paper described four options for loan valuation: (i) leave the *1993 SNA* as it is, (ii) primary valuation nominal with realizable loan values and interest arrears on nonperforming loans as memorandum items, (iii) primary valuation market equivalent for creditors only, no symmetry between debtor and creditor; and (iv) primary valuation market equivalent value, but retain symmetry between debtor and creditor. The Loan Valuation Group suggested the option (ii).
- A preliminary discussion indicated a strong preference for symmetry, confirmed the analytic usefulness of both nominal and market value data, and noted the uncertainty regarding the determination of the "true" market valuation. The group acknowledged that in principle the system is based on market values. Many indicated that option (ii) may be the most practical in order to achieve symmetry, but considered that it should be seen as a transitional position on the way to "true" market valuation and that the matter should remain on the "research agenda".
- This issue is on the agenda for the second meeting of the BOPTTEG.²⁷

²⁷ It was originally planned to have a paper and further discussion at the December 2004 BOPTTEG meeting. However, because the Electronic Discussion Group on the topic has produced its draft findings and the topic has been adopted as an issue to be resolved at the December 2004 meeting of the AEG, the BOPTTEG conducted an electronic discussion in September 2004 resulting an outcome paper to be reviewed by the Committee in October 2004.

Accrual principles for debt arrears

- See BOPTEG outcome paper # 3.

B. Units, residence, sectors

Identification of branches

- See BOPTEG outcome paper # 5.

Multiterritory enterprises

- See BOPTEG outcome paper # 6.

Institutional sector classification

- See BOPTEG outcome paper # 7.

Special purpose entities, shell companies, and holding companies (units, sectorization, residence)

- See BOPTEG outcome paper # 9 and 10 combined.

Residence of households

- See BOPTEG outcome paper # 8.

C. Goods and services

Re-exports and goods in transit

- See BOPTEG outcome paper # 14A.

Goods for processing

- See BOPTEG outcome paper # 14B.

Merchanting

- There were no clear views on the treatment of merchanting. Some members noted that merchanting resembles services. A similarity with the treatment of the distribution trade industry in the national accounts was noted. Some members mentioned that inflating the gross flows is not desirable, while others, in contrary, noted that the current treatment deviates from the change of ownership principle. The discussion pointed to problems in measuring the regional breakdown of merchanting services and the possible impact of

merchanted on import series. Also, it was noted that the measurement of merchanting services may be distorted by price changes.

- The group argued that the rationale/justification for the current treatment of merchanting in *BPM5* is not clear and needs further exploration. Some members requested a review of the current difficult guidance when the merchanting straddles two reporting periods. There was also a concern about the structural asymmetry in the current guidance.
- The group decided to put this issue at the agenda for the next BOPTEG meeting and IMF volunteered to prepare an issues paper.

Classification of services

- See BOPTEG outcome paper # 17.

Reinsurance

- The group agreed that reinsurance should be treated similarly to direct insurance.
- Further work on insurance within the review of the *1993 SNA* will be followed.

Income

Reinvested earnings

- See BOPTEG outcome paper # 18.

Retained earnings of mutual funds

- The group noted inconsistencies in the current treatment of retained earnings of various collective investment schemes (net earnings of life insurance and pension funds are distributed to beneficiaries/policy holders, retained earnings of mutual funds are not distributed in *BPM5* and *1993 SNA*, mutual funds' earnings are distributed in *ESA95* but in a way that results in inconsistency between the classification of income and financial positions and transactions).
- The discussion focused on who owns the income of a collective investment scheme (particularly if the scheme does not pay out dividends - the scheme itself which produces the income or the investors in the scheme). The group also agreed that consistent definitions of these collective investment schemes are needed, noting a quite delicate question of finding a common definition of mutual funds.
- The group expressed concerns on the implications that this issue has, both on conceptual and practical aspects. The group contrasted the treatment of income between direct investment (distributed) and portfolio investment (generally not distributed) and between some types of collective investment schemes (distributed) and other portfolio investment (not distributed). Some reference to the income concept was also felt necessary.

- The group decided that the issues paper will be revised by the IMF to evaluate consistency of treatment within the *BPM5* framework, and that this issue will be discussed again at the next BOPTEG meeting.

Interest on debt securities

- See BOPTEG outcome paper # 20.²⁸

Nonmonetary gold

- The group discussed whether a distinction can be made between gold traded for real demands (industrial or jewelry) involving physical movements and gold for dealing purposes usually involving no physical movements of gold. While gold for real demands are transactions in goods, dealing transactions may be treated either as trade in gold on a gross basis as implied in *BPM5*, on a net basis (e.g. as indicated in the Balance of Payments Compilation Guide that suggests their inclusion in merchanting services) or as financial assets, which would require a change in the existing methodology. It was noted that a vast majority of gold trade is dealing transactions. If dealing transactions are to be treated on a net basis, issues were raised about whether the margin represents services and about the effects of price changes on the margin. For some countries, the gross recording may distort data on exports/imports of goods.
- The group also raised issues related to possible treatment of gold claims and gold lending. Further questions were raised at the discussion about the relationship of the issues on nonmonetary gold with other valuables (precious metals), and gold loans and fees payable on gold loans. It was also noted that a clarification on monetary gold may be needed.
- It was decided that the United Kingdom will prepare an issues paper articulating all relevant issues, and that this issue will be discussed at the next BOPTEG meeting.

II. ADMINISTRATIVE MATTERS

- The BOPTEG agreed on the updated list of issues for BOPTEG, the agenda for the next meeting, and the assignment for issues papers (see the updated list of issues).
- The group agreed that it will continue its work through electronic communication (including EDG).
- The Secretariat will circulate the draft outcome papers and summary of the conclusions to the members who will provide their comments within five days

²⁸ A background paper on this issue was prepared by De Nederlandsche Bank and further electronic discussion was held in September 2004.

to the Secretariat. After the outcome papers and summary of conclusions are finalized, they will be posted on the IMF's external website.

- The next meeting of the BOPTEG will be held during November 29 - December 2, 2004 at IMF Headquarters in Washington D.C.

Summary Conclusions
Second Meeting of the Balance of Payments Technical Expert Group
IMF Committee on Balance of Payments Statistics

November 29 - December 2, 2004

Washington, D.C.

The second meeting of the Balance of Payments Technical Expert Group (BOPTEG) was held during November 29 - December 2, 2004 at IMF Headquarters in Washington, D.C. This report indicates issues/topics for which the BOPTEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the BOPTEG did not prepare outcome papers at this stage. This report also summarizes decisions of BOPTEG on processes, future agenda, and other administrative matters.

I. ISSUES/TOPICS OF THE SECOND MEETING

Issue # 9B: Sector and industry classification of holding companies

- See BOPTEG outcome paper # 9B.

Issue # 12: Untraded and formerly traded securities

- See BOPTEG outcome paper # 12.

Issue # 13: Traded loans - criteria to become securities

- See BOPTEG outcome paper # 13.

Issue # 16: Merchanting

- See BOPTEG outcome paper # 16.

Issue # 19: Retained earnings of mutual funds and other collective investment schemes

- See BOPTEG outcome paper # 19.

Issue # 21: Income on securities and reversible gold transactions

- See BOPTEG outcome paper # 21.

Issue # 22: Treatment of technical assistance

- See BOPTEG outcome paper # 22.

Issue # 25: Debt instruments indexed to a foreign currency

- See BOPTEG outcome paper # 25.

Issue # 26: Treatment of interest on index-linked instruments

- BOPTEG members expressed reservations on the options proposed in the Issues paper.

- As a result, after the meeting, it was decided to revise the issue paper and circulate to BOPTEG members for electronic discussion.

Issue # 27: Treatment of non-monetary gold

- A majority of BOPTEG members was prepared to consider further the introduction of financial gold as a financial instrument, noting some conceptual problems with the existing treatment of nonmonetary gold and the practice in countries with large gold dealings to use other treatments, netting and classification as merchanting.
- The UK Office for National Statistics with the involvement of the Bank of Japan was requested to continue the work on delineating financial gold from industrial gold; the accounting entries involved, based on the proposal raised in *Annotated Outline* para. 5.7(j), particularly whether nonmonetary financial gold should be included in IIP; and treatment of fees on gold lending. These issues should be dealt with electronically by BOPTEG in time to give conclusions to the Committee meeting in June 2005.²⁹

Issue # 28: Classification of financial instruments

- See BOPTEG outcome paper # 28.

Issue # 29: Concessional debt

- See BOPTEG outcome paper # 29.

Issue # 30: Distinction between deposits and loans

- See BOPTEG outcome paper # 30.

II. ADMINISTRATIVE MATTERS

- The BOPTEG agreed that outcome papers are to be prepared and distributed by the secretariat with a view to receive comments from the BOPTEG members by mid January 2005.

²⁹ After the BOPTEG meeting, in January 2005, the meeting schedule for the Advisory Expert Group on National Accounts (AEG) was revised. Instead of holding one AEG meeting late in 2005, two meetings will be held that year, one in May and one in November. It is considered efficient and prudent to bring as many BOP issues as possible to the May meeting. In that light, the forthcoming paper may need to be prepared earlier than expected at the BOPTEG meeting.

- The BOPTEG noted that all AEG related BOP issues will have to be resolved by May 2006. It asked that ISWGNA be consulted about any process to solve issues that may not have been resolved at the November 2005 AEG meeting.
- The group agreed that it will continue its work through electronic communication. The group noted that electronic communication is not as effective as a meeting could be. However, it was agreed to keep the number of meetings to an absolutely necessary minimum. Tentatively, it was felt necessary to hold one meeting around late 2006 to review draft chapters of the new manual as well as any outstanding issues.
- Electronic communication will be used to discuss any residual issues.
- The BOPTEG members were asked to review Annotated Outline and list of appendices proposed for the new manual to identify any topic that they may wish to contribute in the preparation of the appendices or a part of an appendix. They were asked to let the IMF know about their intention by the end of January 2005.
- Remaining work:
 - The UK Office for National Statistics in cooperation with Bank of Japan to prepare a paper on non-monetary gold (see above Issue # 27). BOPTEG secretariat to conduct an electronic discussion among the BOPTEG members and prepare an outcome paper.
 - IMF to revise Issues paper # 26 (Treatment of interest on index-linked instruments), conduct electronic discussion, and prepare outcome paper (see above Issue # 26).

**Summary of Outcomes of the
First Meeting of the Direct Investment Technical Expert Group
(DITEG)
for
IMF Committee on Balance of Payments Statistics
and
Workshop on International Investment Statistics
June 15-17, 2004**

OECD, Paris

The first meeting of the Direct Investment Technical Expert Group (DITEG) was held during June 15 - 17, 2004 at the OECD, in Paris. This report indicates issues/topics for which the DITEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the DITEG did not prepare outcome papers at this stage. This report also summarizes decisions of DITEG on processes, future agenda, and other administrative matters.

I. ISSUES/TOPICS OF THE FIRST MEETING

A. Valuation of direct investment in equity and branches

1A. Valuation of direct investment equity

See outcome paper

1B. Valuation of branches

See outcome paper #1B

B. Identification of branches

See outcome paper #10

C. Reverse investment and directional principle

- A new proposal was introduced during the discussion on which there was no issues paper. As a consequence, further discussion of this topic was deferred to the December 2004 meeting.
- United States to prepare an additional issues paper for the next meeting

D. 10 per cent threshold

See outcome paper #2 (to be prepared by the OECD)

E. Indirect investment: Fully consolidated system

See outcome paper #3

F. Special purpose entities

See outcome paper #9

G. Reinvested earnings

5A. National/sectoral saving

See outcome paper # 5A

5B. Reinvested earnings of indirectly owned direct investment enterprises

See outcome paper #5B

H. Mergers and acquisitions

Issue not discussed. To be taken up at December 2004 meeting.

I. Bringing together all direct investment-related issues (transactions in goods and services, income, financial flows, stocks between affiliates) as an appendix to the balance of payments manual

See outcome paper #6 and #19

II. ADMINISTRATIVE MATTERS

- The DITEG agreed on the updated list of issues for DITEG, the assignment of issues papers, and the process for establishing an agenda for the next meeting.
- The group agreed that it will continue its work through electronic communication (including EDG).
- The Secretariat will circulate the draft outcome papers and summary of the conclusions the members who will provide their comments within two weeks to the Secretariat. After the outcome papers and summary of conclusions are finalized, they will be posted on the IMF's, OECD's and BEA's external websites.
- The next meeting of the DITEG will be held during December 6 – 9, 2004 at IMF Headquarters in Washington D.C.

**Summary of Outcomes of the
Second Meeting of the Direct Investment Technical Expert Group
(DITEG)
for
IMF Committee on Balance of Payments Statistics
and
Workshop on International Investment Statistics
December 6-9, 2004
IMF Headquarters
Washington, D.C.**

The second meeting of the Direct Investment Technical Expert Group (DITEG) was held during December 6-9, 2004 at IMF Headquarters, in Washington, D.C.. This report indicates issues/topics for which the DITEG will prepare outcome papers and summarizes the discussions/recommendations on issues/topics for which the DITEG will not prepare outcome papers at this stage. This report also summarizes decisions of DITEG on processes, future agenda, and other administrative matters.

I. ISSUES/TOPICS OF THE SECOND MEETING

Issue #1: Valuation of direct investment equity

See outcome paper (to be prepared by Mr. Sanchez Muñoz) but the issue is to be brought back to DITEG for further consideration at the March 2005 meeting

Issue #3: Indirect investment: Fully consolidated system

See outcome paper (to be prepared by Mr. Davies). The issue is to be brought back to DITEG for further consideration at the March 2005 meeting.

Issue #4, 28 and 29: Mergers and acquisitions, Greenfield investments, and Extensions of Capital

See outcome paper (to be prepared by Ms Bertrand with input from Mr. Ridgeway).

Issues #7 and #8: Reverse investment and directional principle

See outcome paper (to be prepared by Mr. Kozlow)

Issue #9: SPEs, shell companies, holding companies: Sectorization

See outcome paper (to be prepared by Ms. Aarsman)

Issue #11: SPEs: Inclusion in direct investment of transactions between nonfinancial direct investment enterprises and affiliated financial SPE

See outcome paper (to be prepared by Mr. Sanchez Muñoz) At the request of Ms Bertrand, the issue was deferred to March 2005 meeting when (a) DITEG is to consider a background document (to be prepared by Ms Bertrand) including the results of additional information requested by WIIS in October 2004; and (b) Mr Sanchez Muñoz is to report on the outcome of ECB's meeting on SPEs to be held in January 2005.

Issue #12: Country identification (Ultimate beneficial owner/Ultimate destination)

See outcome paper (to be prepared by Mr. Passerini/Mr. van Wersch, with input from Mr. Kozlow and Mr. Davies). The issue is to be brought back to DITEG for further consideration at the March 2005 meeting

Issue #13: Round tripping

See outcome paper (to be prepared by Mr. Ng)

Issue #14: Permanent debt

See outcome paper (to be prepared by Ms. Montanjees). The issue is to be brought back to DITEG for further consideration at the March 2005 meeting.

Issue #15: Land and buildings owned by nonresidents

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #16: Use of maturity and instrument split

See outcome paper (to be prepared by Mr. Joice)

Issue #17: Multiterritory enterprises

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #18: Application of direct investment to government

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #20: Define terms more clearly

See outcome paper (to be prepared by Mr. Ridgeway). The issue is to be brought back to DITEG for further consideration at the March 2005 meeting.

Issue #21 and 21A: Various special cases: Banking activities and Transfer pricing between banks

See outcome papers (on Issue #21: to be prepared by Mr. De Boeck on banking activities; and on Issue #21A: to be prepared by Mr. Thomas)

Issue #21B: Various special cases: Shipping

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #21C: Various special cases: Construction and natural resource exploration

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #22 Other capital (focusing on short-term instruments)

See outcome paper (to be prepared by Ms. Aarsman)

Issue #23: Intercompany transactions and amounts outstanding with fellow subsidiaries

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #24 Direct investment stock (financial versus economic measurement)

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #25: Valuation of real estate

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #26: Accounting methods and the IAS

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #27: Principles for classification by industry

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

Issue #28: Greenfield investment

See #4, #28 and #29 above

Issue #29: Extensions of capital

See #4, #28 and #29 above

Issue #30: Mutual funds

Issue not taken up; will be discussed at the March 2005 meeting of DITEG

II. ADMINISTRATIVE MATTERS

The DITEG agreed that

- the outcome papers are to be prepared by the authors of the relevant issues papers. It was agreed that drafts would be prepared by December 23, 2004, if at all possible, for transmittal to the DITEG secretariat;
- all items not taken up at the December 2004 meeting, as well as those items for further discussion, will be discussed at the March 2005 meeting;
- the group will continue its work through electronic communication (including EDG);
- the secretariat will circulate the draft outcome papers and summary of the conclusions to the members who will provide their comments within two weeks to the secretariat. After the outcome papers and summary of conclusions are finalized, they will be posted on the IMF's, OECD's and BEA's external website;
- by mid-January 2005 the Secretariat is to circulate to the members of the group a questionnaire for comments on the acceptability (or otherwise) and for ranking of various valuation principles and that DITEG members will provide their responses by 31 January 2005. The Secretariat will collate and circulate the results of the questionnaire by 7 February 2005;
- the Australian Bureau of Statistics will update the paper presented at the June 2004 meeting, considering all the alternatives, included in the outcome paper of the June 2004 meeting on estimating direct investment equity stock (including methods such as OFBV and the use of capitalization ratios to OFBV). The paper will also suggest an order of preference for the different approaches.
- all additional background papers (or revised issues papers) to be circulated by February 7, 2005;
- Mr. Ridgeway, assisted by Mr. Davies, would prepare a first list of items for inclusion in a glossary of terms for both the new manual and the revised benchmark definition;
- the ECB will report on the outcome of the January 2005 ad-hoc workshop on SPEs. Should meaningful proposals on how to solve the statistical problems linked to the existence of SPEs arise from the workshop, the ECB would write an issues paper for the March 2005 meeting of DITEG;

- the OECD will prepare a background paper on country practices and definitions for the March 2005 meeting of DITEG. The paper will also be considered by the DITEG's parent committees (OECD Workshop on International Investment Statistics and IMF Balance of Payments Committee);
- the ABS will provide a reconciliation of the differences in the definitions of direct investment (FCS) relationships in the Textbook and the BD, and a demonstration of the influence of cross-border holdings in the FCS;
- the BEA will experiment with their data to try to quantify the differences in their application of the FCS between the US and other systems, to the extent possible;
- the next, and final (pro tem) meeting of the DITEG will be held during March 7-11, 2005, at the OECD, in Paris.

**Summary Of Outcomes Of The Third Meeting Of The Direct Investment Technical
Expert Group (Diteg)³⁰
of
IMF Committee on Balance of Payments Statistics
and
OECD Workshop on International Investment Statistics**

7-11 March 2005, OECD Headquarters, Paris

The third meeting of the Direct Investment Technical Expert Group (DITEG) was held on 7-11 March 2005 at OECD Headquarters, in Paris. DITEG agenda included (i) issues pending from previous meetings for more research; and (ii) issues not previously discussed. At this last meeting, DITEG finalised its review and recommendations of all the items in the consolidated IMF/OECD list of topics requested by the IMF Balance of Payments Committee (Committee) and the OECD Workshop on International Investment Statistics (WIIS). The present summary includes the agenda items of the meeting and related outcome papers and administrative matters.

A. Agenda

(i) Issues discussed but not concluded at DITEG December 2004 meeting

Issue #11: SPEs: Inclusion in direct investment of transactions between non-financial direct investment enterprises and affiliated financial SPE

See outcome paper (to be prepared by Carlos Sanchez Muñoz)

Issue #21: Various special cases: Banking activities

See outcome paper (to be prepared by Roger De Boeck and John Joisce)

Issue #14: Permanent debt

See outcome paper (to be prepared by Ralph Kozlow).

Issue #1: Valuation of direct investment equity

See outcome paper (to be prepared by John Joisce).

Issue #12: Country identification (Ultimate beneficial owner/Ultimate destination)

See outcome paper (to be prepared by Mark .van Wersch)

Issue #3: Indirect investment: Fully consolidated system

See outcome paper (to be prepared by John Joisce)

30. For the list of participants please refer to DITEG's terms of reference.

Issue #20: Define terms more clearly

See outcome paper (to be prepared by Ayse Bertrand).

(ii) Issues deferred from DITEG December 2004 meeting

Issue #24 Direct investment stock (financial versus economic measurement)

See outcome paper (to be prepared by Ralph Kozlow with input from Roger De Boeck)

Issue #23: Intercompany transactions and amounts outstanding with fellow subsidiaries

See outcome paper (to be prepared by Yesim Sisik).

Issue #17: Multi-territory enterprises

For information (see BOPTEG outcome paper)

Issue #27: Principles for classification by industry

See outcome paper (to be prepared by Paolo Passerini).

Issue #30: Mutual funds

See outcome paper (to be prepared by John Joisce)

Issue #26: Accounting methods and the IAS

See background document (by Lidia Troshina)

Issue #25: Valuation of real estate

See outcome paper (to be prepared by Bruno Terrien).

Issue #21B: Various special cases: Shipping

See outcome paper (to be prepared by Yesim Sisik).

Issue #21C: Various special cases: Construction and natural resource exploration

See outcome paper (to be prepared by Lidia Troshina).

Issue #18: Application of direct investment to government

For information (see BOPTEG outcome paper)

Issue #15: Land and buildings owned by non-residents

See outcome paper (to be prepared by John Joisce)

B. Administrative matters

The DITEG agreed that:

- (i) the outcome papers are to be prepared by the authors of the relevant issues papers. It was agreed that drafts would be prepared by 18 March 2005, if at all possible, for transmittal to the DITEG secretariat;
- (ii) the secretariat will circulate the draft outcome papers and summary of the conclusions to the members who will provide their comments by 1 April 2005 to the secretariat. After the outcome papers and summary of conclusions are finalized, they will be posted on the IMF's, OECD's and BEA's external website as from 8 April 2005.

Summary Conclusions
First Meeting of the Currency Union Technical Expert Group
IMF Committee on Balance of Payments Statistics

June 28-30, 2004

Washington, D.C.

The first meeting of the Currency Unions Technical Expert Group (CUTEG) was held during June 28 - 30, 2004 at IMF Headquarters in Washington, D.C. This report indicates issues/topics for which the CUTEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the CUTEG did not prepare outcome papers at this stage. This report also summarizes decisions of CUTEG on administrative matters.

III. ISSUES/TOPICS OF THE FIRST MEETING

A. Definitional Issues

Definition of currency union

- See CUTEG outcome paper # 1.

Architecture of a currency union

- See CUTEG outcome paper # 3.

Definition of domestic and foreign currency

- See CUTEG outcome paper # 12.

Distinction between Currency Union and Regional Statement

- See CUTEG outcome paper # 4

B. Residence and sectorization

Special Purpose entities and holding companies, and residence of special purposes entities

- The discussion was based on BOPTEG issues papers # 9, #9a and #10. The group noted that reaching agreement on the complex issues of whether to recognize special purpose entities as institutional units and, if so, determining their sectorization is particularly important for the compilation of currency union (CU) BOP/IIP. Because the consolidation of financial flows and stocks in a currency union is performed within each reporting sector, and as it entails the contribution of data from each currency union member, consistent guidance is needed on whether or not the SPE should be looked through, and if it should be classified according to the main economic activity of the related production unit. In recognizing the institutional unit and/or defining its sectorization, if two different principles have to be followed—one for national balance of payments purposes and another for the compilation of the national contribution to the currency union balance of payments—an additional level of complication would be created in compiling CU bop data. This issue is not relevant for CU data only.

Multiterritory enterprises and criteria for identification of branches

- The discussion was based on BOPTTEG issues papers # 5 and 6a. The group noted that the relevance in this discussion of the *European Company Status Legislation*. Although this legislation implies that a company established under any EU country's legislation is allowed (licensed) to operate and set up branches in any other EU country, the group noted that from a legal standpoint the company will have to be incorporated in one EU country, and pay taxes to it. However, the possibility that cross-European activity could be concentrated in company headquarters, located in a single country, with national agencies in other countries, raises the question of the recognition of branches as institutional units. This issue is discussed in Outcome paper 5. Also raised is the more complex issue of whether, in economic unions (and, even more, currency unions) the very notion of center of economic interest for multiterritory enterprises can be related to a single member country at all.

Institutional sector classification

- The discussion was based on the BOPTTEG issue paper # 7. Of the minority of the group that spoke the preference was for the institutional sector classification based on the *1993 SNA* and the *MFSM 2000*, rearranged to be compatible with the *BPM5* classification. (Table 4.1b on the BOPTTEG issue paper #7)

Residence in a currency union and residence in a single economy

- See CUTTEG outcome paper # 5

Residence and sectorization of regional institutions in overlapping regional currency and other economic arrangements

- See CUTTEG outcome paper # 6.

C. Reserve assets and other allocation of flows

Definition and allocation of reserve assets in a currency union

- See CUTTEG outcome paper # 10

Allocation of financial flows

- See CUTTEG outcome paper # 11

Issuance and migration of banknotes in a currency union

- See CUTEG outcome paper # 13 and 14

Treatment of intra-currency union claims and liabilities, including currency union settlement and clearing arrangements

- See CUTEG outcome paper # 15

IV. ADMINISTRATIVE MATTERS

- The group agreed on the updated list of issues for CUTEG, and the distribution of work in preparation for the next meeting of CUTEG.
- The group agreed that it will continue its work through electronic communication (including EDG).
- The Secretariat will circulate the draft outcome papers and summary of conclusions to members for comment within five days, to the Secretariat. After the outcome and summary of conclusions papers are finalized, they will be posted on the IMF's external website.
- The next meeting of the CUTEG will be held during December 14 – 16, 2004 at ECB Headquarters in Frankfurt am Main (Germany).

Summary Conclusions
Second Meeting of the Currency Union Technical Expert Group
IMF Committee on Balance of Payments Statistics

December 14-16, 2004

European Central Bank, Frankfurt

The second meeting of the Currency Union Technical Expert Group (CUTEG) was held during December 14-16, 2004 at the European Central Bank in Frankfurt. This report indicates issues/topics for which the CUTEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the CUTEG did not prepare outcome papers at this stage. This report also summarizes decisions of CUTEG on the way forward.

V. ISSUES/TOPICS OF THE SECOND MEETING

A. Follow-up to the some provisional decisions of the June 2004 meeting

Decisions taken by the CUTEG

- The CUTEG confirms that the common currency is a domestic currency in all CU member state (see CUTEG outcome paper # 12)
- The CUTEG confirms that the debtor-creditor approach is to be adopted for CU and EU data (see CUTEG outcome paper # 11)
- The CUTEG re-affirms its position on SPE and holding companies (see Summary conclusions of the June meeting)

B. Definitional Issues at CU (and economic union) level

Definition of a CU

- See CUTEG outcome paper # 1.1

Definition of : (1) CU territory, (2) regional organization, (3) regional central bank

- See CUTEG outcome paper # 6.1

Definition of monetary authorities of a CU, concept of reserve assets at CU level

- See CUTEG outcome paper # 10.1

Definition of an economic union

- See CUTEG outcome paper # 2
-

Conceptual treatment of multi-national settlements

- See CUTEG outcome paper # 16

C. Balance of payments issues at national level

Treatment of national agencies in a centralized CU

- See CUTEG outcome paper # 3.1

Standard components of a national BOP, in particular treatment of reserves

- See CUTEG outcome paper # 10.2

Treatment of banknotes

- The discussion on the treatment of banknotes concluded that further work is requested to take on board the comments made at the meeting.

Intra CU claims and liabilities arising from the subscription to the capital of the CUCB

- See CUTEG outcome paper # 15.2

Classification of claims/liabilities arising from the initial transfer of reserve assets to the CUCB

- See CUTEG outcome paper # 15.1

Classification of redistribution of profits

- The current treatment is straightforward. All CUCBs attribute profits as income on the underlying financial asset under which member country subscriptions are classified.

Residence of multinational companies

- CUTEG agreed to take off this issue of the list, as it is not a specific CUTEG issue, rather a side effect of financial integration. No further work is required.

D. Balance of payments issues at both national and CU levels

Reclassification of non financial transactions at the CU/economic union level

- See CUTEG outcome paper # 17

Intra/extra issues at CU level

- See CUTEG outcome paper # 11.1

VI. THE WAY FORWARD

- The Secretariat will circulate the draft outcome papers and summary of the conclusions for members to provide their comments. After the outcome papers and summary of conclusions are finalized, they will be posted on the IMF's external website.
- The attention of the AEG will be drawn on some issues considered in the CUTEG, such as definitions and classifications mentioned above, so as to ensure a consistent approach in the new SNA, where appropriate.
- No further meeting is scheduled. The group agreed to continue its work through electronic discussion for the foreseeable future.
- The CUTEG will prepare a progress report, and perhaps a draft chapter, for the next BOPCOM meeting in June 2005.

**Balance of Payments Issues for the SNA Review
Progress as of June, 2005**

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
<p>Overview (1993 SNA Ch II)</p> <p>Meaning of “national economy”</p>	<p>Clarify inclusion of offshore financial centers</p> <p>SNA Issue #25b</p> <p>Discuss application of principles to preparation of data for economic and monetary unions; definitional issues associated with cross-national entities in economic and monetary unions.</p>	<p>Special zones should be included in national data, although the option of showing them separately will be raised; there is increasing interest in preparing data for groups of national economies.</p>	<ul style="list-style-type: none"> • Usually called “total economy” in 1993 SNA. • Residence aspects discussed in BOPTEG and DITEG June 2004. • Discussed by BOPCOM October 2004, subject to currency union aspects which are to be discussed by BOPCOM June 2005 • AEG to clarify use of terms “national” and “domestic.” (Not a BOP issue.) • Issue largely resolved (subject to consideration of currency union issues)
<p>Flows, stocks, and accounting rules (1993 SNA Ch III)</p> <p>Application of the concept of “transaction”</p>	<p>(a) Adopt term “change of economic ownership” instead of “change of ownership.”</p> <p>SNA Issue # 38a</p> <p>(b) Consideration of whether the assets of persons who change their territory of residence should be treated as a capital transfer (as present) or other change.</p> <p>SNA Issue # 38b</p>	<p>(a) Proposed term would better cover cases that are currently exceptions, such as finance leasing and repos.</p> <p>(b) Currently treated as capital transfer, but arguably does not fit definition of a transaction.</p>	<ul style="list-style-type: none"> • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004. • Issues resolved. Some clarification issues to be handled in drafting the manual. • To be discussed by BOPCOM June 2005. • To be discussed by AEG July 2005.

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
	<p>(c) Clarify application of accrual principles to debt in arrears. (See also related valuation issues under nonperforming loans.)</p> <p>SNA Issue # 38c</p>	<p>(c) Not mentioned in 1993 SNA. Alternative interpretations are as either (i) imputed transaction for repayment on due date or (ii) reclassification as debt in arrears.</p>	<ul style="list-style-type: none"> • Discussed by BOPTTEG June 2004. • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004. • Issues resolved. Further elaborations on arrears to be considered in a paper on NPLs to be prepared by IMF.
<p>Institutional units, sectors, residence (1993 SNA Ch IV)</p> <p>Residence</p>	<p>(a) Amend principle for residence from “center of economic interest” to “predominant center of economic interest.”</p> <p>SNA Issue # 39b</p> <p>(b) Clarification of mobile individuals (temporary workers, international students, etc.)</p> <p>(No specific SNA issue #, only non-permanent worker (39c) is mentioned which should be allocated to TFMNP, residence of HH to be specified as a separate issue in SNA list)</p>	<p>(a) Proposed term would recognize that entities increasingly have more than one focus of economic interest.</p> <p>(b) Increasing importance with globalization and inconsistent treatments causing global asymmetries. Take account of conclusions of demographic, migration, and tourism statistics.</p>	<ul style="list-style-type: none"> • Discussed by BOPTTEG June 2004. • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004. • Issues resolved. • Discussed by BOPTTEG June 2004 • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004. • Ships’ crews and patients to be discussed electronically by AEG prior to July 2005 meeting. • Ships’ crews and patients also been tabled for BOPCOM June 2005 (for members to comment, as appropriate) • Continuing discussions in United Nations Technical Subgroup on the Movement of Natural Persons • Issues largely resolved (subject to consideration of ships’ crews and patients and input from TSG on Movement of Natural Persons)

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
Units	<p>(a) Multiterritory enterprises (e.g., SAS Airlines)—clarification of residence and circumstances when and how enterprise will be split.</p> <p>SNA Issue # 25c</p> <p>(b) Holding companies, special purpose entities, and trusts—clarification of status as units, sector, and residence.</p> <p>SNA Issue # 25b</p> <p>(c) Unincorporated branches—clarification of rules for when branch is identified as separate institutional unit, including</p>	<p>(a) Difficulties in treating multiterritory enterprises consistently, so guidelines needed.</p> <p>(b) These entities often undertake no production, but hold significant assets, and liabilities, as well as undertaking financial transactions.</p> <p>(c) Inconsistent treatments currently cause global asymmetries.</p>	<ul style="list-style-type: none"> • Discussed by BOPTTEG June 2004. • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004. • AEG to discuss electronically prior to July 2005 meeting • Issues largely resolved (subject to outcome of AEG's electronic discussion) • Discussed in BOPTTEG and DITEG June 2004. • Discussed in BOPCOM Oct 2004. • Sector of holding companies pending. Discussed by BOPTTEG Dec 2004, and DITEG December 2004 and March 2005. To be discussed by BOPCOM June 2005. • Coordinate with THHPA. Government SPEs to be discussed by BOPCOM June 2005 and AEG July 2005, in light of proposal by TFHPA • Discussed by AEG Dec 2004. • To be discussed by AEG January 2006. • Issue largely resolved (subject to consideration of sector of holding company by BOPCOM June 2005 and AEG January 2006) • Discussed by BOPTTEG and DITEG June 2004. • Discussed by BOPCOM Oct 2004.

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
	<p>construction projects, ownership of land and long-term leases.</p> <p>SNA Issue # 25d</p>		<ul style="list-style-type: none"> • Long-term leases of land to be discussed by BOPCOM June 2005 • Discussed in AEG Dec 2004. • Issues largely resolved (subject to consideration of long-term leases by BOPCOM June 2005)
<p>Goods and services (1993 SNA Ch VI)</p> <p>Goods sent abroad for processing</p>	<p>Current treatment to be reviewed.</p> <p>SNA Issue # 40</p>	<p>Current treatment complex, results in large gross flows, the flows do not distinguish between return of processed goods and import of goods for processing.</p>	<ul style="list-style-type: none"> • Discussed by BOPTEG June 2004. • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004. • To be reviewed by BOPCOM June 2005 and AEG July 2005 after further electronic consultation among them.
<p>Merchanting</p>	<p>State treatment of goods that do not enter the territory of the trader.</p> <p>SNA Issue # 41</p>	<p>Not covered in 1993 SNA. Need to state whether margin or goods flow, and recording of inventories.</p>	<ul style="list-style-type: none"> • Discussed by BOPTEG June 2004. • Discussed by BOPTEG in December 2004. • To be discussed by BOPCOM June 2005 and AEG July 2005.
<p>Primary distribution of income (1993 SNA Ch VII)</p> <p>Retained earnings</p>	<p>(a) Consider whether current treatment of reinvested earnings should be retained.</p>	<p>(a) While direct investment reinvested earnings may be important for analysis, they require imputation and are also incompatible with the treatment of equivalent resident-to-resident relationships.</p>	<ul style="list-style-type: none"> • Rejected as issue by AEG Feb 2004 • BOPCOM to discuss in June 2005

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
	<p>(b) Consider whether retained earnings of mutual funds should be imputed as being income payable and reinvested.</p> <p>SNA Issue # 42</p>	<p>(b) 1993 SNA and BPM5 inconsistent between mutual funds and life insurance/pension funds; ESA 95 inconsistent with 1993 SNA.</p>	<ul style="list-style-type: none"> • Discussed by BOPTTEG June 2004 and December 2004. • To be discussed by BOPCOM June 2005 and AEG Dec 2005.
<p>Interest and related issues</p>	<p>(a) Possible use of current yield basis as main or supplementary basis for income on debt securities.</p> <p>(b) Treatment of indexation amounts, currently treated as interest.</p> <p>SNA Issue # 43a</p> <p>(c) Treatment of interest at concessional rates.</p> <p>SNA Issue # 43b</p>	<p>(a) Issues of consistency with other flows and keeping up with any further developments in International Accounting Standards.</p> <p>b) Alternative view that debt indexed to a particular currency is effectively denominated in that currency. Also case of indexation to price indexes, commodity prices, etc.</p> <p>(c) Situations and methods when interest rates include a transfer, discount, or compensation of employees element.</p>	<ul style="list-style-type: none"> • Rejected as issue by AEG Feb 2004. • Discussed by BOPTTEG June 2004. • Electronic discussion by BOPTTEG September 2004. • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004 (the issue of differing treatments in the 1993 SNA and BPM5). • Issues resolved. • Discussed by BOPTTEG Dec 2004. • Provided for information to AEG Dec 2004. • To be discussed by BOPCOM June 2005 and AEG July 2005. • Discussed by BOPTTEG Dec 2004. • To be discussed in BOPCOM June 2005 and AEG January 2006

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
	(d) Treatment of revenue received by owner for securities lending and reversible gold transactions. SNA Issue # 43c	(d) This type of income not interest and not currently mentioned; alternative treatments to be considered.	<ul style="list-style-type: none"> • Discussed by BOPTTEG Dec 2004. • To be discussed by BOPCOM June 2005 and AEG July 2005.
Capital account (1993 SNA Ch X) Treatment of granting and activation of guarantees (Also 1993 SNA Ch XI)	Spell out classification of flows associated with calling of guarantees. SNA Issue #37	No treatment given in 1993 SNA. Issues as to whether activation is transfer or acquisition of equity; if transfer, whether flow is between guarantor and creditor, or between guarantor and debtor.	<ul style="list-style-type: none"> • Discussed by BOPTTEG June 2004. • Discussed by BOPCOM Oct 2004. • Discussed by AEG Dec 2004. • Views of AEG differ from BOPCOM. Reconsideration by BOPCOM in June 2005 in light of AEG's decision (to treat as capital transfers) and TFHPSA's proposal on government guarantees • AEG to reconsider January 2006
Financial assets and liabilities— transactions and positions (1993 SNA Ch XI, XIII) Valuation of loans and deposits	(a) Proposed use of nominal value in positions, with fair value as a memorandum item for creditors. (b) Reconciliation of transactions at market values with positions at nominal values. (c) Need for guidance about when liability is eliminated by write-off and when interest and FISIM cease to be accrued. SNA Issue # 4 [currently SNA list	(a) Valuation at nominal value does not reflect financial position of creditor. To incorporate results of EDG. (b) Inconsistent valuations currently used. (c) Need for guidance.	(a)-(c) <ul style="list-style-type: none"> • Moderator's report from EDG released Aug 2004. • Discussed electronically by BOPTTEG Sept 2004. • Discussed in BOPCOM Oct 2004 but will be reconsidered by BOPCOM in June 2005 in light of AEG's revised paper • Discussed by AEG Dec 2004 and to reconsider July 2005. • Main issues resolved.

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
	has two issues: NPL – as an IMF EDG issue, and loan valuation – as a BOPCOM issue]		
Financial instrument classification	<p>(a) Grouping into “debt,” “equity,” and “other”;</p> <p>(b) Adopt terms “debt securities” and “equity securities”;</p> <p>(c) Split equity into mutual funds and other, split mutual fund equity into money market funds and other;</p> <p>(d) Split financial derivatives into forwards and options;</p> <p>(e) Additional split to allow both original and residual maturity</p> <p>(SNA issue 44a refers to Debt securities, but BOP issue is broader)</p> <p>(f) Consider classifying financial gold as a financial asset.</p> <p>SNA Issue # 44b</p>	<p>(a) Debt/equity split is of interest;</p> <p>(b) <i>BPM5</i> terminology clearer than <i>1993 SNA</i> terminology;</p> <p>(c) Mutual funds of analytical interest and shown separately in <i>ESA95</i>; money market funds treated separately in monetary statistics.</p> <p>(d) Interest in separate data;</p> <p>(e) <i>SNA</i> text does not distinguish, while asset classification table uses original basis; analytical interest in both bases.</p> <p>(f) Reflects role of gold in financial markets; existing treatment requires gross recording of transactions and interest on gold loans to be treated as a service.</p>	<p>(a)-(e)</p> <ul style="list-style-type: none"> • Discussed by BOPTEG June 2004. • Discussed by BOPTEG Dec 2004. • To be discussed by BOPCOM June 2005 and AEG July 2005. <ul style="list-style-type: none"> • Discussed by BOPTEG June 2004 and Dec 2004. • Revised paper to be discussed by BOPCOM June 2005 and AEG July 2005.

General Subject (Main 1993 SNA reference*)	Specific Issues	Background	Progress
	<p>(g) Traded loans SNA Issue #44a</p> <p>(h) Distinction between loans and deposits. SNA Issue #44c</p>	<p>(g) Whether to reclassify traded loans to securities.</p> <p>(h) Clarify the distinction between loans and deposits for positions and transactions among banks.</p>	<ul style="list-style-type: none"> • Discussed by BOPTTEG Dec 2004. • To be discussed by BOPCOM June 2005 and AEG July 2005. • Discussed by BOPTTEG Dec 2004. • To be discussed by BOPCOM June 2005 and AEG July 2005.
Insurance (1993 SNA Annex IV, Ch VI, VII, VIII)	Statement of treatment for mutual insurance and reinsurance.	Currently reinsurance netted, mutual insurance not dealt with.	<ul style="list-style-type: none"> • General issues already resolved by AEG. • BOP implications discussed in BOPTTEG June 2004. • Discussed by BOPCOM Oct 2004. • Not to be further discussed by AEG (AEG decision accepted by BOPCOM in Oct 2004).

* These issues generally also arise in Chapter XIV Rest of the World Account.

Plans for Preparation and Finalization of the New Manual

(Past actions in bold)

	IMF	Committee	TEGs	National accounts/WIIS
December 2003		Annual Meeting. On basis of <i>Draft Annotated Outline</i>, discussed overview, identified issues, assigned work to TEGS		
January 2004	Selected and invited BOPTeG members.			
February 2004				First Advisory Expert Group (AEG) Meeting. Finalized list of issues, including issues referred by BOPCOM. Dealt with some issues.
April 2004	English version of Annotated Outline posted on IMF website and mail/e-mail to member countries, ISWGNA, other interested groups (e.g., Task Force on Finance Statistics, Task Force on Statistics on International Trade in Services) and IMF.⁽¹⁾ First round of comments due in three months.			Meeting of WIIS to discuss DITEG's list of issues
April-September 2004	Publicity in <i>BOP Newsletter</i>, <i>OECD Statistics Newsletter</i>, <i>UN SNA Notes and News</i>. Translations of Annotated Outline start to become available.			
June 2004			First meetings of TEGs.	

	IMF	Committee	TEGs	National accounts/WIIS
July-August 2004	TEG outcome papers posted on IMF website.			
September 2004	Summary of comments on <i>Annotated Outline</i> ; issues papers to go directly to Committee.			
October 2004		Annual Meeting. Consider TEG outcome papers and issues papers coming directly to the Committee, identify any further issues.		WIIS meeting to discuss DITEG's first set of recommendations
October-November 2004	Papers to AEG reflecting Committee decisions.		Papers due for second round of TEG meetings.	
November 2004 - January 2005			Second meetings of BOPTTEG, DITEG, and CUTTEG.	Second meeting of AEG
February 2005			Papers due for third DITEG meeting.	
March 2005			Third meeting of DITEG prior to annual meeting of the OECD Workshop on International Investment.	
April 2005				WIIS meeting to discuss DITEG's final set of recommendations Meeting of BAG (Benchmark Advisory Group) to consider process of writing new <i>Benchmark Definition of Foreign Direct Investment (BD)</i>
May/June 2005	Papers to AEG reflecting TEGs'			

	IMF	Committee	TEGs	National accounts/WIIS
	discussions			
June 2005		Annual Meeting. Consider TEG outcome papers and issues papers coming directly to the Committee, identify any further issues		
July 2005	Revised papers (for 3 rd AEG meeting) to AEG in light of Committee's decisions at June 2005 meeting			Third AEG meeting
October 2005				First draft of new BD drafted
November 2005	Start drafting first chapters of new manual			BAG to consider first draft of new BD
January 2006				Fourth AEG meeting
January – June 2006			Electronic discussion (as necessary) with TEGs, to consider draft chapters, as available, and any outstanding technical issues	
February 2006				Revised draft of new BD for circulation to WIIS
April 2006				Consolidated recommendations for changes to the SNA. (No further changes in substance.) WIIS to consider draft new BD BAG to review draft of new BD in light of comments by WIIS

	IMF	Committee	TEGs	National accounts/WIIS
End-June 2006	Distribute first set of chapters to Committee (taking comments of TEGs into account) for consideration at the annual meeting in October 2006			
August 2006	Send draft text for new SNA to Committee.			
October 2006		Annual Meeting. Consider first set of chapters and text for SNA; identify omitted issues.		WIIS to provide comments on 3 rd draft of new BD
End December 2006	Post first set of chapters on IMF's web site (following comments at Committee meeting in October 2006). Seek feedback.			4 th (and final) draft of new BD for approval by WIIS
January – June 2007			Electronic discussion (as necessary) with TEGs, to consider draft chapters, as available, and any outstanding technical issues	
February 2007				Final AEG meeting to review draft text of new SNA.
April 2007	Prepare summary of input on comments from posting of first set of chapters on the IMF's web site			
End-April 2007				Approval of new draft BD by WIIS's senior body (OECD's Investment Committee)
May 2007				First completed draft of revisions to the SNA sent to countries for comment.

	IMF	Committee	TEGs	National accounts/WIIS
June 2007	Remaining draft chapters, revisions to previous chapters (taking TEGs' comments into account), and some appendices, sent to Committee for consideration at meeting in October 2007			
October 2007		Annual meeting. Discuss first complete draft of new manual. Identify omitted issues.		Revisions to <i>SNA</i> submitted to ISWGNA for approval.
December 2007	Prepare second complete draft of chapters of new manual, in light of Committee's comments at October 2007 annual meeting and post on IMF's web site Mail/e-mail to member countries, ISWGNA and other groups, and IMF Departments for written comments in three months. ⁽²⁾ Translations to be made			New BD published
February 2008 through June 2008	Regional seminars ⁽³⁾			
March 2008	Produce summary of comments received on complete document			Revised <i>SNA</i> submitted to Statistical Commission for approval.
April through July 2008	Revise draft manual (all chapters and appendices) after taking into account summary of comments and input from			

	IMF	Committee	TEGs	National accounts/WIIS
	regional seminars.			
End-July 2008	Post near final draft on IMF website, and send to BOPCOM, international agencies, and other IMF Departments.			
October 2008		Annual Meeting. Discuss and endorse proposed changes to the draft		
December 2008	Final draft, subject only to editing, posted on IMF website.			
Beginning December 2008	Prepare hardcopy publication, index, translations, begin update of <i>Textbook</i> and <i>Compilation Guide</i> .			

⁽¹⁾ Using IMF List of BOP Correspondents and correspondents for IMF's *International Financial Statistics* (including national statistical offices and central banks), almost all of whom now have e-mail addresses.

⁽²⁾ Changes to the draft after end-2007/beginning of 2008 would be limited to those resulting from ISWGNA decisions, comments from member countries and relevant groups on issues of consistency and readability, any urgent new issues, and editing.

⁽³⁾ The 2008 regional seminars would still seek input, but would place greater emphasis on explaining the new manual, particularly proposed changes.