

**Twenty-Fifth Meeting of the  
IMF Committee on Balance of Payments Statistics  
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***BPM6 Compilation Guide***

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



## I. INTRODUCTION

1. At its annual meeting in October 2011, the IMF Committee on Balance of Payments Statistics (Committee) was updated on the work that has been completed and that still remained on preparing the *Balance of Payments Compilation Guide* on a *BPM6* basis (*BPM6 CG*). The *BPM6 CG* is aimed at reflecting the methodological changes introduced in *BPM6*, and identifying data sources and methodologies that are useful in compiling data on a *BPM6* basis. The Committee members were asked for general comments on the *BPM6 CG*, and encouraged to provide case studies, especially related to the most significant changes introduced by *BPM6*. Also, a draft schedule for updating the *BPM6 CG* was discussed with the Committee.
2. The draft of eight chapters and two appendices had been sent to the Committee prior to the 2011 meeting; many of them were those that pertained to areas where major methodological changes were introduced. Committee members were invited to provide detailed comments and suggestions after the meeting.
3. This paper updates the Committee on the progress in preparing the *BPM6 CG* and on the work that still remains. Drafts of all remaining chapters and appendices—except Appendix III (FISIM), Appendix VII (Model Forms), and possibly Chapter 10 (Financial Account)—are expected to be posted on the dedicated IMF website (<http://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>) before the start of the 2012 Committee meeting, for public comment.

## II. CHAPTER-BY-CHAPTER PROGRESS ON THE *BPM6 CG*

4. Below is a summary of progress on *BPM6 CG* chapters and appendices since the 2011 Committee meeting (see BOPCOM–11/08). Also attached is a table (Table 1) that summarizes the work on all chapters and appendices. It also notes that we propose a new appendix, related to SDMX coding, for which we seek Committee support.

### **Chapter 1: Introduction**

5. This chapter provides an overview of the *BPM6 CG*. It outlines the scope and organization of the guide, and gives a summary of the conceptual framework underlying the international accounts. The summary framework includes a discussion of flows and positions, as well as of the accounting system used in the international accounts.
6. This chapter was drafted by the STA's Balance of Payments Division (BPD) and has been posted on the dedicated website for comment.

### **Chapter 3: Specific Surveys of Businesses for Balance of Payments and IIP Purposes**

7. This chapter consists of five sub-chapters dedicated to different types of surveys grouped by scope and/or type of targeted population. The main sub-chapters are as follows:

#### **Sub-chapter I. Collections on Goods and Services Statistics**

8. This sub-chapter describes types of surveys aimed at collecting data on goods (including goods under merchanting) and selected services (e.g., manufacturing services on physical inputs owned by others, transport, travel, insurance, pension, and other services). Goods data could be available to the balance of payments compilers from customs data or from importers/exporters, and services data could be available from services transactors. The sub-chapter drew substantially from the material contained in the *BPM5 CG*, Chapters IV and V.

#### **Sub-chapter II. Collections on Primary and Secondary Income Statistics**

9. This sub-chapter presents the types of collections on transactions with foreign workers through employer surveys, surveys of banks, domestic pension funds and social security schemes. It also describes collections of data on private aid from charitable organizations, and of data on other primary and secondary income transactions.

#### **Sub-chapter III. Collections on External Assets and Liabilities**

10. This sub-chapter portrays how survey of businesses may be used to measure financial stocks and flows and also the investment income, financial services, and withholding taxes associated external assets and liabilities. The sub-chapter introduces a model form for the collection of data on external assets and liabilities, and includes a discussion of where to classify statistical units. It also presents a reconciliation of stocks and flows, discusses reinvested earnings versus reinvestment of earnings, and conversion of foreign currency–denominated stocks and transactions to the unit of account.

#### **Sub-chapter IV. Collections on International Activity Associated with Securities**

11. This sub-chapter examines the roles of financial intermediaries and their impact on the balance of payments, and outlines ways in which compilers may collect data on international securities. It includes a description of data requirements, and on how to identify the security issuer, owner, and transactor. Possible data sources, and the model data collection form, are described. We expect that the sub-chapter will include a case study on a security-by-security data base.

#### **Sub-chapter V. Collections from Persons and Households**

12. This sub-chapter discusses collections of data from individuals and households for measurement of various household sector transactions. It presents data that might be obtained

from migration statistics (and alternative statistics on across-the-border movements), surveys of travelers, and other household data collections that may be available to balance of payments compilers.

13. This chapter (including sub-chapters) was drafted by an expert reporting to the BPD and has been posted on the dedicated website for comment.

### **Chapter 6: Data from Official and Administrative Sources**

14. This chapter examines the collection of data on the general government and the central bank from various administrative and official sources. Such sources include government accounts data, external debt statistics, monetary authorities' data on reserve assets, administrative data that are a by-product of foreign investment approvals, tax collection, education and health services, and other administrative functions. The chapter also discusses the measurement of development assistance in donor and recipient countries.

15. This chapter was drafted by the BPD and has been posted on the dedicated website for comment.

### **Chapter 7: Selected IMF's and Other International Organizations' Data Collection Initiatives**

16. This chapter discusses data sources provided by the IMF and other international organizations that might be relevant for balance of payments and IIP compilation. The chapter discusses two global data collections that are conducted by the IMF—the Coordinated Direct Investment Survey and the Coordinated Portfolio Investment Survey—and briefly explains how the data from these surveys could be used in balance of payments and IIP compilation. Other datasets described in this chapter are international banking statistics collected by the Bank for International Settlement, and development assistance data maintained by the Organization for Economic Cooperation and Development. It also examines the external debt statistics collected by the World Bank, and the IMF's data template on international reserves and foreign currency liquidity, and the IMF's *Direction of Trade Statistics*.

17. This chapter was drafted by the BPD and has been posted on the dedicated website for comment. The OECD reviewed and provided inputs to the text on the development assistance; inputs have been requested from the BIS on international banking statistics.

### **Chapter 8: Compiling the Balance of Payments and International Investment Position Statistics—An Overview**

18. This chapter examines broad issues relating to compiling the balance of payments and IIP accounts, including the various techniques that could be used when some data are unavailable or deficient. It also examines the design and management of the compilation process and

estimations through data models, extrapolations and interpolations, and revisions. This chapter also presents a range of issues that a compiler could face, such as multiple exchange rates, the use of a foreign currency for domestic transactions (dollarization, euroization), and regional arrangements.

19. Residency issues are described in detail, such as in connection with mobile equipment and construction activity.

20. This chapter was drafted by an expert reporting to the BPD and has been posted on the dedicated website for comment.

### **Chapter 9: The International Investment Position**

21. This chapter was built on the material from the publication *International Investment Position: A Guide to Data Sources* and the publication *Quarterly International Investment Position: Guide for Compilers and Users*. It discusses use of domestic data sources (e.g., macroeconomic statistics datasets, financial statements of enterprises) and foreign data sources (e.g., international banking statistics, security-by-security data collection) for the IIP compilation. The chapter also includes an example on deriving quarterly stocks from quarterly transactions.

22. This chapter was drafted by the BPD and has been posted on the dedicated website for comment.

### **Chapter 10: The Financial Account**

23. This chapter is structured according to the functional categories of the financial account, i.e., direct investment, portfolio investment, financial derivatives (other than reserves) and employee stock options, other investment, and reserve assets. Much of this chapter focuses on the data sources that could be used to derive the various estimates of financial accounts transactions and discusses compilation and estimation issues, as well as various techniques that could be employed when source data are unavailable or deficient. It also examines the use of stock data to estimate transaction flows. It focus particularly on treatment in the balance of payments of complex issues in financial account categories (e.g., financial derivatives, borderline cases between loans and deposits) and on treatment of changes brought by the *BPM6* to the financial account components (e.g., other equity, SDR allocations). The chapter is closely related to the previous chapter on IIP which covers financial account position data.

24. This chapter is being drafted by the BPD and is expected to be posted on the dedicated website for comment at about the time of the 2012 Committee meeting.

## **Chapter 14: Secondary Income**

25. This chapter summarizes the sources and methods that could be used to compile specific types of current transfer. Particular emphasis is given to the compilation of data on personal transfers, with the presentation of borderline cases for account-to-account transfers made by households. The chapter is enriched with examples on treatment of other current transfers (e.g., taxes on income, wealth, social contributions and social benefits, and different types of current international cooperation). It borrowed from the guidelines on measuring remittances presented in the *Remittances Compilation Guide*.

26. This chapter was drafted by the BPD and has been posted on the dedicated website for comment.

## **Chapter 15: Capital Account**

27. This chapter examines the compilation issues of some capital account components such as debt forgiveness, debt assumption, activation of one-off guarantees, investment grants, nonlife insurance claims that should be classified as capital transfers, and capital taxes. It also discusses the transactions involving the acquisition/disposal of nonproduced nonfinancial assets.

28. This chapter was drafted by an expert reporting to the BPD and has been posted on the dedicated website for comment.

## **Appendices**

### **Appendix II: Insurance Transactions and Positions**

29. This appendix consists of two parts: Part A, Insurance Transactions and Positions, and Part B, Employment Related Pension Schemes and Social Security. Part A was disseminated before the 2011 BOPCOM meeting. Part B reviews the treatment of the various transactions relating to employment-related pension schemes (nonlife and life insurance) and social security schemes. In regard to pension schemes, the appendix describes in detail the distinction between defined benefit schemes and defined contribution schemes, accompanied by examples of their possible treatment in the balance of payments. It also identifies possible data sources for assuring good coverage of transactions and positions.

30. Part B of the appendix was drafted by the BPD and has been posted on the dedicated website for comment.

### **Appendix III: Financial Intermediation Services Indirectly Measured (FISIM) (new appendix)**

31. This appendix will provide guidance on estimating FISIM when users and providers are residents of different economies. The appendix will include an example illustrating the estimation of FISIM and its treatment in balance of payments accounts. It will also elaborate on how to estimate FISIM when deposits and loans are denominated in different currencies, and identifies data sources that could be utilized for developing estimates.

32. This appendix will be drafted by the Real Sector Division after the ISWGNA FISIM taskforce meeting, where decision is to be taken on these issues.

### **Appendix IV: Direct Investment**

33. This appendix provides guidance on the various issues in direct investment. It supplements information on direct investment covered in other chapters of the *BPM6 CG* such as Chapter 6, The International Investment Position, and Chapter 10, The Financial Account. Areas that are addressed include elaboration on treatment of statistical units (e.g., enterprise and local enterprise group), and other units, such as notional units, entities established abroad for fiscal purposes, and special purpose entities. The appendix also describes possible approaches for valuing direct investment positions, and notes the importance of identifying the relationship between affiliates for compiling data on fellow enterprises, including the identification of ultimate controlling parents. The calculation of direct investment earnings is presented through a numerical example that involves a chain of ownership.

34. This appendix was drafted by an expert reporting to the BPD and has been posted on the dedicated website for comment.

### **Appendix V: Compiling Balance of Payments and IIP Statements by Partner Countries**

35. This appendix describes approaches that may be employed in compiling international accounts by partner country, including the principles used to identify the partner country for transactions in goods and in direct investment. A section discusses issues associated with data sources that can be used in compiling data by partner country.

36. This appendix was drafted by an expert reporting to the BPD and has been posted on the dedicated website for comment.

### **Appendix VI: Linkages with Other Macroeconomic Datasets.**

37. This appendix is structured in three parts dedicated linkages of the international accounts with national accounts, monetary and financial statistics, and government finance statistics, respectively. Part A, on linkages with national accounts, was discussed at the 2011 BOPCOM meeting.

38. **Part B, Linkages of the International Accounts with the Monetary Statistics** covers common principles and differences in classifications in these two accounts, and limitations in using monetary statistics in compiling an IIP and how to overcome them. The part also presents the issues in reconciliation between monetary statistics and IIP.

39. **Part C, Linkages of the International Accounts with the Government Finance Statistics (GFS)** describes the coverage and accounting rules used in GFS, and provides a comparison of the GFS structure with the balance of payments and IIP. Part C also presents a detailed analysis of GFS components that are linked with balance of payments components, such as taxes, social contributions, social benefits, grants, and compensation of employees.

40. Parts B and C of the appendix were drafted by the BPD and have been posted on the dedicated website for comment. Monetary Statistics Division and Government Finance Division provided comments before posting.

### **Appendix VII: Model Survey Forms and Other Data Collection Instruments<sup>1</sup>**

41. This appendix was drafted by the BPD staff in collaboration with an expert reporting to the BPD, and is expected to be posted on the dedicated website prior to the 2012 Committee meeting for comment.

#### ***Potential New Appendix: Balance of Payments Coding System***

42. This new appendix is proposed for inclusion in the *BPM6 CG* with the view to introducing compilers to the new common coding system developed by three international organizations (ECB, IMF, and OECD) within the SDMX reporting framework. The appendix provides guidelines for using the SDMX coding structure for balance of payments statistics and describes dimensions and attributes of the coding system adopted in the Balance of Payments Data Structure Definition.

43. This appendix was drafted by the Statistics Information Division and has been posted on the dedicated website. Public comments are sought both on whether to include this appendix in the *BPM6 CG*, and on the content of the appendix.

### **III. COMMENTS RECEIVED ON THE *BPM6 CG***

44. In December 2011, at the time that the first set of draft chapters and appendices of the *BPM6 CG* were released for public comment, members of the Committee and the balance of payments correspondents in all IMF member countries were notified of the posting and invited to comment. Suggestions were invited regarding the clarity of the material, or inclusion of topics

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<sup>1</sup> This appendix would be renumbered Appendix VIII with the inclusion of a potential new appendix on the Balance of Payments Coding System.

that were not well covered but that were considered relevant for *BPM6* data compilation. Comments were requested within eight weeks after the posting of each chapter or appendix.

45. Public comments on posted chapters and appendices have been generally favorable. Extensive comments have been provided by compilers from Australia, United States, and United Kingdom. After the 2011 Committee meeting, the Task Force on Statistics of International Trade in Services (TFSITS) and the ECB provided useful comments to chapters on services and on primary income, and to the appendix on insurance services. Some of comments from the TFSITS and ECB were addressed before the posting of the chapters/appendix on the dedicated webpage.

46. In many cases, the comments requested more clarification of complex methodological issues, especially on areas that changed from *BPM5* to *BPM6*, or requested more detailed examples of the treatment of some transactions. Comments are still being received. The evaluation of comments and the revision of chapters and appendices based on comments will be undertaken during November 2012 – January 2013 (see below).

#### IV. WAY FORWARD

47. Below is a summary of activities that remain to be undertaken for the completion of the work on the *BPM6 CG* and suggested target dates.

Activity	Target Date
Revise chapters and appendices based on worldwide comments; collect case studies from contributors <sup>2</sup>	November 2012 - January 2013
Final revision/editing of all chapters/appendices	February-May 2013
Pre-publication draft of the <i>BPM6 Compilation Guide</i> on the IMF website	June 2013

#### *Questions for the Committee:*

1. *Do members of the Committee agree with the inclusion in the BPM6 CG of a new appendix, on the SDMX-DSD coding system?*
2. *Do members of the Committee have general comments on the BPM6 CG? (Detailed or extensive comments should be conveyed to us in writing.)*
3. *Are members of the Committee willing to provide case studies for the BPM6 CG?*

<sup>2</sup> Case studies will be requested from other international organizations and member countries on complex compilation issues, especially related to the most significant changes introduced by the *BPM6*.

Table 1. Progress of Work on the *BPM6 CG*

Chapter/ Appendix	Title	Status	Additional Inputs
<b>Chapter 1</b>	Introduction	Posted on website	
<b>Section A</b>	OVERVIEW OF MAIN DATA SOURCES		
<b>Chapter 2</b>	How to Conduct a Survey	Posted on website	Case study: Conducting exploratory survey in countries covered by the DFID-funded project on external sector statistics (sought)
<b>Chapter 3</b>	Specific Surveys of Businesses for Balance of Payments and IIP Purposes	Posted on website	
	<b>A.</b> Collections on goods and services statistics	Posted on website	
	<b>B.</b> Collections on primary and secondary income statistics	Posted on website	
	<b>C.</b> Collections on international activity associated with securities	Posted on website	Case study on a security-by-security database (sought)
	<b>D.</b> Collections from persons and households	Posted on website	
<b>Chapter 4</b>	International Transactions Reporting System	Posted on website	
<b>Chapter 5</b>	International Merchandise Trade Statistics	Posted on website	Case study on customs union (sought)
<b>Chapter 6</b>	Data From Official and Administrative Sources	Posted on website	
<b>Chapter 7</b>	Selected IMF and Other International Organizations' Data Collection Initiatives	Posted on website	Inputs/comments from another IO requested
<b>Section B</b>	COMPILATION PRACTICES		
<b>Chapter 8</b>	Compiling Balance of Payments and International Investment Position Statistics—An Overview	Posted on website	
<b>Chapter 9</b>	The International Investment Position	Posted on website	
<b>Chapter 10</b>	The Financial Account	Possibly posted on website before 2012 Committee meeting	Case study on production sharing agreement (sought)
<b>Chapter 11</b>	Goods	Posted on website	
<b>Chapter 12</b>	Services (other than FISIM and Insurance)  (a) Transport, Travel, Manufacturing	Posted on website	Case study received

	(b) Other services (excluding FISIM and insurance)	Posted on website	
<b>Chapter 13</b>	Primary Income	Posted on website	
<b>Chapter 14</b>	Secondary Income	Posted on website	
<b>Chapter 15</b>	The Capital Account	Posted on website	
<b>Chapter 16</b>	Exceptional Financing	Posted on website	
<b>Chapter 17</b>	The Accessibility and Serviceability of the Statistics	Posted on website	
<b>Appendix I</b>	<i>BPM6</i> Conversion Matrix and Explanatory Notes	Posted on website	
<b>Appendix II</b>	Insurance Transactions and Positions, Pension Schemes, and Social Security		
	I. Insurance Transactions and Positions	Posted on website	
	II. Pension Schemes and Social Security	Posted on website	
<b>Appendix III</b>	FISIM	To be drafted later by the Real Sector Division, STA	Will be drafted after the ISWGNA FISIM taskforce meeting decides on a number of outstanding methodological issues.
<b>Appendix IV</b>	Foreign Direct Investment	Posted on website	Case study on SPEs (sought)
<b>Appendix V</b>	Compiling Balance of Payments and IIP by Partner Country	Posted on website	
<b>Appendix VI</b>	Linkages with Other Macroeconomic Datasets		
	(a) National Accounts	Posted on website	
	(b) Monetary Statistic	Posted on website	
	(c) Government Finance Statistics	Posted on website	
<b>Appendix VII</b> (suggested to be renumbered as Appendix VIII)	Model Survey Forms	To be posted	
<b>New Appendix</b> (suggested numbering: Appendix VII)	Balance of Payments Coding System	To be posted	