Balance of Payments Task Team (BPTT): Progress and Next Steps

Second (virtual) Meeting
November 20, 2020
Outline

▪ Introduction

▪ Summary of Discussions of the BOPCOM meeting and Next steps

▪ BPTT GNs preparation

▪ Review of GNs of other TTS
BPM-only Task Teams

Chair/Secretariat: IMF

Balance of Payments Committee

Balance of Payments Task Team (BPTT)
Chair/Secretariat: IMF

Current Account Task Team (CATT)
Co-chairs: IMF and Eurostat
Secretariat: IMF and Eurostat

Direct Investment Task Team (DITT)
Co-chairs: IMF and Poland
Secretariat: IMF and OECD
Clarification on BPTT’s role in reviewing other TTs’ GNs

• BPTT reviews all GNs produced by all other—both BPM and joint BPM/SNA—TTs

Objectives of 1st BPTT/AEG review:

• 1) **Focus only on substantive issues** before the notes go to public consultation
  ➢ especially if strong disagreement with recommendations

• 2) **Whether questions** to the Committee (and to the ISWGNA/AEG where relevant) **in the GNs go in the right direction**

  **Not meant to provide answers to the questions** ➔ this will be possible for Committee (and AEG) members during the last review, including also the results of the public consultation
Holistic Approach on Overlapping Issues

- To assess the overall consistency of the proposals, BOPCOM will undertake a holistic assessment at the end of the process.

- Priorities will need to be established if too much is asked of compilers (e.g., number of supplementary presentations, etc.).

- When exactly: by March 2022 (when the mandate of CATT, DITT, and FITT will expire).
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Summary of Discussions of BOPCOM Meeting (October 26–29, 2020)

• Ten Guidance Notes (GNs) presented for discussion

• Eight GNs were approved: BPTT (1), CATT (2), DITT (3), and FITT (2)
  ➢ C.1 Recording Transactor-Based Components of Services: CATT to reconsider the topic and revise the GN in light of the discussions.
  ➢ C.11 Valuation of Imports and Exports (CIF-FOB Adjustments): GZTT to seek volunteer countries from the SNA and the BPM community to undertake a feasibility test concerning access to the required data.
  ➢ Approved GN will be part of the proposed annotated outline of BPM7 (with suggested modifications and after a final review of BOPCOM, in some cases)

• Summary of Discussions and papers presented to BOPCOM for discussion (as well as for information) are posted on the IMF BOPCOM website
BPTT GN B.4: Reconciliation Between Flows and Stocks

- Majority of the Committee members supported the proposal to make the integrated IIP a central piece of the *BPM7* by including it under standard components.

- Strong support for the proposal to present the “other changes in volume” with a total and two encouraged “of which” categories—“Reclassifications” and “Debt Cancellations and Write-offs.”

- Updated BPM6 Compilation Guide to include practical guidance on integrated IIP compilation.

- BPTT to finalize the GN considering the Committee comments, stating the final recommendations—in consultation with the Committee (via written procedure).

- The (updated) GN will be part of the proposed annotated outline of *BPM7*.
CATT GNs: C.2 and C.5.1

- **C.2 Goods, Services, and investment income Accounts by Enterprise Characteristics**
  - Full agreement on the proposal to include enterprise characteristics as part of the annual reporting of the current account, as supplementary items
  - CATT to finalize the GN considering the Committee comments, stating the final recommendations—in consultation with the Committee (via written procedure)
  - The (updated) GN will be part of the proposed annotated outline of BPM7

- **C.5.1 Statistical Impact of the Change in Treatment of Operating Leases in Business Accounting**
  - Strong support to maintain the status quo and not to make any changes to the BPM6/2008 SNA
  - CATT to send the revised version to AEG for comments before final posting
  - Decision may be revisited subject to the outcome of the GN C5.2 (Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts)
  - Final GN covering C5.1 and C5.2 will be part of the proposed annotated outline of BPM7
DITT GnRs: D.6, D.7, and D.9

• D.2 Ultimate Investing Economy/Ultimate Host economy and Identifying Pass-through Capital
  ➢ Full agreement with the development of supplemental presentations of DI statistics by ultimate partner economy and identifying pass-through fund
  ➢ DITT in collaboration with GZTT to develop the template for recording the data on UIE, UHE, and pass-through funds

• D.7 Sectoral Breakdown of Direct Investment
  ➢ Strong support for the proposal to introduce the sectoral breakdown for DI as standard component in the balance of payments and the IIP

• D.9 Reconciling BPM-based Direct Investment and AMNE Statistics
  ➢ Strong support for developing a framework for reconciling DI and AMNE statistics for possible inclusion in the BPM7 and launching a survey to gather feedback from the compilers

• DITT to finalize the GnRs (D.6, D.7, and D.9) considering the Committee comments, stating the final recommendations—in consultation with the Committee (via written procedure)

• The (updated) GnRs will be part of the proposed annotated outline of BPM7
FITT GNs: F.5 and F.8

• F.5 Treatment of Credit Default Swaps
  ➢ Committee supported the proposal to maintain the current treatment of CDS as option-type
  ➢ FITT to consider the guidance of the Committee in the context of the work on F.4 Financial Derivatives by Type

• F.8 Valuation of Debt Securities at Both Market and Nominal Value
  ➢ Strong support for strengthening the guidance in *BPM6* and *2008 SNA* for presenting stocks of debt securities
  ➢ Agreed on the need for clarifying the definition of nominal value and strengthening its consistency across macroeconomic statistics manuals

• FITT to finalize the GNs considering the Committee comments, stating the final recommendations

• The (updated) GNs will be part of the proposed annotated outline of *BPM7*
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Timeline for Next Meetings

Three Committee meetings will be in 2021:

- **February 22–24**: BPTT: 4 GNs, Other TTs: 11 GNs
- **June 21–24**: BPTT: 5 GNs, Other TTs: 15 GNs
- **October 26–28**: BPTT: 2 4GNs, Other TTs: 13 GNs
# Timeline for BPTT’s Guidance Notes

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<thead>
<tr>
<th>Topic</th>
<th>Task Team</th>
<th>To BPTT for review</th>
<th>To BOPCOM for approval</th>
<th>To AEG for review</th>
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<td><strong>February 2021 Meeting</strong></td>
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<tr>
<td>1. B.2 Standardized definition of net international reserves/revisit reserves-related liabilities definition</td>
<td>BPTT</td>
<td>By December 20, 2020</td>
<td>By February 15, 2021</td>
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<td>2. B.3 Treatment of currency unions</td>
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<td>3. B.7 Arrears in IIP</td>
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<td>4. B.9 Treatment of tax amnesty in external sector statistics</td>
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<td><strong>June 2021 Meeting</strong></td>
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<td>1. B.1 Nationality concept</td>
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<td>3. B.8 Recording citizenship by investment programs</td>
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<td>4. B.11 Other economic flows on insurance and pension reserves</td>
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<td>5. B.12 Treatment of illiquid equity in international organizations in the IIP</td>
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<td><strong>October 2021 Meeting</strong></td>
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<td>1. B.6 Sustainable finance</td>
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<td>2. B.10 Auxiliary reconciliation tables</td>
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## Timeline for Other TTs’ Guidance Notes

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