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For discussion

Global Consultation Report: *BPM7*-Only Chapters

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The Draft BPM7 underwent global consultation from July 31 to September 13, 2024, receiving 161 comments from ten reviewers on the thirteen BPM7-only chapters. Most comments were endorsements without further remarks, as many reviewers had participated in previous consultations. This paper focuses on new specific comments received since the IMF Committee on Balance of Payments Statistics (BOPCOM) endorsed the individual chapters. Six out of thirteen BPM7-only chapters received new specific comments, categorized into six key issues: consistency in terminology, specific text adjustments, clarifications, suggestions for changing methodology, requests to revisit BOPCOM decisions, and calls for additional compilation guidance. The BPM7 editorial team will ensure consistency across chapters and address specific text adjustments and clarifications. Some suggestions and requests will be added to the research agenda, while the BPM7 Compilation Guide will address compilation issues. BOPCOM members are invited to share their views on the way the global consultation comments have been addressed.

INTRODUCTION

1. **The *Draft BPM7* underwent global consultation during July 31 to September 13, 2024.** This paper covers the comments received on the 13 *BPM7*-only chapters, while the seven joint *BPM7/2025* SNA chapters are covered in a separate paper (BOPCOM 24/03.1).
2. **Ten reviewers participated in the global consultation and provided a total of 161 comments on the *BPM7*-only chapters (see Table 1).** Most of the comments were endorsements of chapters without further remarks. In addition, many reviewers have participated in previous global consultations on guidance notes, annotated outlines, and individual chapters. This means that many reviewers had already conveyed their messages in these earlier global consultations, thereby reducing the need to provide further inputs.
3. **This paper focuses on the new specific comments received since the individual chapters were endorsed by the IMF Committee on Balance of Payments Statistics (BOPCOM) via written procedure.** In a few cases, the exact same points were raised as in the global consultation of individual chapters. Since BOPCOM has already endorsed the way that these comments have been addressed, they have not been included again. For Chapters 11–14, the global consultation reports for the individual chapters were sent to BOPCOM after the global consultation of the *Draft BPM7* was closed, and the comments on these chapters were therefore included in the individual reports rather than in this paper. The many comments endorsing chapters without further remarks do not require further action.

¹ Prepared by *BPM7* Editorial Team, Balance of Payments Division, STA.

Table 1. *BPM7*-Only Chapters

Chapter No.	Chapter Title	No. of comments	New Specific Comments*
1	Introduction	12	No
2	Overview of the Integrated Framework	12	No
5	Classifications of Financial Assets and Liabilities	17	Yes
6	Functional Categories in External Accounts	13	Yes
7	Balance Sheet: International Investment Position	18	Yes
8	Financial Account	12	No
9	Other Changes in Financial Assets and Liabilities Account	13	Yes
10	Goods Account	12	Yes
11	Services Account	12	No
12	Earned Income Account	8	No
13	Transfer Income Account	8	No
14	Capital Account	8	No
19	Selected Issues in Integrated Balance of Payments and International Investment Position Analysis	16	Yes
-	Total number of comments	161	-

* Covers new specific comments received since Version 9 of the relevant individual chapter was sent to BOPCOM for endorsement. Endorsements of chapters without further remarks are not included in this category.

SUMMARY OF KEY ISSUES

4. **The global consultation yielded new specific comments on six out of the thirteen *BPM7*-only chapters.** Detailed responses to these comments are presented in Appendixes I–VI. A summary of the most important comments and responses is provided in this section and can be divided into six broad categories.

5. **The first category is the need for consistency in terminology across chapters.** The *BPM7* editorial team will continue the work to ensure consistency across *BPM7* chapters and annexes ahead of the publication of the final *BPM7*. The common glossary will be a helpful tool to ensure harmonization within *BPM7* as well as across the macroeconomic statistical standards.

6. **The second category is specific text adjustments.** Two specific text adjustments were suggested. First, it was proposed to update the text on the reserve position in the IMF. For reporting a country's lending to the IMF, General Arrangements to Borrow (GAB) was deleted and the Bilateral Borrowing Arrangements (BBA) have been added in addition to the New Arrangements to Borrow (NAB). Second, it was proposed to expand the definition of factoryless goods production to cover the full range of global manufacturing arrangements. In this regard, it has now been clarified that a factoryless goods

producer outsources most or all of the material transformation process required to produce the output (addition underlined, i.e., more than half).

7. **The third category is clarifications.** One reviewer asked to include the scenarios under which margin payments are to be recorded as accounts payable/receivable or as loans in the context of paragraph 5.94. In consultation with the 2025 SNA editorial team, and following an earlier AEG/BOPCOM decision, the text has now been updated to state that margin payments in cash are classified as deposits (if the debtor's liabilities are included in broad money) or as other accounts receivable/payable (i.e., never as loans). This will be noted in the final version of Guidance Note F.10, which will be published soon. Another reviewer asked if the loss of a property caused by a natural disaster should not be a revaluation for the direct investor rather than an "other change in volume" because they technically own the equity in the notional unit and not the destroyed property (paragraph 9.12c). In consultation with the 2025 SNA and BD5 editorial teams, it has been agreed to clarify that the loss of the asset should be recorded as an "other change in volume" if the property is completely wiped out by the catastrophe as the notional unit would effectively cease to exist in that case. If some value remains, a revaluation (other price change) should be recorded since the notional unit is technically the owner of the property.

8. **The fourth category is suggestions related to changing existing methodology.** One reviewer suggested to always classify unallocated gold accounts as deposits. This means central banks should include these accounts in deposits within reserve assets, not in monetary gold, ensuring symmetry between deposit assets and liabilities at a global level. The BPM7 editorial team notes that monetary gold is already a special category as gold bullion is the only financial asset that does not have a counterpart liability. It is not recommended to change the current practice at this late stage of the update process, but the topic could be added to the research agenda if a significant number of BOPCOM members sees merit in the above suggestion.

9. **The fifth category is requests to revisit decisions already endorsed by BOPCOM and the Advisory Expert Group on National Accounts (AEG).** One reviewer commented on the agreed treatment of negative equity and the application of the transactor approach rather than the creditor/debtor approach for identifying transactions. The decisions of BOPCOM and the AEG will not be reopened at this stage of the update process, but both topics have been added to the research agenda.

10. **The sixth category is calls for additional compilation guidance.** In this context, the BPM7 editorial teams notes that BPM7 mainly focuses on the methodological issues, while the BPM7 *Compilation Guide* will go more into compilation issues.

Question for BOPCOM:

1. *Do BOPCOM members agree with the way that comments from the global consultation have been addressed?*

Appendix I. Chapter 5. Classifications of Financial Assets and Liabilities

Have the agreed recommendations for the update to BPM6 that are relevant to this chapter been reflected appropriately?

- No new specific comments received.

Is the material in the chapter clear when it comes to the conceptual guidance provided?

- No new specific comments received.

Are there any errors in this chapter, or inconsistencies either within this chapter or with other chapters?

- One reviewer emphasized the importance of the consistency across chapters in terminology.
[The BPM7 editorial team will continue to ensure consistency across the BPM7 chapters and annexes.](#)
- One reviewer requested a clarification of the recording of margins for financial derivative transactions.
[“Nonrepayable margins” in BPM6 and the 2008 SNA tried to explain margins that are already used to settle derivative positions. However, the term “nonrepayable margin” is not accurate or used by market participants because all margins are repayable. When they are used for settling derivative positions, there are no margins \(i.e., “nonrepayable margins” do not exist\).](#)

Do you have any other concerns with this chapter?

- One reviewer proposed to always classify unallocated gold accounts as deposits. In other words, unallocated gold accounts held by the central bank for balance of payments purposes should not be included in monetary gold as currently done but in deposits within reserve assets. This would provide symmetry between deposits recorded under assets and liabilities at a global level.

[An argument for treating unallocated gold accounts held by central banks as monetary gold is that they give title to claim delivery of gold and therefore would be like gold bullion in practice. The BPM7 editorial team notes that there is also an asymmetry for gold bullion held as reserve assets, which is only recorded as financial assets but not as liabilities, reflecting the fact that monetary gold is a special category. The editorial team would not be in favor of changing the current practice at this stage of the update process, but the topic could be added to the research agenda if a significant number of BOPCOM members see merit in the above suggestion.](#)

- One reviewer noted that it would be useful to include the scenarios under which repayable margins are to be recorded as accounts payable/receivable or as loans in the context of paragraph 5.94:
“Margin payments in cash are classified as deposits (if they are liabilities of a deposit-taking corporation or included in broad money), loans, or in other accounts receivable/payable.”

[The following decision was supported by the AEG and BOPCOM \(as laid out in the AEG note Recommendations to Resolve Minor Action Points under Action point B.4\): “In relation to Guidance Note F.10 on Treatment of cash collateral, the lead author would propose updates to the Guidance Note with a consolidated recommendation leaving the current treatment unchanged and suggesting slight draft amendments to incorporate the views expressed by the BOPCOM and AEG.” The BPM7 and 2025 SNA editorial teams find it important to use objective criteria for the classification of financial assets and liabilities instead of leaving it to the discretion of compilers. This point was also](#)

raised by some AEG/BOPCOM members in earlier consultations. Given this consideration and the text in *BPM6* (5.94) and the *2008 SNA* (paragraph 11.124), the two editorial teams have included the following text in the updated version of the chapter: “*Margin payments in cash are classified as deposits (if the debtor’s liabilities are included in broad money) or in other accounts receivable/payable.*” This decision will be included in the final version of Guidance Note F.10, which will be published soon.

Appendix II. Chapter 6. Functional Categories in External Accounts

Have the agreed recommendations for the update to BPM6 that are relevant to this chapter been reflected appropriately?

- No new specific comments received.

Is the material in the chapter clear when it comes to the conceptual guidance provided?

- No new specific comments received.

Are there any errors in this chapter, or inconsistencies either within this chapter or with other chapters?

- One reviewer suggested deleting the “General Agreements to Borrow” in paragraph 6.85 as they no longer exist. Further, it was suggested to add another form of lending “Bilateral Borrowing Arrangements”.

This is a good observation. We have made the above change to paragraph 6.85. This suggestion is consistent with the annotated outline of *Annex 9. Positions and Transactions with the IMF (Section E)*, which already incorporates this change based on the suggestion from IMF’s Finance Department.

Do you have any other concerns with this chapter?

- No new specific comments received.

Appendix III. Chapter 7. Balance Sheet: International Investment Position

Have the agreed recommendations for the update to BPM6 that are relevant to this chapter been reflected appropriately?

- No new specific comments received.

Is the material in the chapter clear when it comes to the conceptual guidance provided?

- No new specific comments received.

Are there any errors in this chapter, or inconsistencies either within this chapter or with other chapters?

- Regarding the treatment of negative equity positions discussed in Box 7.1, one reviewer noted that the recording of negative equity for limited liability corporations would fall under the concept of constructive liability as it would not be based on legal obligations. Therefore, it contradicts the 2025 SNA/BPM7 guidance on not recording constructive liabilities (with the only exception being the case of standardized guarantees).

It is noted that this issue has been discussed in detail with AEG and BOPCOM, and Box 7.1 is based on their recommendations. As shown in the survey conducted by the OECD Working Group on International Investment Statistics and mentioned in the [Issue Note on the Treatment of Negative Equity](#), several countries have reported that there would be economic reasons (intra-group loans) and legal reasons (guarantees) not to zero out equity in the largest cases of negative equity. Therefore, such negative equity positions would not fall under the concept of “constructive liability”. In any case, as agreed with AEG/BOPCOM, treatment of negative equity positions has been included in the post 2025 SNA and BPM7 research agenda.

Do you have any other concerns with this chapter?

- In the context of paragraph 7.19, there was a suggestion to provide guidance on the indicators to identify changes in FDI positions due to exchange rate changes.

Chapter 9 (Section B) provides a detailed account of the recording of revaluations covering the exchange rate changes and other price changes. Further practical guidance on this issue will be provided in the *BPM7 Compilation Guide* in relation to the compilation of integrated IIP.

Appendix IV. Chapter 9. Other Changes in Financial Assets and Liabilities Account

Have the agreed recommendations for the update to BPM6 that are relevant to this chapter been reflected appropriately?

- One reviewer argued that the creditor/debtor approach (e.g., recording transactions in the balance of payments instead of reclassifications when a financial instrument issued by a nonresident is sold by a resident in one institutional sector to a resident in another sector) should be allowed to avoid BPM/SNA inconsistencies and compilation difficulties for economies using position data and a security--by--security database to estimate transactions and other flows.

It has been agreed that the transactor approach will remain the preferred approach in both *BPM7* and the *2025 SNA* as it best portrays the counterparts to transactions. At the same time, the two editorial teams have suggested adding the application of the creditor/debtor approach to the BPM/SNA research agenda.

Is the material in the chapter clear when it comes to the conceptual guidance provided?

- One reviewer asked if the loss of a property caused by a natural disaster should not be a revaluation for the direct investor rather an other change in volume because they technically own the equity in the notional unit and not the destroyed property (paragraph 9.12c).

The *2025 SNA* and *BPM7* editorial teams note that the treatment will depend on the circumstances. If the property—and therefore the notional unit—is completely wiped out by the catastrophe, the economy of the direct investor should record the loss of the asset as “an other change in volume” as the notional unit effectively ceases to exist. Similarly, the economy of the direct investment enterprise should record the extinction of the liability as “an other change in volume”. If some value remains, a revaluation (other price change) should be recorded since the notional unit is technically the owner of the property. While the notional unit would record “an other change in volume” on its asset side, this would be seen as “an other price change” on its liability side. Therefore, both the economy of the direct investor and the economy of the direct investment enterprise would record “an other price change” under direct investment. This is consistent with the treatment of uncompensated asset seizures where “an other change in volume” is recorded on the asset side for the entity directly affected and as “an other price change” on the asset side for the entities that are only indirectly impacted through their ownership of entities that have had their assets seized. The text in paragraphs 9.12c and 9.31a has been updated to better reflect these considerations.

Are there any errors in this chapter, or inconsistencies either within this chapter or with other chapters?

- No new specific comments received.

Do you have any other concerns with this chapter?

- No new specific comments received.

Appendix V. Chapter 10. Goods Account

Have the agreed recommendations for the update to BPM6 that are relevant to this chapter been reflected appropriately?

- No new specific comments received.

Is the material in the chapter clear when it comes to the conceptual guidance provided?

- One reviewer suggested amending the text to clarify that the contractor does not need to have complete ownership of the material inputs in a factoryless goods production arrangement.

Factoryless goods producers (FGPs) as first described in the UNECE *Guide to Measuring Global Production* do not own any of the material inputs. However, the full range of global manufacturing arrangements may include an FGP that supplies some amount of material inputs without a change of ownership into the manufacture of the product. This may have been noted by the designers of the decision tree in Guidance Note C.4 where the question in Box 3 is “Did the principal supply most or all of the goods as material inputs ...?”, thereby separating it from cases where the contractor supplied most or all of the goods as material inputs. To account for the full spectrum of cases, the definition of FGP has been adjusted to include cases where the FGP outsources more than half of the material transformation process: “A factoryless goods producer is a principal that controls the production of a good by undertaking the entrepreneurial steps and providing the technical specifications required to produce the good, but that ~~fully~~ outsources most or all of the material transformation process required to produce the output.”

Are there any errors in this chapter, or inconsistencies either within this chapter or with other chapters?

- No new specific comments received.

Do you have any other concerns with this chapter?

- One reviewer asked if government was included in community in paragraph 10.1.

Yes, community should be interpreted broadly and does include government.

- One reviewer requested that paragraph 10.57 focus more on the main difference between processing arrangements and factoryless goods production as it may not be clear enough that these are not the same.

The differences are already described in this paragraph and in the decision tree shown in Figure 10.3, but the *BPM7* editorial team will consider if more could be done to explain the differences.

Appendix VI. Chapter 19. Selected Issues in Integrated Balance of Payments and International Investment Position Analysis

Have the agreed recommendations for the update to BPM6 that are relevant to this chapter been reflected appropriately?

- No new specific comments received.

Is the material in the chapter clear when it comes to the conceptual guidance provided?

- No new specific comments received.

Are there any errors in this chapter, or inconsistencies either within this chapter or with other chapters?

- No new specific comments received.

Do you have any other concerns with this chapter?

- One reviewer would like to see more references (maybe to the Compilation Guide) about the possible sources of information that could be used in order to have the best estimates in both the BOP and IIP.

The [BPM7 Compilation Guide](#) will go more into compilation issues, including sources for the compilation of external sector statistics. [BPM7](#) mainly focuses on the methodological issues.