

**Seventeenth Meeting of the  
IMF Committee on Balance of Payments Statistics  
Pretoria, October 26–29, 2004**

**Overview of the Work on the Update of *BPM5***

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

The views expressed in this paper are those of the author and should not be attributed to the International Monetary Fund, its Executive Board, or its management.

## **Overview of the Work on the Update of *BPM5***

### **Introduction**

This paper presents the progress made in the update of *BPM5* since the meeting of the IMF Committee on Balance of Payments Statistics (Committee) in December 2003. Specifically, the paper reports on (i) the *Annotated Outline for the Revision of the Balance of Payments, fifth edition (Annotated Outline)*, (ii) the Committee's technical expert groups, (iii) coordination with the review of the *1993 SNA*, (iv) coordination with other interested groups and task forces, and (v) the timetable for the preparation of the new manual.

### **Annotated Outline**

In April 2004, the IMF published for public comment the *Annotated Outline*, which is designed to provide a framework for discussions on the updating of *BPM5*. The *Annotated Outline* raised issues that had been identified and pointed to possible solutions. To assist reviewers, questions about key issues were included. It was circulated to give compilers and users an opportunity to provide views.

The *Annotated Outline* was sent to all balance of payments compilers and other interested parties asking their comments by July 15, 2004. It was also posted on the IMF's website at <http://www.imf.org/external/np/sta/bop/bopman5.htm>. The Note for Reviewers at the beginning of the *Annotated Outline* provided information on different ways of submitting comments. The *Annotated Outline* was or is being translated into Arabic, Chinese, French, Russian, and Spanish. The French-language version was posted on the IMF's website in September 2004 and was sent to Francophone countries seeking comments within three months of dispatch.

Altogether 33 countries provided written comments on the *Annotated Outline*. Out of these 33 countries, comments from 24 countries were on the final *Annotated Outline* that was distributed in April 2004 and comments from nine countries were on the Draft *Annotated Outline* that was distributed in September 2003 to members of the Committee. Various international organizations and task forces/groups also provided comments on the final and/or draft *Annotated Outline*. A separate document "Review of Comments on the *Annotated Outline*" (BOPCOM-04/??) presents the summary of the comments received as of September 26, 2004.

The IMF expects that additional comments will be received as a result of the distribution of the *Annotated Outline* in languages other than English. These comments, if any, will be used in the further discussion of issues and in the drafting of the new manual.

## Technical Expert Groups

As endorsed by the Committee in its 2003 meeting, three technical expert groups have been established 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:

- (1) Direct Investment Technical Expert Group (DITEG). There are a range of methodological issues associated with direct investment. DITEG is a joint group of some members of the OECD's Workshop on International Investment Statistics (WIIS) and nominees by the IMF. DITEG reports and makes recommendations to both the Committee and the WIIS.<sup>1</sup> 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;
- (2) Currency Union Technical Expert Group (CUTEG). The issues associated with currency unions are specialized and are being given increased priority in the new manual, so this group assists in dealing with the issues related to currency unions; and
- (3) Balance of Payments Technical Expert Group (BOPTEG). This group examines all other issues related to the update of *BPM5*. The BOPTEG takes into account the specialized topics to be covered by other technical groups. While avoiding duplication of work done by other groups, within the framework as a whole, BOPTEG addresses issues of coherence arising from the proposals of these groups. The BOPTEG also provides advice on the draft chapters of the new manual.

Terms of reference for the TEGs were drawn up and the membership established. The membership of these groups includes representatives from selected IMF member countries from all regions of the world and international organizations.

All three TEGs have made good progress. All TEGs held their first meeting (June 15-17, 2004 for DITEG, June 22-24, 2004 for BOPTEG, and June 28-30 for CUTEG). 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 website (<http://www.imf.org/external/np/sta/bop/bopman5.htm>) for information and comment. For receiving specific questions and comments on the papers of the three TEGs, the IMF has created an e-mail address [bpm5update@imf.org](mailto:bpm5update@imf.org). In addition, the Bureau of Economic Analysis (BEA) of the United States has established a website [www.bea.gov/diteg](http://www.bea.gov/diteg), where papers and other information relating to DITEG are posted.<sup>2</sup>

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<sup>1</sup> In October 2004, the WIIS will be reviewing the outcome papers of DITEG's first meeting.

<sup>2</sup> The access is password protected and available for groups related with the update of *BPM5* because the website is used for electronic discussions.

The first meetings of these TEGs updated their list of issues, which were initially identified by the Committee at its meeting in 2003. The updated lists (see attachments 1-3)<sup>3</sup> show issues that the TEGs had reviewed in their first meetings and issues that they will review in the following meetings. The summary conclusions of the first meetings of these TEGs are also attached (see attachments 4-6). The attachments of these summary conclusions also indicate any updates, in footnotes, since the first meetings. For example, the BOPTTEG conducted electronic discussions on loan valuation and interest on debt securities after its first meeting.

DITEG is expected to complete its work by March 2005. Its second meeting will be held in December 6-9, 2004 and the third meeting in March 7-10, 2005. BOPTTEG plans to complete the review of most of the remaining issues in its second meeting (November 29 - December 2, 2004). Beyond that meeting, any further outstanding issues will be resolved mainly through electronic communications, but a further meeting may be needed to review draft of chapters of the manual and any remaining issues in 2006. The second meeting of CUTTEG will be held in December 14-16, 2004 primarily to review the provisional discussions taken in June meeting and to discuss the remaining issues. Further meetings of CUTTEG may be required. BOPTTEG and CUTTEG may finish their work by 2006 or 2007.

### **Coordination with the Review of the 1993 SNA**

The revision is being coordinated with the simultaneous review of the *1993 SNA*, which is being conducted with the auspices of the United Nations. It is regarded a critically important that the two systems remain consistent to the maximum extent possible.

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 UNSD's website ([http://unstats.un.org/unsd/nationalaccount/AEG/Papers/m1\(p\)bop.pdf](http://unstats.un.org/unsd/nationalaccount/AEG/Papers/m1(p)bop.pdf)).<sup>4</sup> 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.

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<sup>3</sup> The DITEG list was also reviewed and expanded on by WIIS.

<sup>4</sup> The summary conclusions of the AEG's first meeting is available at [http://unstats.un.org/unsd/nationalaccount/AEG/Papers/m1\(p\)recom.pdf](http://unstats.un.org/unsd/nationalaccount/AEG/Papers/m1(p)recom.pdf).

The second meeting of the AEG scheduled for December 7-16, 2004 allocates two days for reviewing balance of payments issues. IMF staff will prepare papers for the AEG meeting reflecting the decisions of the Committee.

### **Coordination with Other Interested Groups and Task Forces**

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,
- 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—Mode 4, for issues such as residence of individuals and workers' remittances,
- 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.

Also, in September 2004, the Interagency Coordination Group on Tourism Statistics (ICGTS) was formed in accordance with an agreement reached between interested agencies at the 4th meeting of the Committee for Coordination of Statistical Activities. The first

ICGTS meeting was held on September 3 and included the World Tourism Organization, OECD, Eurostat, UNSD, IMF, and World Trade Organization. The members of the group involved in the current cycle of methodological revisions have undertaken to identify those areas of the frameworks that might impact on tourism and review them expeditiously. This review work has commenced jointly among the members of the TFSITS.

Plans are in place for the WIIS to review the *Benchmark Definition*, 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. Also the TSG on Mode 4 has commenced work to address the key unfinished business of the *MSITS* namely to elaborate Annex 1 of that manual on the movement of natural persons. The planned methodological report is expected to provide inputs for the proposed appendix in the revised *BPM5* on the treatment of transactions of nonpermanent workers, for example workers remittances.

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. CUTEG includes IMF, ECB, Banque Centrale des Etats de l'Afrique de l'Ouest, Banque des États de l'Afrique Centrale, Eastern Caribbean Central Bank, and Eurostat. 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, World Bank, and WHO) are involved through their participation in the other groups.

### **Timetable for the Preparation of the New Manual**

The coming two years are particularly important for the update process as this will be the period when the most intensive review of and consultation on the methodological issues will be conducted. 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. Later in 2006 it is expected that a draft of all chapters will be posted on the IMF website for public review.

In 2007–08, there will be a program of broad consultation and review of the draft chapters. It is planned that the Committee will give its approval to a final draft of the manual at its meeting in late 2008, at which time 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 2009 in English, with publication in other languages to follow.

Attachment 8 updates the “Plans for Preparation and Finalization of the New Manual” (BOPCOM-03/40) that was discussed at the 2003 meeting of the Committee.

***Topics for discussion:***

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

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

**IMF COMMITTEE ON BALANCE OF PAYMENTS STATISTICS  
BALANCE OF PAYMENTS TECHNICAL EXPERT GROUP (BOPTTEG)  
CONSOLIDATED LIST OF ISSUES  
UPDATED AT THE FIRST MEETING  
JUNE 22 - 24, 2004**

(This list includes an update for issue # 4 since the June meeting)

	<i>Topic</i> <sup>5</sup>	<i>Agency/Country responsible</i> <sup>6</sup>	<i>Related Group</i> <sup>7</sup>	<i>Meeting</i> <sup>8</sup>
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	DITEG (for information)	June 2004 <sup>9</sup>  Electronic discussion in September 2004
5	Criteria for identification of branches	IMF	DITEG	June 2004
6	Multiterritory enterprises	Australia ( <i>Netherlands</i> <sup>10</sup> )	DITEG	June 2004
7	Institutional sector classification	IMF	CUTTEG	June 2004
8	Residence of households	IMF	UNTSGMNP	June 2004

<sup>5</sup> 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.

<sup>6</sup> The agency shown is to prepare an issues paper for consideration by BOPTTEG. Some issues papers have not yet been assigned.

<sup>7</sup> Indicates which other group(s) are involved in the subject: DITEG = Direct Investment Technical Expert Group, CUTTEG = 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.

<sup>8</sup> Indicates the BOPTTEG meeting at which the topic is scheduled for discussion.

<sup>9</sup> An initial discussion on a paper prepared by an working group of the IMF Statistics Department was held at the June 2004 meeting.

<sup>10</sup> For those issues where BOPTTEG has primary carriage, agencies/countries shown in italics indicated interest in preparing background papers.



	<i>Topic</i> <sup>5</sup>	<i>Agency/Country responsible</i> <sup>6</sup>	<i>Related Group</i> <sup>7</sup>	<i>Meeting</i> <sup>8</sup>
		Australia	TFSITS	
9	SPEs and shell and holding companies (units, sectorization, residence, transactions)	IMF Australia	DITEG CUTEG (for information)	June 2004
9A	Sector and industry classification of holding companies	Netherlands IMF		Dec. 2004
10	Residence of corporations	Netherlands		June 2004
11	Application of direct investment to government corporations	IMF	DITEG CUTEG (for information)	Dec. 2004
12	Untraded and formerly traded securities in portfolio investment	IMF ECB		Dec. 2004
13	Traded loans—criteria to become portfolio investment	IMF ECB		Dec. 2004
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>IMF</i>	<i>TFSITS</i>	<i>June 2004</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	DITEG	June 2004 Dec. 2004
20	Interest on debt securities	ECB and UK, Australia		June 2004
21	Income on securities lending and reversible gold transactions	IMF Australia ECB		Dec. 2004
22	Treatment of technical assistance	IMF	UNTSGMNP	Dec. 2004
24	Reinsurance	UK		June 2004
25	Debt instruments indexed to a foreign	IMF		Dec. 2004

	<i>Topic</i> <sup>5</sup>	<i>Agency/Country responsible</i> <sup>6</sup>	<i>Related Group</i> <sup>7</sup>	<i>Meeting</i> <sup>8</sup>
	currency			
26	Interest on indexed debt instruments	IMF		Dec. 2004
27	Non-monetary gold	Japan		June 2004
		UK		Dec. 2004
28	Financial instrument classification	IMF ECB		Dec. 2004

**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, JUNE 17, 2004**

<i>Topic<sup>11</sup></i>	<i>Agency responsible<sup>12</sup></i>	<i>Related Group<sup>13</sup></i>	<i>Meeting<sup>14</sup>/ Priority</i>
1. Valuation of (i) direct investment equity	US, ECB, Australia		June 2004
(ii) branches	IMF		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>Netherlands<sup>15</sup></i> )		June 2004
4. Mergers and Acquisitions	Canada, OECD ( <i>France, United Kingdom<sup>5</sup></i> )		Dec. 2004
5. Reinvested earnings: A. as it affects national saving	Australia	BOPTEG	June 2004

<sup>11</sup> 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.

<sup>12</sup> The agency shown is to prepare an issues paper for consideration by DITEG. Some issues papers are not yet assigned.

<sup>13</sup> Indicates which other group(s) are involved in the subject: BOPTEG = Balance of Payments Technical Expert Group, CUTEG = Currency Union Technical Expert Group, TFSITS= Task Force on Statistics on International Trade in Services

<sup>14</sup> 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).

<sup>15</sup> For those issues where DITEG has primary carriage, countries shown in italics have indicated that they will be preparing background papers.

<i>Topic</i> <sup>11</sup>	<i>Agency responsible</i> <sup>12</sup>	<i>Related Group</i> <sup>13</sup>	<i>Meeting</i> <sup>14</sup> / <i>Priority</i>
B. of indirectly owned direct investment enterprises	IMF		
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	<b>United States (new issues paper for December 2004)</b> IMF (Ireland <sup>5</sup> )		<b>For reconsideration in Dec. 2004</b>
8. Reverse investment – classification	<b>United States (new issues paper for December 2004)</b> IMF		<b>For reconsideration in Dec. 2004</b>
9. <i>SPEs, shell companies, holding companies, off-shore enterprises (units, sectorization, residence, transactions)</i>	<b>Netherlands to prepare paper</b> IMF, Australia	<i>BOPTEG</i> ( <i>CUTEg for information</i> )	<b>For further consideration in Dec. 2004</b>
10. <i>Rules for identification of branches (for information)</i>	IMF	<i>BOPTEG</i>	<i>June 2004</i>
11. SPEs <sup>16</sup>  (i) Inclusion in direct investment of transactions between nonfinancial DIE and affiliated financial SPE	ECB (Netherlands <sup>5</sup> )		Dec. 2004
12 (i). Country identification (Ultimate beneficial owner/ultimate destination and immediate host/investing country)	Eurostat United States	TFSITS (for information)	Dec. 2004
12 (ii). <i>Geographic classification principles (debtor/creditor or</i>		<i>BOPTEG</i>	

<sup>16</sup> 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>Topic<sup>11</sup></i>	<i>Agency responsible<sup>12</sup></i>	<i>Related Group<sup>13</sup></i>	<i>Meeting<sup>14</sup>/ Priority</i>
<i>transactor principle) ( for information)</i>		<i>CUTEG</i>	
13. Round tripping	Hong Kong SAR		Dec. 2004
14. Permanent debt between affiliated financial intermediaries	IMF, Japan		Dec. 2004
15. Land and buildings owned by nonresidents	IMF		Dec. 2004
16. Use of maturity and full instrument split for direct investment	IMF		Dec. 2004
<i>17. Multi-territorial enterprises</i>	<i>IMF</i>	<i>BOPTEG (CUTEG, for information)</i>	<i>Dec. 2004</i>
<i>18. Application of direct investment to government (for information)</i>	<i>IMF</i>	<i>BOPTEG (CUTEG, for information)</i>	<i>Dec. 2004</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>BOPTEG (for loan guarantees and debt forgiveness)</i>	Dec. 2004
21. Various special cases, including Banking activities; Natural resource exploration; Construction; and Shipping companies	Belgium: Banking Greece: Shipping(?) Russia: Natural resource exploration, and Construction		Dec. 2004
22. Other capital (focusing on short-term instruments)	Netherlands		Dec. 2004

<i>Topic<sup>11</sup></i>	<i>Agency responsible<sup>12</sup></i>	<i>Related Group<sup>13</sup></i>	<i>Meeting<sup>14</sup>/ Priority</i>
23. Inter-company transactions and amounts outstanding with fellow subsidiaries	Italy		Dec. 2004
24. FDI stock (financial versus economic measurement)	Belgium		Dec. 2004
25. Valuation of real estate	France		Dec. 2004
26. Accounting methods and IAS	Russia		Dec. 2004
27. Principles for classification by industry (according to direct investor or direct investment enterprise)	Eurostat		Dec. 2004
28. Greenfield investments	OECD		Dec. 2004
29. Extensions of capital	OECD		Dec. 2004
30. Mutual funds (units, sectorization, residence, transactions)	Japan		Dec. 2004

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

**JULY 2004**

<i>Topic</i> <sup>17</sup>	<i>Agency responsible</i> <sup>18</sup>	<i>Related Group</i> <sup>19</sup>	<i>Status</i> <sup>20</sup>
Terms of Reference and issues paper for research related to economic and currency unions	IMF/ECB		
<b>Types of multi-national economic areas</b>			
1. Definition of a currency union	IMF	BOPTEG	Follow-up
2. Definition of an economic union Issues paper	IMF	BOPTEG	
3. Architecture of a currency union Follow-up	IMF	BOPTEG	
4. Distinction between currency union and regional statements	IMF	BOPTEG	Follow-up

**Residence**

<sup>17</sup> 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

<sup>18</sup> The agency that is or has prepared an issues paper for consideration by CUTEG

<sup>19</sup> Indicates which other group(s) are involved in the subject: DITEG = Direct Investment Technical Expert

Group, BOPTEG = Balance of Payments Technical Expert Group, TFSITS= Task Force on Statistics on International Trade in Services

<sup>20</sup> 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.

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



a currency union

15. Treatment of transactions and up positions arising from intra-currency union claims and liabilities, including currency union settlement and clearing arrangements	ECB	BOPTEG	Follow-
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<i>16. Application of direct investment to government corporations (for information)</i>	<i>IMF</i>	<i>BOPTEG, DITEG</i>	
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**Current account transactions**

17. Reclassification of non financial Paper transactions from a national perspective to a currency union perspective	Eurostat	BOPTEG	Issues
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<i>18. Goods for processing, Re-exports and transit trade (for information)</i>	<i>UK France Hong Kong, SAR</i>	<i>BOPTEG TFSITS (for information)</i>	
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**Sector classification**

19. Sector classification of regional institutions (e.g. EIB, EUI) in currency union and economic area statistics (treated with issue 6)	ECB	BOPTEG	Follow-up
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<i>20. Institutional sector classification (for information)</i>	<i>IMF</i>	<i>BOPTEG</i>	
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**Regional issues<sup>21</sup>**

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<sup>21</sup> These two issues were added to the CUTEG list following the June 2004 meeting.

21. Conceptual treatment of multinational settlements

*BOPTTEG*

To be decided

22. Treatment of customs revenue in the SACU arrangement

*BOPTTEG*

To be decided

**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 (BOPTEG) was held during June 22 - 24, 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 FIRST MEETING**

### **A. Accounting principles issues**

#### **Activation of guarantees**

- See BOPTEG 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 BOPTEG.<sup>22</sup>

#### **Accrual principles for debt arrears**

- See BOPTEG outcome paper # 3.

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<sup>22</sup> It was originally planned to have a paper and further discussion at the December 2004 BOPTEG 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 BOPTEG conducted an electronic discussion in September 2004 resulting an outcome paper to be reviewed by the Committee in October 2004.

## **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 merchanting 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 BOPTTEG meeting.

### **Interest on debt securities**

- See BOPTTEG outcome paper # 20.<sup>23</sup>

### **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 BOPTTEG meeting.

## **II. ADMINISTRATIVE MATTERS**

- The BOPTTEG agreed on the updated list of issues for BOPTTEG, 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).

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<sup>23</sup> A background paper on this issue was prepared by De Nederlandsche Bank and further electronic discussion was held in September 2004.

- The Secretariat will circulate the draft outcome papers and summary of the conclusions to the members who will provide their comments within five days 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 BOPTTEG will be held during November 29 - December 2, 2004 at IMF Headquarters in Washington D.C.



**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.

### **III. ISSUES/TOPICS OF THE FIRST MEETING**

#### **A. Valuation of direct investment inequity 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

## **IV. 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 Conclusions**  
**First Meeting of the Currency Unions 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.

## **V. 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 BOPTEG 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 BOPTEG 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 BOPTEG issue paper #7)

### **Residence in a currency union and residence in a single economy**

- See CUTEG outcome paper # 5

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

- See CUTEG outcome paper # 6.

## **C. Reserve assets and other allocation of flows**

### **Definition and allocation of reserve assets in a currency union**

- See CUTEG outcome paper # 10

### **Allocation of financial flows**

- See CUTEG 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

**VI. 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).

**Balance of Payments Issues for the SNA Review**

<b>General Subject</b> (Main 1993 SNA reference*)	<b>Specific Issues</b>	<b>Background</b>	<b>Progress</b>
<p><b>Overview</b> (1993 SNA Ch II)</p> <p>Meaning of “national economy”</p>	<p>Clarify inclusion of offshore financial centers; 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"> <li>• Accepted by AEG Feb 2004.</li> <li>• Usually called “total economy” in 1993 SNA.</li> <li>• Residence aspects discussed in BOPTEG and DITEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> <li>• Currency union aspects still being discussed by CUTEG.</li> <li>• AEG members also wish to clarify use of terms “national” and “domestic.” (Not a BOP issue.)</li> </ul>
<p><b>Flows, stocks, and accounting rules</b> (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>(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>(c) Clarify application of accrual principles to debt in arrears. (See also related valuation issues under nonperforming loans.)</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> <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"> <li>• Accepted by AEG Feb 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul> <ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• To be discussed in BOPCOM June 2005.</li> </ul> <ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul>



<b>General Subject</b> (Main 1993 SNA reference*)	<b>Specific Issues</b>	<b>Background</b>	<b>Progress</b>
<p><b>Institutional units, sectors, residence</b> (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>(b) Clarification of mobile individuals (temporary workers, international students, etc.)</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"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul> <ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004</li> <li>• To be discussed in BOPCOM Oct 2004.</li> <li>• Continuing discussions in United Nations Technical Subgroup on the Movement of Natural Persons</li> </ul>
<p>Units</p>	<p>(a) Multiterritory enterprises (e.g., SAS Airlines)—clarification of residence and circumstances when and how enterprise will be split.</p> <p>(b) Holding companies, special purpose entities, and trusts—clarification of status as units, sector, and residence.</p> <p>(c) Unincorporated branches—clarification of rules for when branch is identified as separate institutional unit, including construction projects, ownership of land and long-term leases.</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"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul> <ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG and DITEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> <li>• Sector of holding companies pending.</li> </ul> <ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG and DITEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul>

<b>General Subject</b> (Main 1993 SNA reference*)	<b>Specific Issues</b>	<b>Background</b>	<b>Progress</b>
<b>Goods and services</b> (1993 SNA Ch VI)  Goods sent abroad for processing	Current treatment to be reviewed.	Current treatment complex, results in large gross flows, the flows do not distinguish between return of processed goods and import of goods for processing.	<ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul>
Merchanting	State treatment of goods that do not enter the territory of the trader.	Not covered in 1993 SNA. Need to state whether margin or goods flow, and recording of inventories.	<ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed in BOPTEG in December 2004, BOPCOM June 2005.</li> </ul>
<b>Primary distribution of income</b> (1993 SNA Ch VII)  Retained earnings	<p>(a) Consider whether current treatment of reinvested earnings should be retained.</p> <p>(b) Consider whether retained earnings of mutual funds should be imputed as being income payable and reinvested.</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> <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"> <li>• Rejected by AEG Feb 2004.</li>   <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed in BOPTEG in December 2004, BOPCOM June 2005.</li> </ul>
Interest and related issues	(a) Possible use of current yield basis as main or supplementary basis for income on debt securities.	(a) Issues of consistency with other flows and keeping up with any further developments in International Accounting Standards.	<ul style="list-style-type: none"> <li>• Rejected by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• Electronic discussion in BOPTEG September 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul>

<b>General Subject</b> (Main 1993 SNA reference*)	<b>Specific Issues</b>	<b>Background</b>	<b>Progress</b>
	(b) Treatment of indexation amounts, currently treated as interest.  (c) Treatment of interest at concessional rates.  (d) Treatment of revenue received by owner for securities lending and reversible gold transactions.	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.  (c) Situations and methods when interest rates include a transfer, discount, or compensation of employees element.  (d) This type of income not interest and not currently mentioned; alternative treatments to be considered.	<ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• To be discussed in BOPTTEG Dec 2004, BOPCOM Jun 2005.</li>   <li>• Accepted by AEG Feb 2004.</li> <li>• To be discussed in BOPTTEG Dec 2004, BOPCOM June 2005.</li>   <li>• Accepted by AEG Feb 2004.</li> <li>• To be discussed in BOPTTEG Dec 2004, BOPCOM June 2005.</li> </ul>
<b>Capital account</b> (1993 SNA Ch X)  Treatment of activation of guarantees (Also 1993 SNA Ch XI)	Spell out classification of flows associated with calling of guarantees.	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"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTTEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul>

<b>General Subject</b> (Main 1993 SNA reference*)	<b>Specific Issues</b>	<b>Background</b>	<b>Progress</b>
<p><b>Financial assets and liabilities— transactions and positions</b> (1993 SNA Ch XI, XIII)</p> <p>Valuation of loans and deposits</p>	<p>(a) Proposed use of nominal value in positions, with fair value as a memorandum item for creditors.</p> <p>(b) Reconciliation of transactions at market values with positions at nominal values.</p> <p>(c) Need for guidance about when liability is eliminated by write-off and when interest and FISIM cease to be accrued.</p>	<p>(a) Valuation at nominal value does not reflect financial position of creditor. To incorporate results of EDG.</p> <p>(b) Inconsistent valuations currently used.</p> <p>(c) Need for guidance.</p>	<p>(a)-(c)</p> <ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Moderator’s report from EDG released Aug 2004.</li> <li>• Discussed electronically by BOPTEG Sept 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul>
<p>Financial instrument classification</p>	<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) Consider classifying financial gold as a financial asset.</p> <p>(f) Additional split to allow both original and residual maturity</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) 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>(f) <i>SNA</i> text does not distinguish, while asset classification table uses original basis; analytical interest in both bases.</p>	<p>(a)-(d), (f)</p> <ul style="list-style-type: none"> <li>• Accepted by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed in BOPCOM Oct 2004.</li> </ul> <p>(e)</p> <ul style="list-style-type: none"> <li>• Whether to accept or reject was referred to ISWGNA by AEG Feb 2004.</li> <li>• Discussed in BOPTEG June 2004.</li> <li>• To be discussed further in BOPTEG Dec 2004, BOPCOM June 2005.</li> </ul>

<b>General Subject</b> (Main 1993 SNA reference*)	<b>Specific Issues</b>	<b>Background</b>	<b>Progress</b>
<b>Insurance</b> (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"><li>• Accepted by AEG Feb 2004. General issues already resolved by AEG.</li><li>• BOP implications discussed in BOPTEG June 2004.</li><li>• To be discussed in BOPCOM Oct 2004.</li></ul>

\* 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)

	<b>IMF</b>	<b>Committee</b>	<b>TEGs</b>	<b>National accounts</b>
<b>December 2003</b>		<b>Annual Meeting. On basis of <i>Draft Annotated Outline</i>, discussed overview, identified issues, assigned work to TEGs</b>		
<b>January 2004</b>	<b>Selected and invited BOPTeG members.</b>			
<b>February 2004</b>				<b>First Advisory Expert Group (AEG) Meeting. Finalized list of issues, including issues referred by BOPCOM. Dealt with some issues.</b>
<b>April 2004</b>	<b>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.<sup>(1)</sup> Translations available a month or two later. First round of comments due in three months.</b>			

	<b>IMF</b>	<b>Committee</b>	<b>TEGs</b>	<b>National accounts</b>
<b>April-September 2004</b>	<b>Publicity in <i>BOP Newsletter</i>, <i>OECD Statistics Newsletter</i>, <i>UN SNA Notes and News</i>. Translations of <b>Annotated Outline</b> start to become available.</b>			
<b>June 2004</b>			<b>First meetings of TEGs.</b>	
<b>July-August 2004</b>	<b>TEG outcome papers posted on IMF website.</b>			
<b>September 2004</b>	<b>Summary of comments on <i>Annotated Outline</i>; issues papers to go directly to Committee.</b>			
October 2004		Annual Meeting. Consider TEG outcome papers and issues papers coming directly to the Committee, identify any further issues.		
October-November 2004	Papers to AEG reflecting Committee decisions.		Papers due for second round of TEG meetings.	
November-December 2004			Second meetings of BOPTeG, DITeG, and CUTeG.	Second meeting of AEG
February 2005			Papers due for DITeG meeting.	
March 2005			Third meeting of DITeG prior to annual meeting of the OECD Workshop on International Investment.	

	<b>IMF</b>	<b>Committee</b>	<b>TEGs</b>	<b>National accounts</b>
May 2005			A possible third meeting of CUTEG.	
June 2005		Annual Meeting. Consider TEG outcome papers and issues papers coming directly to the Committee, identify any further issues. Consider initial drafts of some manual chapters.		
September 2005	Revised initial chapters. Preliminary draft of (almost all) additional chapters— IMF website and mail/e-mail to Committee and TEGs. Papers to AEG reflecting Committee decisions.			
November 2005				Third AEG meeting
March 2006	Report to ISWGNA on BOP issues affecting <i>SNA</i> .			
April 2006				Consolidated recommendations for changes to the <i>SNA</i> . (No further changes in substance.)
May 2006				Fourth AEG meeting to review all recommendations and their mutual consistency



	<b>IMF</b>	<b>Committee</b>	<b>TEGs</b>	<b>National accounts</b>
June-August 2006	More complete set of draft chapters of new manual for discussion at Committee meeting. Draft text for new SNA.		Electronic discussion or meetings of TEGs, if necessary to consider changes consequent to the SNA review.	
October 2006		Annual Meeting. Consider draft chapters, TEG progress and outcomes, identify omitted issues.		
End December 2006	Draft of all chapters, some appendices—IMF website and mail/e-mail to member countries, ISWGNA and other groups, and IMF for written comments in three months. <sup>(2)</sup> Translations to be made.			
First nine months of 2007	Regional seminars. <sup>(3)</sup>			
February 2007				Final AEG meeting.
3 <sup>rd</sup> week April 2007	Produce compendium of comments received—IMF website and mail/e-mail to Committee and TEGs.			
April 2007	Draft of BOP inputs to SNA circulated to Committee.			
May 2007				First completed draft of revisions to the SNA sent to countries for comment.

	<b>IMF</b>	<b>Committee</b>	<b>TEGs</b>	<b>National accounts</b>
June 2007			TEGs meeting to review draft and compendium of comments.	
End-August 2007	Summary of proposed changes sent to Committee.			
October 2007		Annual Meeting. Discuss and endorse proposed changes to the draft.		Revisions to <i>SNA</i> submitted to ISWGNA for approval.
December 2007	Revised draft manual (all chapters and appendices) after taking into account input from regional seminars— IMF website and mail/e-mail to member countries; due for comments in three months. Translations to be made.			
March 2008				Revised <i>SNA</i> submitted to Statistical Commission for approval.
June 2008	Near final draft posted on IMF website, BOPCOM and international agencies for review. Comments due by September 2008.			
October 2008		Annual Meeting. Discuss and agree to final text.		
December 2008	Final draft, subject only to editing, posted on IMF website.			

	<b>IMF</b>	<b>Committee</b>	<b>TEGs</b>	<b>National accounts</b>
Beginning in January 2009	Prepare hardcopy publication, index, translations, begin update of <i>Textbook and 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-2006 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 2007 regional seminars would still seek input, but would have a much greater emphasis than the 2004 seminars on explaining the manual, particularly proposed changes.