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**Twenty-Seventh Meeting of the
IMF Committee on Balance of Payments Statistics
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Progress on *BPM6* Implementation

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

I. INTRODUCTION

1. At its October 2013 meeting, the IMF Committee on Balance of Payments Statistics (Committee) was updated on progress in preparing the *BPM6 Compilation Guide* (*BPM6 CG*) (see BOPCOM-13/06). The Committee was briefed on case studies included in the *BPM6 CG* and the revision process that was undertaken before posting the complete draft on the IMF website.

2. This paper updates the Committee on progress in preparing and posting the *BPM6 CG* since the 2013 meeting and on remaining work. It also describes the new training courses in external sector statistics that have been included in the training program for 2015 at IMF regional training centers, briefs the Committee on plans to update the *BPM5* Textbook, provides information on the tracking of methodological changes, and advises on the STA decision regarding the calculation of “other equity” in the IMF.

II. PROGRESS ON THE *BPM6 CG*

3. The *BPM6 CG* is a companion document to the sixth edition of the *Balance of Payments and International Investment Position Manual* (*BPM6*). It updates the previous compilation guide based on *BPM5* to reflect the methodological changes introduced in *BPM6*. Since the Committee meeting in October 2013, the work focused on: (i) incorporating final changes to address comments received from a number of international organizations (specifically the ECB and WTO), and gathered during training courses in external sector statistics; (ii) working with the IMF’s Communications Department to prepare the final version including the index; and (iii) posting the final version of the *BPM6 CG* on the IMF’s external website.

4. For the final version of the *BPM6 CG*, some clarifications of the methodological guidance in several areas were introduced.¹ STA consulted with its interagency partners and other interested parties, as relevant, in preparing these clarifications. In particular, (i) additional clarifications were provided on the recording of fees for security lending without cash collateral; (ii) clarifications were provided on the treatment of the purchase/sale of rights to use professional sports players; (iii) some examples included in the *BPM6 CG* were revised to improve their comprehensiveness; (iv) text was introduced to clarify the treatment of dividends received by governments from government-owned enterprises; (v) the valuation of transactions in nonnegotiable financial instruments was clarified; and (v) the terminology

¹ In February 2014, STA hired a short-term expert to document a list of methodological differences among the major macroeconomic statistical manuals. The following manuals were reviewed by the expert: the *System of National Accounts 2008*, the sixth edition of the *Balance of Payments and International Investment Position Manual*, the draft of the combined *Monetary and Financial Statistics Manual and MFS Compilation Guide* (*MFSMCG*), the pre-publication drafts of the *Government Finance Statistics Manual 2014* (*GFSM 2014*), and the *Handbook on Securities Statistics* (*HSS*).

was reviewed to assure its consistency with the *Tourism Satellite Account: Recommended Methodological Framework* (2008) and *Recommendations on Statistics on International Migration* (1998).

5. The IMF staff finalized the *BPM6 CG*, including its index. The typeset version underwent a number of rounds of review by STA. In August 2014, the final version of the *BPM6 CG* (without index) was posted on the IMF's dedicated website <http://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>, and it will be reposted in October-November 2014 to include the index. It is anticipated that the printed version of the *BPM6 CG* in English could be available within several months.

6. The *BPM6 CG* was sent for translation into five other languages: Arabic, Chinese, French, Russian, and Spanish. After the initial translations are completed, the work of the translators will be reviewed by external experts.

7. The *BPM6 CG* has been used by the staff and experts during technical assistance missions and training in external sector statistics, and when answering queries from compilers and users. In 2014, a session on the *BPM6 CG* was delivered at the Balance of Payments and International Investment Position Course in Washington DC. Also, lecturers were encouraged to use, where appropriate, examples from the *BPM6 CG* in their presentations on various *BPM6* topics.

III. INTRODUCTION OF NEW TRAINING COURSES

8. STA is developing two new training courses – on the *BPM6 CG* and on STA's initiatives in external sector position statistics – to assist countries in adopting *BPM6*; compiling high-quality balance of payments and IIP data; and filling data gaps in other key external sector statistics datasets. STA is the Fund's second-largest provider of training to IMF member countries (after the IMF Institute for Capacity Development (ICD)), and its training program is a major vehicle for improving the capacity of IMF members to compile macroeconomic statistics. The two new courses will be introduced at several IMF Regional Training Centers during the course of next year.

Practical Aspects of Balance of Payments Compilation

9. This new two-week course is aimed at bridging the gap between the conceptual framework, as described in *BPM6*, and the compilation of external sector statistics. It identifies the problems that are encountered by officials in their efforts to compile the international accounts statistics in their countries, and proposes options on how to overcome those problems. The course will consist of a series of discussions and hands-on sessions on compilation practices, including data sources and methods that may be used to compile the various accounts. It will focus on areas that are new in *BPM6* and/or that raise complex methodological questions, such as FISIM, insurance, and direct investment. Participants will have the opportunity to discuss specific problems encountered in their current work in

compiling the balance of payments and IIP data. The prerequisite for successfully participating in this new course is familiarity with *BPM6*. The first three courses are planned for the second half of calendar year 2015 at the Regional Training Centers in Austria, China, and the UAE.

IMF Initiatives in External Position Statistics

10. This new two-week course will provide training on the methodology for compiling and disseminating external position statistics, including the IIP and external debt statistics, and for participating in the IMF's Coordinated Portfolio Investment Survey (CPIS) and Coordinated Direct Investment Survey (CDIS). Special attention will be given to the additional analytical position data of the IIP (as published in the tables appearing in *BPM6* Appendix 9); to data collection tables on external debt (currency composition, remaining maturity, and debt service schedule); and to CPIS data enhancements (including coverage of sectoral data). The course will be based on the *BPM6*, the *2013 External Debt Statistics: Guide for Compilers and Users*, and the CPIS and CDIS Guides. Where relevant, the course will refer to data sets identified under the G-20 Data Gaps Initiative and discuss ways to overcome data compilation and dissemination challenges.

11. The course will consist of a series of lectures, discussions, and exercises focusing on methodological concepts and compilation practices, and also will provide some hands-on support for addressing reporting data compilation and reporting challenges. Participants will have the opportunity to discuss specific problems encountered in their work in compiling the external position data sets. At the same time, the course is considered an opportunity to discuss with authorities their plans for expanding the compilation program to include memorandum and supplementary items of the IIP, encouraged tables for external debt on QEDS, as well as to join the CDIS and CPIS initiatives.

12. External position statistics courses are planned for the second half of calendar year 2015 at the Regional Training Centers in Kuwait and Singapore.²

IV. PLANS ON UPDATING THE *BPM5* TEXTBOOK

13. With the finalization of the *BPM6 CG*, STA plans to begin the update of the *BPM5 Textbook*, which is another companion document to the *Balance of Payments Manual*. Last published in 1996, the *Textbook* has been seen as one of the main reference materials for training courses in balance of payments methodology. It provided information on the applications of concepts, definitions, classifications, and conventions contained in the

² STA conducted a first one-week course of this kind jointly with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in Kampala, Uganda, during July 28–August 1, 2014.

Balance of Payments Manual and afforded compilers with opportunities to enhancing their understanding of balance of payments methodology and compilation.

14. The *Textbook* will be posted on the IMF’s external website rather than appearing in hard copy, so that it may be updated regularly. This approach provides flexibility and prevents the *Textbook* from becoming quickly outdated.

V. TRACKING OF METHODOLOGICAL ISSUES

15. A number of methodological issues were included on a research agenda following the publication of the *BPM6* in 2009. Also, a few new issues have arisen since then.

16. Additional methodological issues may arise as new economic situations emerge. Some of these issues were brought to STA’s attention during balance of payments training courses, during technical assistance missions, from queries received from external data users, and from IMF area departments drawing on their experiences with the IMF member economies. Among the issues that could be addressed over time are the treatment of illiquid equity in international organizations; and the treatment of hybrid insurance and pension products.

VI. VALUATION OF OTHER EQUITY IN THE IMF

17. At last year’s Committee meeting, STA presented guidance on what may constitute equity (residual value) of the IMF, and the valuation of “other equity” in the IMF by its member countries (BOPCOM-13/21). This paper was a follow-up to BOPCOM-12/22 *FAQs on Gold Sale Windfall Profits*, which were prepared to summarize the recording of the distribution to IMF members of windfall profits on IMF gold sales, i.e., as superdividends in other investment–other equity of individual member countries vis-à-vis the IMF.

18. The Committee agreed that the proposed methodology for calculating the residual value of the IMF produces “fit-for-purpose” aggregate estimates. The allocation of the aggregate estimate to individual countries, however, was complex due to several reasons outlined in the paper. While some Committee members argued it would be appropriate to continue with the initiative with the IMF taking the lead in calculating and disseminating other equity data for its members, others reasoned that this should be regarded as a very low priority because it was not sufficiently material.

19. Noting that the inclusion of “other equity” in the IMF in the international economic accounts of IMF members would carry implications for other statistical domains, STA presented this issue to the 9th Meeting of the Advisory Expert Group (AEG) in National Accounts meeting during September 8–10, 2014 in Washington D.C., and asked the AEG for its views on the costs and benefits of implementation.

20. The AEG views were similar to those of the Committee. The AEG agreed with the methodology but also noted that, if work were to proceed, it should be undertaken in a centralized manner and not by each individual country compiling its own other equity position. Similar to the Committee, the AEG considered that other equity positions with the IMF were of relatively minor importance on a country's balance sheet and that the compilation of quarterly estimates for all IMF members may not be worth the effort.

21. STA has reflected on the various comments received from the Committee and the AEG, and has decided not to proceed with the calculations for the time being. Rather the treatment of illiquid equity in international organizations will be taken up in the context of *BPM7*, drawing on the methodology set out in the IMF paper presented to the Committee and AEG.