

**Twenty-Seventh Meeting of the
IMF Committee on Balance of Payments Statistics
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**Conversion of Balance of Payments and IIP Statistics to a
BPM6 Basis**

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CONVERSION OF BALANCE OF PAYMENTS AND IIP STATISTICS TO A *BPM6* BASIS

1. The main purpose of this paper is to briefly update the IMF Committee on Balance of Payments Statistics (Committee) on progress in implementing the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* since the October 2013 Committee meeting.

Background

2. As reported last year (BOPCOM–13/05), beginning with the August 2012 releases of the *IFS*, the on-line *Balance of Payments Statistics* database, and the 2012 *Balance of Payments Statistics Yearbook (BOPSY)*, the IMF Statistics Department (STA) has been publicly disseminating data and metadata on external sector accounts with observations from 2005 forward on a *BPM6* basis.¹ As of September 2014, about 75 economies (compared to 30 economies one year ago) have implemented the *BPM6* framework and have reported their own *BPM6*-basis estimates to STA. Of the 75 economies, STA has redisseminated data for 60 economies and the data for the other 15 economies are being processed. Many economies that currently compile and disseminate data on a *BPM5* basis plan to implement *BPM6* by end-2014 or early 2015. To assist data compilers and users inside and outside the IMF, STA has been providing technical assistance, training, and other support to promote and explain the *BPM6* methodology.²

Collaboration with other Fund departments

3. STA closely collaborated with the IMF Research Department (RES) in its efforts to release balance of payments data in its publication, *World Economic Outlook (WEO)*, on a *BPM6* basis starting in October 2014. In particular, STA assisted RES in identifying data items to include in *WEO*, developed the conversion matrix that converts *WEO* data items from a *BPM5* basis to a *BPM6* basis, prepared documents that explain the *WEO* conversion, and, jointly with RES staff, delivered presentations on the conversion process to IMF area departments (ADs) and the Strategy, Policy, and Review Department. STA also was very hands-on and assisted AD country desks in converting data for individual economies to a *BPM6* basis, so that their converted data could be included in the *WEO*.

¹ STA introduced new, web-based balance of payments and IIP metadata questionnaires starting with the 2012 *BOPSY* (released in December 2012). The metadata, which had been published in *BOPSY Part 3*, are available only online and in CD-ROM beginning with the 2012 *BOPSY*. As of September 2014, 110 economies reported their metadata to STA using the new, web-based metadata questionnaire.

² With the aim of facilitating user's understanding of the changes brought by *BPM6* and from data conversion, STA prepared a set of FAQs that are available on the IMF website at <http://www.imf.org/external/pubs/ft/bop/2007/bpm6faq.pdf>. These FAQs are updated and augmented as circumstances warrant.

4. Simultaneously with the above efforts, STA encouraged ADs to broadly utilize *BPM6*-basis concepts and data in their projections, analyses, and program work, and to routinely seek *BPM6*-basis data (instead of *BPM5*-basis data) from national authorities.

5. The IMF is planning to present IIP data in the *WEO* on a *BPM6* basis starting with its April 2015 edition.

Estimates for the period prior to 2005

6. During the 2013 Committee meeting, STA reported that there had been a number of demands for *BPM6*-basis estimates for years prior to 2005, and that STA was interested in the Committee's views regarding the release of STA's pre-2005 estimates to the public. The demands for these estimates continue.³

7. A main concern of the Committee was the timing of the release of the pre-2005 estimates, especially of so-called converted *BPM6*-basis estimates, given that many economies had plans to implement *BPM6* by end-2014 or early 2015.⁴ Committee members and other participants at the 2013 Committee meeting advised STA to time the public release of the pre-2005 STA *BPM6*-basis estimates to occur after European and some other countries themselves released official *BPM6*-basis estimates, to avoid confusion from two different sets of statistics being released at about the same time. Further, the Committee suggested that STA obtain the prior consent of national authorities to release the STA converted *BPM6*-basis estimates, *or* for STA to brand the output as its own and to explain to users that the estimates were not endorsed by national authorities. Considering the above concerns, STA has not yet released STA converted *BPM6*-basis estimates to the public for the pre-2005 period.

8. STA is now again considering when to make the STA converted *BPM6*-basis estimates for the pre-2005 period publicly available, and, if so, what protocol to follow in connection with the release of these estimates.

9. As discussed with the Committee at the 2013 meeting, STA considers it appropriate to disseminate an economy's own official *BPM6*-basis estimates for all years for which the economy developed such estimates. STA intends to begin to do so in early 2015.

³ In addition to the interest in these estimates by researchers and analysts, a release of STA's estimates would be consistent with recent efforts and proposals by many international organizations and country authorities to support free and open data initiatives.

⁴ Converted *BPM6*-basis estimates are estimates that were prepared by applying STA's generic conversion formula to official country estimates submitted on a *BPM5* basis. STA's estimates for the pre-2005 period have not been publicly released.

10. However, if an economy has not submitted to STA official *BPM6*-basis estimates for some years for which STA converted *BPM5*-basis estimates exist, STA would consult with national authorities starting in 2015. More specifically, STA would review and then share its unpublished *BPM6*-basis converted estimates with national authorities that have not themselves submitted official *BPM6*-basis estimates for the pre-2005 period. Economies would be requested to review the STA converted estimates and to inform STA within a period of time (a few months) if they wished to substitute their official *BPM6*-basis estimates for the converted *BPM6*-basis estimates prepared by STA. STA would accept the economies' own official *BPM6*-basis estimates whenever submitted. If economies do not respond to STA's request to review the STA generically converted estimates, STA would release these estimates along with a note highlighting that the estimates were not submitted by the national authorities.

11. The process of reviewing the pre-2005 STA converted *BPM6*-basis estimate series and consulting with countries may take significant time. Thus, the release of these estimates could not occur before end-2015.

12. STA is interested in knowing whether the Committee believes that the public release of the pre-2005 *BPM6*-basis estimates would be worthwhile (see Table 1 and *Questions to the Committee*).

Migrants' transfers

13. The Committee had agreed at its 2011 meeting that STA could exclude migrants' transfers from the "generic" *BPM6*-basis capital account estimates to better align the STA converted *BPM6* estimates with *BPM6* concepts. The original "generic" conversion formula, used since 2012, included migrant transfers in the balance of payments capital account in order to maintain consistency between the *BPM5*- and the *BPM6*-basis balances on current, capital, and financial accounts.⁵

14. In line with the decision on releasing historical *BPM6* estimates, STA proposes to exclude migrants' transfers from the capital account and disseminate the adjusted estimates. It would aim to combine this change with the release of STA *BPM6*-basis converted estimates for the pre-2005 period to avoid the circumstance where historical estimates are publicly released by STA and then soon thereafter revised, and to better align the entire data series with *BPM6*. As noted above, the release of historical STA converted estimates could not occur before end-2015, at which time it is expected that many more economies will have implemented *BPM6*.

⁵ The exclusion of migrants' transfers will result in adjusting errors and omissions by the same amount.

Table 1. Publication of Official *BPM6*-basis Estimates and STA Converted *BPM6*-basis Estimates for 2005 Forward and for the Pre-2005 Period¹

	Current Circumstances (as of October 2014)	Proposal for early 2015	Proposal for end-2015 Publications¹
Countries report <i>BPM5</i> -basis estimates for IIP/BOP	Converted <i>BPM6</i> -basis estimates were published for 2005-forward, starting with STA's August 2012 statistical data releases (<i>IFS</i> , <i>BOPS</i> , <i>BOPSY</i>). Converted <i>BPM6</i> -basis estimates for the pre-2005 period were not published.	No change from October 2014 practices. Converted <i>BPM6</i> -basis estimates for the pre-2005 period would not be published at this time.	If official <i>BPM6</i> -basis estimates are not reported, converted <i>BPM6</i> -basis estimates (derived from reported <i>BPM5</i> -basis estimates) will be published for all years for which <i>BPM5</i> -basis estimates were reported.
Countries report their own official <i>BPM6</i> -basis estimates for IIP/BOP	A country's official <i>BPM6</i> -basis estimates were published for 2005-forward. A country's official <i>BPM6</i> -basis estimates for the pre-2005 period were not published.	A country's official <i>BPM6</i> -basis estimates would be published for all reported years, including for the pre-2005 period.	No change from early 2015 practices.

¹ Migrant transfers would be excluded from the balance of payments capital account at the same time that STA converted *BPM6*-basis estimates for the pre-2005 period are released (i.e., at end-2015), so as to avoid revising the historical data series soon after it is first published.

Questions for the Committee:

1. *Do Committee members agree with STA's intention to publish in early 2015 the official reported *BPM6*-basis estimates for periods before 2005?*
2. *Do Committee members have comments on STA's plan to publish pre-2005 STA converted *BPM6*-basis estimates?*
3. *Do Committee members have comments on STA's plan to exclude estimates of migrants' transfers from the "generically" converted *BPM6* capital account estimates, at the same time that the public receives access to the pre-2005 STA converted *BPM6*-basis estimates?*