



## Twenty-Ninth Meeting of the IMF Committee on Balance of Payments Statistics

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BOPCOM—16/08

# Scope of the Research Agenda for External Sector Statistics



## SCOPE OF THE RESEARCH AGENDA FOR EXTERNAL SECTOR STATISTICS<sup>1</sup>

*Cross border interactions are continuously evolving in the global economy. To maintain the relevance of international accounts, there is a need to undertake research and/or to develop guidance on the statistical treatment of new economic situations. This paper discusses the results of the IMF work for scoping the research agenda in external sector statistics (ESS); provides for discussion a list of research topics suggested by the Committee members<sup>2</sup> which includes also additional methodological research issues collected by STA; and proposes the Committee not to consider some, providing the reasons why they are excluded. Finally, the paper proposes mechanisms and procedures to be applied in addressing the research topics and in informing the international community on new methodology/guidance.*

### I. INTRODUCTION

1. At the 2015 Committee on Balance of Payments Statistics (Committee) meeting, the IMF presented the paper “Process and Timeline for Updating the sixth edition of the IMF’s *Balance of Payments and International Investment Position Manual (BPM6)*” which discussed a possible timeframe and steps for the *BPM6* update (see BOPCOM 15/16). While some Committee members expressed the view that it is too early to start the discussion on updating *BPM6*, and preferred to focus on the implementation of *BPM6*, other members considered that the proposed timing to start discussion on the update process was right. The Committee members agreed that the work should be initiated on the scope of the *BPM6* update, identifying topics which could be discussed at future Committee meetings. It was also agreed that the IMF would prepare and circulate a template for inputs from the Committee.

2. This paper describes the work conducted for gathering inputs for the research agenda; suggest topics to be excluded and the reasons why; proposes a time schedule for consideration in a short- and a medium-term timeframe, and suggests actions for addressing the selected topics.

### II. COLLECTING INPUTS TO THE RESEARCH AGENDA

3. In July 2016, the IMF invited the Committee members and representatives of international organizations to provide their suggestions for the ESS research agenda using a standard template. The template included the title of the suggested topic, its description, and information on why it is important to consider/ reconsider the topic within the research agenda.

4. Eighteen out of 21 targeted respondents provided their suggestions, and 73 topics were proposed for discussion (summarized in Appendices I and II). The proposed topics apply to four major categories: (i) topics that request clarification/ guidance, (ii) methodological issues,

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<sup>1</sup> Prepared by Tamara Razin, Balance of Payments Division, STA.

<sup>2</sup> The Committee’s secretariat gratefully acknowledges the very useful contributions provided by Committee members on this topic.

(iii) balance of payments/international investment position (IIP) framework issues, and (iv) analytical issues. Some of the topics were suggested by a number of respondents, others—by single respondents.

5. Appendix I is an inventory of research topics proposed by the Committee members; it also includes topics identified by STA staff and pending research agenda issues identified in *BPM6*, paragraph 1.43. The items are categorized and grouped by proposed timeframe for their implementation. Appendix II includes topics that are proposed not to be considered under the research agenda, and the reasons behind their exclusion.

6. At this early stage of the process, the list cannot be considered as closed. The IMF will continue gathering additional research topics through ESS training courses, technical assistance missions, from Committee members, queries received from external data users, and from IMF area departments drawing on their experiences with the IMF member economies. Therefore, the list is left open for possible additions as circumstances evolve. Nonetheless, any additional research topics will be discussed and approved at the annual Committee meetings.

7. The number of topics proposed by the Committee members together with those identified by STA, are indeed significant. Some of the issues, namely those that do not require major revisions (like the clarification on remaining maturity agreed last year), may be addressed within the framework of *BPM6*. Conversely, other research topics that are not covered in *BPM6*, require a change in the treatment prescribed in *BPM6*, or may lead to new balance of payments or IIP standard components can only be discussed once the process to update the *Manual* is formally launched. Therefore, the first distinction to be made is between the first and the second group of issues (see next Section for the different types of updates).

8. For the first group of topics (i.e., those that only require clarification of the treatment in *BPM6*), work can already start. To that aim, these topics have been prioritized for implementation by considering the urgency with which the updates are needed against available resources. In addition, there is a need to coordinate the timing with possible clarifications that may also need to be introduced in other international statistical frameworks, such as the *2008 SNA*. Considering all these factors, there is a stratification of (i) the topics that can be addressed in the short-term (until the 2017 Committee meeting), (ii) topics that will be implemented in medium-term, and (iii) topics recommended to be addressed within the *BPM6* update.<sup>3</sup>

### III. TYPES OF UPDATES AND APPROVAL PROCESS

9. The *BPM6*, paragraphs 1.37–1.41 present procedures and types of updates to the *Manual* that could be conducted on an ongoing basis between major revisions. Updates are divided into

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<sup>3</sup> The list of research topics will be supplemented with new items as they are identified; and changes to the list will be discussed at Committee meetings.

four types: editorial amendments, clarifications beyond dispute, interpretation, and changes to the balance of payments framework (see Appendix III). Each type of updates would have a different set of steps that are to be followed in the approval process.

10. The updating and approval procedures that will be applied for each type of updates within the research agenda are presented schematically in Table 1.

**Table 1. Procedure for the Update and Approval of Research Agenda Products**

Stage of handling	Type of update			
	<i>editorial amendment</i>	<i>clarification beyond dispute</i>	<i>interpretation</i>	<i>change to the framework</i>
<i>Proposal</i>	Committee reviews the proposed update and classifies it			
<i>Preliminary drafting</i>	IMF staff	IMF staff or Committee	IMF staff and Committee working group (WG)	IMF staff and Committee WG/TEG
<i>First discussion</i>	-	Distance consultations with the Committee	Distance consultations with the Committee (and (ISWGNA, if relevant))	Distance consultations with the Committee
<i>Second discussion</i>	-	-	-	Discussion with ISWGNA
<i>Third discussion</i>	-	-	-	All IMF members
<i>Final drafting</i>	-	-	IMF staff in consultation with the Committee	IMF staff in consultation with the Committee
<i>Approval</i>	Committee (distance or at annual meeting)	Committee (distance or at annual meeting)	Committee (distance or at annual meeting)	Committee at annual meeting
<i>Decision on promulgation</i>	-	-	-	Committee at annual meeting
<i>Publication</i>	Errata sheet (also publicized through the website)	Webpage	Webpage	Webpage, possibly promulgated immediately in booklet form, and ultimately included in a revised <i>Manual</i>

#### IV. MECHANISMS FOR ADVANCING THE RESEARCH AGENDA WORK

11. The work on implementing the research agenda will be conducted with the Committee's support and involvement and will be coordinated with the IMF Statistics Department's (STA)

internal Task Force for Methodology and Data Initiatives (TFMDI), which brings together STA management and staff from different statistical topical areas. It is important to consider that the international accounts framework is a part of the broader macroeconomic statistics framework. The work on the research agenda would proceed, when needed, in parallel with clarifications to the national accounts methodology (in coordination with e.g. the ISWGNA). This will ensure a worldwide representation in the deliberations on the research agenda issues and the proper implementation of the results in international standards.

12. STA will conduct research involving its own staff and Committee members. For issues of particular relevance, Committee working groups (WGs), task forces, or technical expert groups (TEGs) may also be formed, as it is the case of the task force on SPEs being proposed at this year's meeting. The WGs, task forces, and TEGs will consist of experts with a balanced regional representation. These groups will have limited life spans and focus on particular issues. The terms of reference for the tasks related to the subject will be formulated for every WG, task force, and TEG. They will include specifications on deliverables, timeliness and work arrangements for monitoring the technical discussions and for reporting recommendations to the Committee.

13. Participation in the WGs/task forces/TEGs will be through the means described in the paper BOPCOM Working Procedures, namely through the BOPCOM Collaboration Site, email exchanges and/or video/phone conferences (see BOPCOM 16/17). The possibility to have occasionally a face-to-face meeting, possibly back-to-back to another international event, could be considered only if and where necessary.

14. To facilitate the sharing of information on research issues and related discussions, a webpage will be created within the [BPM6 website](#).<sup>4</sup> The research products (papers) prepared by the different contributors (IMF own staff, WGs, or TEGs) will be presented for discussion and approval to the Committee either via written procedure or during its annual meetings and will be subsequently disseminated on the IMF's *BPM6* webpage.

## **V. WHEN THE UPDATES WILL BE INTRODUCED**

15. The updates brought by implementing the research agenda could be introduced either as soon as they are agreed, at regular intervals, or when a new manual is produced, depending on the nature of the changes agreed by the Committee. However, it is important, on the one hand, to have a set of common standards all countries can move towards within a reasonable period of time (thereby assisting in international comparability). On the other hand, it is also important to

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<sup>4</sup> It will comprise the list of research issues; research issues under discussion; and research products approved for implementation. An updated version of BOPCOM paper 15/15 has already been posted under "Clarifications to *BPM6*" to clarify the recording of debt on a remaining maturity basis.

endeavor to keep the statistical framework, and the statistics, as relevant as possible in a world that is ever-changing.

16. It should also be considered that updates to the framework may require new data collection systems to be set up or adaptations of the existing ones; in this case, different time frames in different countries may lead to difficulties with regional and international data comparisons. It is proposed that, using the typology presented in Table 1 above, clarifications and interpretations be introduced immediately, as these should not require major changes to data collection and compilation systems, while more structural changes affecting the general framework be only considered once the process of *BPM6* update be launched.

17. In some cases, the Committee could make decisions on the introduction of changes to the framework, also defined in Table 1, on a case-by-case basis, weighing on the importance of immediate introduction, the importance of the availability of comparable data across countries, and the importance of consistency with other macroeconomic statistics frameworks.

## VI. TOPICS FOR THE 2017 RESEARCH AGENDA

18. Table 2 below includes topics proposed to be included in the working agenda for 2016–2017 (i.e., up until the 2017 Committee meeting) that have been prioritized in Appendix I as topics to be addressed in the short term.

**Table 2. Tentative List of Research Topics Only Requiring Clarification to be Addressed Before/For the 2017 Committee Meeting**

	Topic	Type of Issue	Action and Mode of Implementation	Timeframe	Deliverable	Who Prepares Proposal for the Committee; Comments
1.	Recording of negative interest	GC	BOPCOM paper	2017	Paper posted on dedicated webpage	IMF staff; The research started in 2016 (BOPCOM 16/05)
2.	Compilation of data on special purpose entities in ESS <sup>5</sup>	GC	BOPCOM paper	2017/2018	Progress report/Paper posted on	Committee task force;

<sup>5</sup> The group may also wish to discuss the treatment of pass-through funds (proposed by Netherlands and also part of the *BPM6* Research Agenda ¶1.43):

**Netherlands:** We would like (re)consider whether we could follow up on the initial work under *BPM6* to identify pass through capital in BOP/IIP. You might wonder whether the way supplementary data are compiled should be left to national authorities or whether more guidance is needed. Pass-through capital is likely to increase in parallel with globalization. Identifying it is likely to serve our users.

	<b>Topic</b>	<b>Type of Issue</b>	<b>Action and Mode of Implementation</b>	<b>Timeframe</b>	<b>Deliverable</b>	<b>Who Prepares Proposal for the Committee; Comments</b>
					dedicated webpage	The research started in 2016 (BOPCOM 16/03)
3.	Treatment of digital economy in ESS	GC/M	BOPCOM paper	2017/2018	Progress report/Paper posted on dedicated webpage	Committee WG in collaboration with ISWGNA <sup>6</sup>
4.	Estimation of imports /exports of FISIM by central banks under negative reference rates	GC/M	BOPCOM paper	2017/2018	Paper posted on dedicated webpage	Committee members in collaboration with ISWGNA; timeframe to be coordinated with ISWGNA
5.	Delineation of telecommunication services from financial services for mobile money transactions	GC	Paper/Guidance	2017	Paper/ Guidance posted on dedicated webpage	IMF staff and/or volunteer Committee member(s)
6.	Classification of letter of credit in ESS (loans or securities?)	GC	Paper/ BOPCOM paper	2017	Paper/ Guidance posted on dedicated webpage	IMF staff and/or volunteer Committee member(s)
7.	Classification of reserve position in the IMF	GC	Guidance	2017	Guidance posted on dedicated webpage	IMF staff
8.	Treatment of currency swap agreements between central banks	GC	Guidance	2017	Guidance posted on dedicated webpage	IMF staff

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<sup>6</sup> Intersecretariat Working Group on National Accounts



	<b>Topic</b>	<b>Type of Issue</b>	<b>Action and Mode of Implementation</b>	<b>Timeframe</b>	<b>Deliverable</b>	<b>Who Prepares Proposal for the Committee; Comments</b>
9.	Treatment of deposit of precious metals	GC	Paper/Guidance	2017	Paper/ Guidance posted on dedicated webpage	IMF staff and/or volunteer Committee member(s)

\*M-methodological issue; GC-Guidance/ clarification; F-framework; AC-analytical/ cross-domain issues.

19. Given the richness and complexity of the significant number of topics contained in the research agenda, it is proposed to restrict the discussion during the meeting to very substantive issues related to the questions listed below. Thereafter, it is proposed to run a written procedure to let Committee members provide additional comments to the document as well as answers to the questions below by November 22, 2016.

***Questions for the Committee:***

1. *Do Committee members agree with the proposed mechanism for resolving the research topics and with the proposed typology?*
2. *What are Committee members' views on the proposed prioritization of the research agenda topics, including those selected for the short-term implementation?*
3. *Do Committee members agree with the proposed topics to be excluded from the research agenda (see Appendix II)?*
4. *Do Committee members volunteer to participate in the proposed Committee task force on SPEs or on the work for either of the other topics to be implemented up until the Committee meeting of 2017?*

## Research Topics Suggested for Consideration by Committee Members

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
<i>Short-term</i>				
	<b>Clarification/guidance</b>			
1.	Estimation of remaining maturity debt instruments	<p><b>France:</b> A conceptual framework existence but some area need more guidance, especially for encouraging “second best” approaches.</p> <p><b>Eurostat:</b> Mismatches in remaining maturities of debt instruments between the assets and the liabilities sides of the IIP might affect financial stability of a country. Detailed data on remaining maturities are needed. Additional elaboration should be provided on compilation of remaining maturities.</p>	BOPCOM papers	2015/2016
2.	Recording negative interest	<p><b>Russia:</b> Presently the number of banks that obtain funding at a negative interest rate is growing. We have not come across any formally set out position of international organizations on the issue.</p> <p><b>Japan:</b> Should the amounts receivable or payable resulting from negative interest rates be recorded (a) in primary income, (b) in financial services, or (c) in primary income/financial services according to contracts between parties? Reference: for primary income, see <i>BPM6</i>, paragraphs 11.3 and 11.46; for financial services, see <i>BPM6</i>, paragraph 10.118.</p> <p><b>France:</b> More and more country and more instruments with negative interest rates.</p>	BOPCOM paper; discussion started at 2016 BOPCOM meeting (BOPCOM 16/05)	2017
3.	Treatment of digital economy in ESS	<p><b>USA:</b> Enhance guidance on the classification of transactions related to the digital economy, such as ICT, cloud computing, and mobile applications. BOPCOM could also develop guidelines for a supplemental presentation of statistics related to the digital economy, for example, bringing together statistics on ICT goods and services.</p>	Possible Committee WG in collaboration	2017/2018

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
		<p>Recent years have seen rapid growth in e-commerce and the rise of the so-called sharing economy and digital matching firms (defined as firms that use technology to match service providers and customers in Rudy Telles Jr. (June 3, 2016), “<a href="#">Digital Matching Firms: New Definition in the ‘Sharing Economy’ Space</a>” (ESA Issue Brief #01-16)). Existing methods for measuring the traditional economy may not be sufficient for understanding an increasingly digital economy.</p> <p><b>Germany:</b> More guidance on how to capture the increasing various internet activities, such as gambling, use of bitcoins, crowdfunding, FinTechs might be needed.</p> <p><b>Philippines:</b> Recommendations on how online purchases of goods can be adequately captured. Given the proliferation of goods being offered online, it has become difficult to adequately capture such transactions.</p> <p><b>Russia:</b> Presently, digital economy is developing rapidly, the variety of kinds of foreign economic activities is growing in this area (electronic money, cloud technologies, e-commerce). It is necessary to develop guidance with proposals on accounting for new types of transactions and stocks. The need to improve the quality of external sector statistics is evident against the background of the growing volume of transactions in the area of digital technologies.</p> <p><b>Eurostat:</b> Do the existing BOP/IIP methodologies capture adequately the fast developing institutional and technological features of the current economies in terms of shared or digital economies? Shared economy (e.g., airbnb) and its still more intensive digitalization might create certain data gaps. Existing BOP/IIP statistics might not be able to record correctly all the transactions. First attempts to collect data from collaborative platforms are being made. Methodological and data compilation guidelines are therefore needed.</p> <p><b>ECB:</b> More guidance on how to capture the various growing internet activities, such as gambling, use of bitcoins, crowdfunding, FinTechs, Cloud Storage, etc. might be needed.</p> <p><b>OECD:</b> Little information currently exists in the area of digital trade, raising concerns about exhaustiveness of trade estimates (and GDP). A related topic concerns the rules</p>	with ISWGNA	

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
		<p>of economic ownership for intellectual property and other knowledge based capital, particularly in the context of intra-firm transactions (and fiscal optimization). Digital trade, including trade in data, has increased significantly. Policy demand for indicators including at the G20 level is growing. Initial proposals for e.g. ICT services and <i>potentially</i> ICT-enabled services have been made, and are used, often in the absence of better alternatives.</p> <p>A conceptual measurement framework for “digital trade”, consistent with BOP, is needed that captures all these dimensions.</p>		
4.	FISIM	<p><b>BPM6 Research Agenda (paragraph 1.43):</b> How the risk and maturity structure of the financial assets and liabilities should be taken into account in the reference rate for calculations of financial services indirectly measured.</p> <p><b>IMF:</b> Following the <i>ESA 2010</i>, no FISIM is calculated for central banks and the output of central banks is estimated as a sum of costs. This approach differs from the <i>2008 SNA</i> (which recommends estimation of FISIM output of central banks - some of this could result from its cross-border positions). The ISWGNA issued a clarification on this issue (SNA News number 23, May 2013). The <i>BPM6</i> follows the approach of <i>2008 SNA</i> and assumes that FISIM is calculated for all the financial intermediaries (including the central banks). The data on FISIM exports /imports for countries that follow the <i>ESA 2010</i> may not be comparable with countries that follow the <i>2008 SNA</i>.</p> <p><b>Australia:</b> The cost of funds reference rate used for calculating Financial Intermediation Services Indirectly Measured (FISIM). Currently <i>2008 SNA</i> and <i>BPM6</i> recommend the interbank lending rate be used as the reference rate.</p> <p>Issues:</p> <ul style="list-style-type: none"> <li>• Interbank rates can be for terms relatively short compared to normal deposit and loan terms and hence there can be negative FISIM applied to deposits;</li> <li>• Interbank rates can tend to be volatile and responsive in the short term on monetary policy rather than any ‘true’ cost of intermediation;</li> <li>• Interbank rates are not necessarily “risk-free”; and</li> <li>• Some interbank rates have been open to undue influence.</li> </ul>	BOPCOM paper in collaboration with ISWGNA	2017/2018

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
		<p>Further investigation to be conducted into determining a better risk free reference rate for the purposes of calculating FISIM, building on the previous international research conducted in this field.</p> <p><b>USA:</b> Enhance guidance on the measurement of FISIM. More complete guidance will help compilers identify key conceptual issues when implementing the BPM standards and will help ensure international comparability of the resulting estimates. One topic for additional guidance could be the advantages and disadvantages of using a single reference rate for all transactions versus using multiple reference rates for different types of institutional settings (e.g., retail banking versus commercial banking). Another topic might be whether the service provided should reflect the typical level of services provided in different institutional settings.</p> <p><b>Philippines:</b> There is a need to determine appropriate rates to be used in the computation of FISIM. Guidance could be provided as this is not explicitly stated in <i>BPM6</i>.</p> <p><b>ECB:</b> Enhance guidance on the measurement of FISIM. More complete guidance will help compilers identify key conceptual issues when implementing the <i>BPM6</i> standards and will help ensure international comparability of the resulting estimates.</p>		
5.	Treatment of letter of credit	<p><b>China:</b> As to banks, letter of credit (LOC) confirmed is a debt confirmed as the first payment of obligation. In nature, LOC is defined as a promise or guarantee of payment, therefore not recorded in BOP. The underlying bankers' acceptance and payables are recorded under securities and other payables in BOP. In practice, LOC, as a mean of payments, follows its own international rules, and banks do not measure the underlying debts by measuring the attached bankers' acceptance. So, is it possible to record all LOC confirmed by banks as loans, or should it be classified as securities (for its negotiability)?</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2017
6.	Treatment of currency swap agreements between central banks	<p><b>Egypt:</b> Central banks around the world have entered into a multitude of bilateral currency swap agreements with one another since the financial crisis of 2008. These agreements allow a central bank in one country to exchange currency, usually its domestic currency, for a certain amount of foreign currency. The recipient central</p>	BOPCOM paper prepared by IMF staff	2017

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
		banks can then register it as a reserve asset and as a reserve related liability as well (in case of acquiring two convertible currencies). The gross international reserves would be overstated if one recipient bank used the same amount to enter on to several swap agreements worldwide.		
7.	Classification of reserve position in the IMF	<p><b>Eurostat:</b> A clear guidance with regard to reserve position in IMF is needed: short- or long-term maturity in other deposits.</p> <p><b>ECB:</b> Instrument classification of the reserve position in the IMF  <i>BPM6</i> § 5.43: Reserve position in the IMF is included in other deposits (AF29)  <i>ESA 2010</i> § 5.81 Transferable deposits (AF22) include any of the following:  (...) (e) the reserve position with the IMF</p>	BOPCOM paper prepared by IMF staff	2017
8.	Delineation of telecommunication services from financial services for mobile money transactions	<p><b>Uganda:</b> A large chunk of revenues earned by telecommunication companies in Uganda, Kenya and Tanzania is now from charges for mobile money transactions. Given the growing prominence of such transactions, it is important to provide clarity on what should be classified as a financial service and what should be classified as telecommunication services in cases where there are cross border transactions. Guidance is required on what to record as a financial transaction and what to record as a telecommunication services transaction.</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2017
9.	Treatment of deposit of precious metals	<p><b>Philippines:</b> In paragraph 5.39 of the <i>BPM6</i>, unallocated accounts for precious metals are also deposits. What would be the debit and credit entries for a reporting economy if a resident deposits precious metals in a non-resident entity?</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2017

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
<b>Medium-term</b>				
	<b>Clarification/guidance</b>			
10.	Insurance services		BOPCOM paper to be prepared by a Committee WG	2018
a.	Insurance	<b>IMF:</b> The Real Sector Division has been engaged in work to measure insurance. For example, a question is whether investment income from own funds should be included in the estimation of insurance output. The answers to these questions will also impact the international accounts.		
b.	Extend the guidance in <i>BPM6</i> to cover hybrid insurance and pension products	<b>IMF:</b> <i>BPM6</i> discusses the treatment of two primary types of insurance products, i.e., life insurance (which has a savings component) and non-life insurance (which does not have a savings component). In some countries (e.g., Iceland), hybrid insurance products that are a mixture of these two primary types of insurance products are important. Hybrid insurance products are not discussed in <i>BPM6</i> . A question is whether to treat them entirely as one of the other types of insurance products (e.g., to record them on the basis of the dominant type of product), or whether to bifurcate them into the two types of products.		
11.	Treatment of gaming revenues from casino operations	<b>Philippines:</b> Guidance or recommendations is needed on how winnings of non-resident players can be estimated. The increasing volume of casino operations with the proliferation of casino resorts in several countries could pose a challenge as far as BOP data capture is concerned. With less regulation and supervision of casinos, plus their ability to move funds across borders without passing through the normal banking channels, data capture become even more difficult.	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2018

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
12.	Recording of transactions in sports events (e.g., boxing)	<p><b>Philippines:</b> Where should the following transactions be recorded in the BOP (i.e., recreational services, compensation, or other current transfers)? How can they be captured or estimated?</p> <p>(a) Winnings of players in sports events (e.g., boxing);</p> <p>(b) Earnings of fighter/s from Pay-Per-View (PPV) (e.g., boxing);</p> <p>(c) Transactions involving the promoter (e.g., boxing).</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2018
13.	Sectoral classification of international organizations	<p><b>Eurostat:</b> Persisting uncertainties how to classify international organizations such as the IMF or BIS. Clear guidance is needed how to classify international organizations, such as the IMF, BIS, taking into account the contents of their activities and principles for institutional sector classification as defined by <i>2008 SNA</i> and <i>BPM6</i>.</p> <p><b>ECB:</b> Clear guidance is needed on how to classify IOs, such as the IMF, BIS, taking into account the content of their activities and principles for institutional sector classification as defined by <i>2008 SNA</i> and <i>BPM6</i>. This is particularly important in the context of global from-whom-to-whom tables where the “rest-of-the-world” sector construction vanishes.</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2018
14.	Guidance on recording of irrevocable payment commitments	<p><b>ECB:</b> Institutions (mostly banks) contributing to the EU Single Resolution Fund and national Deposit Guarantee schemes are allowed to settle their obligations using so-called “Irrevocable Payment Commitments - IPCs”. These instruments are borderline case between actual irrevocable liabilities and conditional obligations. Therefore, more clear international guidance would be needed if they generalize.</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2018
15.	Merchanting and factoryless		BOPCOM paper to be prepared by a Committee	2018
a.	Merchanting transactions and factoryless producers	<p><b>USA:</b> Provide explicit guidance for treatment of transactions related to production under a “factoryless goods” production arrangement. The Task Force on Global Production (TFGP) did not reach a consensus on the industrial classification of units or the treatment of transactions under factoryless goods producer (FGP)</p>	WG/TEG, in collaboration	



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		<p>arrangements. Paragraphs 10.41-10.49 of <i>BPM6</i> allude to treating transactions within FGP arrangements as merchanting transactions. However, the IMF during the TFGP consultation verbally clarified that no recommendation on FGP arrangements was being made in paragraphs 10.41-10.49. At a minimum, we recommend that the next revision of the BPM include a clarification of these paragraphs (and any other paragraphs with ambiguous reference to global production arrangements), or even better, a specific recommendation for the treatment of transactions under FGP arrangements.</p> <p><b>France:</b> Issues for consideration for improving the treatment of global production:</p> <ul style="list-style-type: none"> <li>(a) Creation of FGPs “Factoryless Goods Producers” – as a category <i>per se</i>, within the International Trade in Goods;</li> <li>(b) Typology and guidance of emerging global production chains of services (cf. the so-called “Uberisation”);</li> <li>(c) Ways and means of taking into account intragroup flows in the current account and financial account.</li> </ul> <p><b>OECD:</b> Merchanting transactions coordinated by factoryless producers raise classification issues for factoryless producers whose value creation reflects the inclusion of IPP (including brand value) #10.42. This gives the misleading impression that the firms are engaged in pure distribution activities. It would be preferable to separately differentiate merchanting transactions where the value creation largely reflects distribution activities from those where the value largely reflects IPP, perhaps adopting new terminology.</p> <p><b>Germany:</b> Clarification of the geographical allocation of net merchanting to assure a uniform application. “Merchanting is defined as the purchase of goods by a resident (of the compiling economy) from a non-resident combined with the subsequent resale of the same goods to another non-resident without the goods being present in the compiling economy.” (<i>BPM6</i> §10.41)</p>	with ISWGNA	

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		<p>Although the overall concept of merchanting remained unchanged from <i>BPM5</i> to <i>BPM6</i>, the revised treatment of merchanting as goods raises, inter alia, the following question:  Should the new item “net exports of goods under merchanting” be geographically allocated as before or not?  The <i>BPM6</i> and the compilation guide currently give no special recommendation related to the geographical allocation of the item net merchanting.  Two possibilities can be debated:</p> <ol style="list-style-type: none"> <li>1. The net “export of goods under merchanting” is purely the sum of all (positive and negative) credit entries against each country. Merchanting would therefore be treated in the same way as any other transaction under general merchandise.</li> <li>2. The net “export under merchanting” of each transaction is allocated to the country of the buyer of the goods as it is done under <i>BPM5</i>.</li> </ol> <p>It is obvious that a non-uniform allocation could lead to bilateral asymmetries.</p>		
b.	Treatment of freight and insurance associated merchanting	<p><b>Japan:</b> How the freight and insurance associated with merchanting should be recorded in the merchant’s economy?  References: For freight associated with merchanting (i.e., transport of goods between other countries), see <i>BPM5</i> paragraph 235.  The recording methods for merchanting are noted in <i>BPM6</i> paragraphs 10.44-10.45 and 10.78, but the freight and insurance associated merchanting are not clearly stated in <i>BPM6</i>.</p>		
c.	Reasoning for negative exports in merchanting	<p><b>Australia:</b> The purchase of goods for merchanting is recorded as a negative export as per <i>BPM6</i> paragraph 10.44 (a) and 10.45. The reason for treating as a negative export rather than an import is not readily explained. More clarification is needed on the reasoning for treating purchases as negative export, or record the purchase of goods for merchanting as imports.</p>		

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16.	Dividends and superdividends	<p><b>ECB:</b> Clearer guidance on the definition of Super dividends. The current definition in BPM6 may provide room for different interpretations for compilers negatively affecting the comparability of data across countries.</p> <p><b>OECD:</b> The calculation and time of recording of reinvested earnings, especially in the case of interim dividends, should be clarified across the international standards. The guidance on identifying superdividends and splitting them into superdividends and normal components should be clarified.</p> <p><b>Netherlands:</b> May be important for improvement of coverage and as regional integration initiatives improve cross border trade in goods and services. Current asymmetries in measuring direct investment - income and dividends - could inflate GNI.</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2018
17.	Investment income; Reinvested earnings of investment funds		BOPCOM paper to be prepared by a Committee WG	2019
a.		<b>BPM6 Research Agenda (paragraph 1.43):</b> In particular, the different treatments of retained income for different investment types and the borderline between dividends and withdrawal of equity.		
b.		<b>IMF:</b> <i>BPM6</i> chapter 10 (paragraphs 10.124-10.125) and 11 (paragraph 11.38) (arguably) contain unclear guidance on the treatment of reinvested earnings of investment funds (i.e., gross or net of financial assets management services charges). Also, the methodological guidance might more clearly differentiate between two cases: (i) when the investment fund legally and economically owns the financial assets, and (ii) when the institutional unit that provides financial assets management services is a custodian or agent.		
c.	The undistributed earnings of portfolio investment in investment funds are imputed as being	<b>IMF:</b> Under <i>BPM6</i> (paragraph 8.28), undistributed earnings of portfolio investment in investment funds are imputed as being payable to the owners and then reinvested in the funds. The definition of investment funds ( <i>BPM6</i> , paragraph 5.28) includes some investment pools whose assets are not readily available to their investors. Should the imputation described above be limited to selected types of investment funds, e.g.,		

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	payable to the owners and then reinvested in the funds. Should the investment funds that are subject to this treatment be narrowed?	limited to only those investment funds that make their income readily available to their investors (such as by granting access to these funds through check writing privileges or easy redemption rules)?		
18.	Treatment of health related travel	<b>USA:</b> Clarify whether travelers accompanying health travelers are to be viewed as health-related travelers. Also, clarify the boundaries of the treatments to be included in health related travel. For example, should cosmetic surgery be included? Current guidance for measuring health-related travel is incomplete.	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2018
19.	Treatment of charges for the use of intellectual property	<b>USA:</b> Description of charges for the use of intellectual property (CUIP) in para. 10.137-10.140 of <i>BPM6</i> is somewhat ambiguous unless the reader references table 10.4. A more complete description like that in the <i>Manual on Statistics in International Trade in Services</i> is suggested. In addition, the need for consistency between CUIP in the ITAs and IP assets in the SNA suggests that more guidance would be helpful on whether and how to disentangle CUIP from more aggregated components in which it might be embedded in the source data, such as direct investment income.	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2018
20.	Illegal economic activities	<b>Eurostat:</b> Increasing lack of coverage of some illegal activities in BOP/IIP affects the data quality of these statistics and it is a source of discrepancies with other macroeconomic data sets. Clear guidance in the methodology and data sources are required to improve the coverage of these illegal economic activities in BOP/IIP.	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s) (based on the	2018

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			Eurostat Handbook)	
21.	Treatment and recording of other (other than monetary) gold held by central banks	<b>IMF:</b> There is not much clarity on the existence, treatment, and recording of other than monetary gold held by central banks.	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019
22.	Public-private partnership (PPP) investment	<b>IMF:</b> PPP projects are projects where the private sector partnership involves a non-resident in a construction of asset. The assets ownership remains with the non-resident before being transferred to the government on completion of contract. Pre-payments by the government as well as payments of services are usually involved in the agreement. <i>BPM6</i> has no reference on PPPs, while the <i>External Debt Statistics Guide 2013</i> refers to PPPs in its Appendix I. It would be adequate to have consistency across the guides.	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019
23.	Islamic finance	<b>IMF:</b> The growing spread of Islamic finance and its impact on output and the financial account will need to be addressed. There is a need to discuss the treatment of these institutions and instruments in more details, especially where these arrangement creates borderline cases that is currently open for interpretation and involve cross-border transactions. In addition, as these banks are not involved in financial services provided in association with interest charges on loans and deposits (directly), creating another category for the services charges provided by the Islamic banks should be considered ( <i>2008 SNA</i> , paragraph 6.160).	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019
24.	Measurement of margins on buying and selling of financial instruments	<b>USA:</b> Acknowledge probable source data limitations on measurement of margins on buying and selling of financial instruments and offer suggestions for overcoming them. Collecting data from dealers and market makers on their margins on buying and selling of financial instruments is probably not possible so indirect measurement methods will most likely be necessary. Guidance on how to do this might include how	BOPCOM paper prepared by IMF staff and/or volunteer	2018

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		<p>to estimate trading spreads from other means such as daily highs and lows in asset prices (Shane A. Corwin and Paul Shultz, "<a href="#">A Simple Way to Estimate Bid-Ask Spreads from Daily High and Low Prices</a>," <i>Journal of Finance</i>, Volume 67 Issue 2, April 2012). This method describes how to estimate trading spreads for individual securities; however, source data on international purchases and sales of securities usually cover broad classes of assets. Guidance on how to estimate the volume of transactions in those broad assets classes and how to choose the individual securities to represent those broad asset classes would also be helpful.</p> <p><b>ECB:</b> Acknowledge probable source data limitations on measurement of margins on buying and selling of financial instruments and offer suggestions for overcoming them or pragmatically adjust the methodological guidance.</p>	Committee member(s)	
25.	Treatment of income on other equities (IOs capital)	<p><b>ECB:</b> Participations in the capital of international organizations are usually recorded as other equity under other investment. However, some of these institutions may actually distribute "dividends" (e.g., the European Stability Mechanism). This income category is not consistent with the asset class. There is therefore need to review either the asset class or the income type.</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019
26.	Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	<p><b>South Africa:</b> According to <i>2008 SNA</i> (par 2.47) a change in economic ownership is the guiding criterion for the recording of a transfer of goods. <i>BPM6</i> (par 5.60) defines a financial lease as a transaction where all the risks and rewards of (economic) ownership are transferred from the legal owner (the lessor) to the user (the lessee). <i>BPM6</i> (par 10.153) indicates that in an operating lease transaction, the bulk of risks and rewards of (economic) ownership remain with the lessor.</p> <p>In practice, an airline may, in accordance with a long term operational lease transaction, assume full responsibility for the bulk of the cost and risks of ownership, regard the aircraft as part of its fleet without obtaining economic ownership. The aircraft will therefore remain on the balance sheet of the lessor. Apart from having implications for the balance of payments/IIP, it may also have implications for the</p>	Paper/ BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019

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		measurement of a country's sectoral capital stock as well as the calculation of various productivity indicators.		
27.	Analysis of net errors and omissions	<p><b>Turkey:</b> Balance of payments compilers are sometimes struggling to explain the level and underlying reasons of net errors and omissions (NEO) item to national and international users. In the current <i>BPM6</i>, few paragraphs are dedicated to NEO. On the other hand, many developed and developing countries are facing the NEO problem occasionally or persistently. The underlying reasons can differ for developed and developing countries and studies to overcome this issue may diversify based on the magnitude and trends of NEO item. NEO item can be analyzed from different aspects such as whether it is caused by data compilation systems of countries or it is caused by cyclical factors of an economy. Instead of saying “<i>While it is not possible to give guidelines on an acceptable size of NEO, it can be assessed</i>” (<i>BPM6, paragraph 2.26</i>), more concrete guidelines can be provided to compilers based on experiences of IMF’s STA Division experts and/or national data compilers of BOP statistics.</p> <p><b>China:</b> Is there a so-called internationally recognized reasonable ratio of NEOs to international trade volume, which helps to measure the quality of BOP statistics? The <i>BPM6</i> does not mention the scale of net errors and omissions. It has been said that the ratio of NEOs to the volume of trade in goods would better be less than 5%, otherwise it means that statistics has systematic bias. However, this 5% does not appear in any formal guide or manual.</p>	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019

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<b>To be addressed within BPM6 update</b>				
<b>Goods</b>				
28.	Valuation of general merchandise	<p><b>Germany:</b> The general valuation principle in the BOP and the SNA is the market price. Deviating from this, for BOP general merchandise and the international accounts the principle of uniform valuation is applied i.e. goods are recorded with the value at the customs frontier of the exporting country (FOB principle). In most countries BOP compilers use IMTS data as a source to calculate general merchandise. As IMTS use CIF-type values for imports BOP compilers must convert them from CIF to FOB. The methods applied by countries for the CIF/FOB conversion are quite different and lead to bilateral and global asymmetries. It is therefore proposed to change to invoice values instead, abandoning the current concept of uniform valuation (FOB). This new approach would fit better into the general BOP concept of change of economic ownership, would avoid asymmetries because adjustments would no longer be necessary and would reduce the burden of reporters as the required invoice values are readily available. Furthermore, the meaningfulness of the data on freight and insurance services will increase because real market transactions instead of theoretical estimates will be shown.</p> <p><b>Australia:</b> According to <i>BPM6</i>:          “The principle for valuation of general merchandise is the market value of goods at the point of uniform valuation. The point of uniform valuation is at the customs frontier of the economy from which the goods are first exported, that is, free on board (FOB)...” (<i>BPM6</i> paragraph 10.30).          By contrast the <i>2008 SNA</i> values transactions at the "transaction price at change of ownership". For example, according to the <i>2008 SNA</i>, cross-border trade in goods should be recorded at amounts specified between the buyers and sellers. The transport and insurance costs of exporting or importing will or will not be covered in accordance with the amounts specified by the two parties:          “...the question of whether the value of goods covers the cost of transportation or not depends on whether the exporter or importer is responsible for transport...” (<i>2008 SNA</i> paragraph 14.68).</p>		To be determined within <i>BPM6</i> update



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		<p><b>ECB:</b> The general valuation principle in the BOP and the SNA is the market price. However, slightly in contradiction to this, <i>BPM6</i> paragraph 10.30 states: “<i>The principle for valuation of general merchandise is the market value of goods at the point of uniform valuation. The point of uniform valuation is at the customs frontier of the economy from which the goods are first exported, that is, free on board (FOB)...</i>”</p> <p>By contrast the <i>2008 SNA</i> values transactions at the "transaction price at change of ownership". For example, according to the <i>2008 SNA</i>, cross-border trade in goods should be recorded at amounts specified between the buyers and sellers. The transport and insurance costs of exporting or importing will or will not be covered in accordance with the amounts specified by the two parties:</p> <p><i>“...the question of whether the value of goods covers the cost of transportation or not depends on whether the exporter or importer is responsible for transport...”</i> (<i>2008 SNA</i> paragraph 14.68).</p> <p>It is therefore proposed to change to invoice values instead, abandoning the current concept of uniform valuation (FOB). This approach would ensure consistency with national accounts, better fit the general concept of change of economic ownership, would avoid asymmetries because adjustments would no longer be necessary and would reduce the burden of reporters as the required invoice values are readily available. Furthermore, the meaningfulness of the data on freight and insurance services will increase because real market transactions instead of theoretical estimates will be shown, particularly as regards the geographical allocation. This should also help reducing global asymmetries.</p>		
29.	Valuation of trade under long-term contract	<p><b>Australia:</b> The production of bulk commodities usually requires significant upfront capital investment. In order to guarantee a return on the investment, trade in these commodities frequently involves long-term contracts with either fixed prices or index-linked prices supported by a floor.</p> <p>Over time, the contract prices can deviate markedly from the spot price for the commodities.</p> <p>A more appropriate reflection of the economic reality may be to record the trade as taking place at the market price and to treat the long-term supply contract as a forward financial derivative.</p>		To be determined within <i>BPM6</i> update

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		The treatment of prices under long-term trade contracts be examined with consideration given to the historic nature of pricing under long-term trade contracts for these traded commodities is not a true reflection of the current market value.		
30.	International trade broken down by currency	<b>ECB:</b> The currency of internal trade is extremely important from an economic analysis viewpoint. Therefore, is already collecting and getting additional requests for international trade data by currency. There is no guidance on how to classify by currency international trade, e.g. whether to use invoicing of settlement information.		
<b>Services</b>				
31.	Classification of trade in services	<p><b>Australia:</b> Trade in services has grown, year after year, in importance in the world economy. EBOPS can provide more detailed taxonomical breakdowns of these important flows. To adopt, as supplementary information as a minimum, the Extended Balance of Payments in Services classification (EBOPS 2010) to provide more detailed taxonomical breakdowns of these important flows.</p> <p><b>OECD:</b> Given the rise in importance of trade in services, the ongoing services trade negotiations, and the increased fragmentation of production (into global value chains), as well as the digitalization of economic transactions (see also below), the current EBOPS breakdown is not sufficient. It is important to investigate if alternatives, such as CPA or CPC, which are more easily linkable to economic statistics, can be adopted.</p>		To be determined within <i>BPM6</i> update
32.	Merchanting services	<p><b>Australia:</b> The merchanting of services payments should be re-routed through the service recipient.</p> <p>The proposed treatment assumes that the receipt of the services changes the productive capacity of the recipient, which would be reflected, in part, in the market value of the equity of the recipient.</p> <p>Where the third party facilitates the provision of the service and receives a commission, this should be treated as the provision of an “other business service” by the third party, provided to the payer of the commission.</p> <p>Where the third party bundles the services with other services, or transforms them before provision to the final recipient, then these services would be treated as an</p>		To be determined within <i>BPM6</i> update

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		import of services by the third party from the service provider and an export of services to the final recipient.		
<b>Direct Investment</b>				
33.	Compiling statistics of greenfield investments and extension of capacity	<p><b>UNCTAD:</b> One of the most important components of direct investment, related to productive investments, is greenfield projects. Statistics on greenfield investment and extension of capacity are <i>not</i> generally compiled by most countries. Therefore, clear definitions and a description of the concepts and the coverage are strongly needed. In addition, European Parliament in May 2016 adopted a regulation (171/146) which mentioned:</p> <p>" In order to develop FDI statistics ... distinguishing greenfield FDI transactions from FDI resulting in takeovers, which for a given period, generally, do not lead to an increase in the gross capital formation in the Member States, <i>the appropriate methodology for those domains should be developed and enhanced.</i> This should be done in collaboration with relevant stakeholders such as the Organization for Economic Cooperation and Development, the International Monetary Fund and the United Nations Conference on Trade and Development."</p> <p>The BD4 outlined a potential research agenda around the identification of direct investment by type, including purchase/sale of existing equity in the form of mergers and acquisitions, greenfield investments, extension of capital (additional new investments) and financial restructuring. Further work in this area would be greatly appreciated for analytical purposes as well as for formulating national policies. Advances in this area made by the BEA should be reviewed to see their suitability more generally</p> <p>(<a href="http://www.bea.gov/newsreleases/international/fdi/fdinewsrelease.htm">http://www.bea.gov/newsreleases/international/fdi/fdinewsrelease.htm</a>)</p>		To be determined within <i>BPM6</i> update
34.	Defining the boundaries of direct investment			To be determined within <i>BPM6</i> update
a.	Definition of direct investment	<b>Japan:</b> Should the 10% criteria currently applied to identify the direct investment relationship be maintained or should the threshold be changed to 20% (as in IAS/IFRS)?		To be determined within <i>BPM6</i> update

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		References: For direct investment relationships, see <i>BPM6</i> paragraph 6.12; for the scope of associates, see IAS 28.		
b.	Collective investment institutions (CIIs)	<p><b>USA:</b> Some investments in collective investment funds that meet the definition of direct investment appear to be motivated by factors associated with portfolio investment. Investments in collective investment funds that do not own at least 10% of an operating company (i.e., a company that is neither an investment fund nor a holding company) could be included in portfolio investment rather than direct investment.</p> <p><b>OECD:</b> <i>BPM6</i> called for including CIIs in direct investment if they met the technical definition (10% or more of voting power). Many countries are not happy with including CIIs that may not be influencing the operations of the direct investment enterprise even if they meet the technical definition.</p> <p><b>ECB:</b> The FDI influence criteria does not seem to apply to investments in (of) collective investment funds. The following convention is currently in force at EU level: all investments in and of investment funds are recorded within Portfolio investment independently of the 10% threshold. Review the functional classification to avoid asymmetries.</p>		
c.	To be determined within <i>BPM6</i> update	<p><b>USA:</b> Corporate inversions, while technically meeting the criteria for direct investment, are undertaken for different reasons than traditional direct investments and, in most cases, do not appear to bring the same benefits (such as financial or intangible assets) to the host economy as traditional direct investment. Differences between inversions and other inward direct investments deserve further study, but the initial evidence suggests that inversions are motivated by different factors, and create different effects on their host economies, than traditional direct investment and therefore should be identified separately in the international transactions accounts. One complication with implementing this change will be defining an inversion because companies have an incentive to avoid structuring themselves in a way that meets the inversion definition used by tax authorities. Another possible complication is protecting business confidential data given the large size of these transactions.</p>		

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		<p><b>UNCTAD:</b> Corporate reconfigurations, including tax inversions, which are currently included in the direct investment statistics, normally involve large movement in the balance of payments but little change in actual multinational enterprise (MNE) operations.</p> <p>Corporate reconfigurations became significant in volume in 2015. UNCTAD estimated that around \$300 billion or 17% of global FDI inflows were related to these configurations. (<i>"Global FDI flows rose by almost 40% in 2015, but discounting these large-scale corporate reconfigurations implies a more moderate increase of about 15% in global FDI flows" WIR16</i>).</p> <p><i>BPM6</i> suggest that "...there may be analytical interest in separating them from other direct investment. If not prevented by confidentiality, supplementary data could be provided".</p> <p>Unfortunately, confidentiality concerns prevented all involved countries from separating the data. Perhaps it would be fruitful to consider if these transactions should be included in direct investment statistics in the first place, considering they involve little change in actual MNEs operations.</p>		
d.	Remove debt between affiliated insurance corporations and pension funds from direct investment (DI)	<p><b>IMF:</b> Under <i>BPM6</i>, DI excludes debt positions between selected types of financial intermediaries. Insurance corporations and pension funds are not among the types of financial intermediaries for which this exclusion currently applies. Should debt between insurance corporations and pension funds be excluded from DI?</p>		
e.	Should DI exclude equity positions between affiliated financial intermediaries (not just debt positions between them)	<p><b>IMF:</b> Under <i>BPM6</i>, DI excludes debt positions between selected types of financial intermediaries. Equity positions between these financial intermediaries are included in DI. Should the current exclusion for debt be expanded to also pertain to equity?</p>		
f.	Ultimate investing economy and ultimate	<p><b><i>BPM6</i> Research Agenda (paragraph 1.43)</b></p>		

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	host economy in direct investment			
g.	Valuation of unlisted equities in direct investment	<b>OECD:</b> When actual market values are not available, an estimate of market value must be made. <i>BPM6</i> gives a number of different methods, which would result in different values. This can be a major source of asymmetries in bilateral direct investment statistics. To help reduce asymmetries, it would be useful if countries use common methods of estimating market values for unlisted equity.		
h.	Whether direct investment relationships can be achieved other than by economic ownership of equity	<b><i>BPM6</i> Research Agenda (paragraph 1.43):</b> E.g., through warrants or repos.		
i.	Notional units holding real estate	<b>Australia:</b> <i>BPM6</i> paragraph 6.13 states: “Direct investment may include real estate investment, including investment properties and vacation homes. As discussed in paragraphs 4.26–4.40, branches or notional units are identified when non-residents own real estate and other natural resources”. It is proposed research into a supplementary item that separately identifies notional units holding real estate. It is of interest to policy makers to understand the changes within an economy of non-residents owning real estate.		
j.	Including intra-concern [between affiliates] derivatives in direct investment	<b>Netherlands:</b> It seems logical to have all instruments being used within affiliates under direct investment. At the same time, it would enable a better analysis of financial derivatives (as some financial derivatives may behave atypical).		
35.	Reconciliation of FDI and FATS/AMNE statistics	<b>Germany:</b> Foreign direct investment (FDI) and Activity of Multinational Enterprise (AMNE or FATS) statistics both cover aspects of the operations of multinational enterprises (MNEs). The FDI statistics cover the global financing of MNEs while the AMNE statistics cover economic measures of the activities of MNEs, such as sales or		To be determined within <i>BPM6</i> update

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		<p>turnover, employment, value added, and trade. To improve the analysis of the global economy it seems to be advisable to review the current data reporting framework enabling a better link of these statistics.</p> <p><b>OECD:</b> Identify majority owned affiliates (MOFA) in direct investment statistics to improve comparability with FATS/AMNE and TEC statistics, which both use a 50% ownership criterion.</p>		
<b><u>Portfolio investment</u></b>				
36.	Valuation of debt securities at nominal value	<p><b>Germany:</b> Although <i>BPM6</i> (7.30) already encourages the compilation of the nominal value as a supplementary item for debt securities, it should be considered to place greater emphasis on it. Especially in times of financial crisis massive price distortions may significantly influence the net IIP of a country.</p> <p>This market price related effects might be phrased as “valuation paradox”. When due to safe-haven-consideration, the valuation of a countries government bonds increases, its net IIP decreases. The opposite is true for a country that experiences a capital flight as a result of lost market confidence; the country might be close to insolvency, but its net external wealth increases.</p> <p>In order to increase the analytical value of the IIP (or the external debt statistics alternatively) one should consider introducing a memo item showing the nominal value, or elaborate on the interpretation of the net IIP, since it might also be used as an indicator for the external vulnerability of a country.</p>		To be determined within <i>BPM6</i> update
<b><u>Other investment</u></b>				
37.	Reverse transactions	<p><b><i>BPM6</i> Research Agenda (paragraph 1.43):</b> Including short positions and investment income receivable/payable while a security is on-lent.</p>		To be determined within <i>BPM6</i> update
38.	Valuation of debt securities	<p><b>Eurostat:</b> How to calculate the nominal and market value of debt instruments? For external debt statistics, data on debt securities should be recorded in market and nominal value. Consistent valuation across the countries can reduce asymmetries in bilateral data.</p>		To be determined within <i>BPM6</i> update

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39.	Valuation of loans (fair value)	<p><b>BPM6 Research Agenda (paragraph 1.43)</b></p> <p><b>Australia:</b> <i>BPM6</i> records loans at nominal value as a standard component requiring fair value as a memorandum item. Australia considers the concept of fair value to be a closer approximation of market value.</p> <p>The concept of market value is a fundamental underpinning of the balance of payments and national accounts.</p>		To be determined within <i>BPM6</i> update
<b>Financial derivatives</b>				
40.	Treatment of credit default swaps	<p><b>IMF:</b> The treatment of credit default swaps should be reviewed (positions in such instruments can switch from assets to liabilities, and the buyer must make regular premium payments to the seller, so they differ from other option-type contracts and the recording in the accounts is not very clearly specified).</p> <p><b>Australia:</b> If a presentation of financial derivatives by type (#11) is adopted, CDSs should be classified as a forward rather than an option for the following reasons:</p> <ul style="list-style-type: none"> <li>• CDSs are essentially used to hedge against default risk similar to how forwards (including swaps) are used to hedge against currency exchange and interest rate risk;</li> <li>• An integral property of options is the one-sided obligation on the seller of the option. CDSs provide mutual obligations on the seller and buyer;</li> <li>• CDSs, like other forwards have zero value at inception being an exchange of equal risk;</li> <li>• CDSs may be an asset or liability for both parties over the life of the contract.</li> </ul>		To be determined within <i>BPM6</i> update
41.	Treatment of electricity forwards	<p><b>Germany:</b> With the liberalization of the electricity market the trade in electricity (and gas) increased rapidly. Although in most cases the production and consumption of electricity takes place in one country, the electricity could be traded many times between residents and non-residents and should be recorded (<i>BPM6</i> 10.13). As there are limits to the amount of electricity that can be stored, all electricity produced is immediately consumed at any point in time. Therefore, trade of electricity is only possible in Futures and Forwards mostly with the condition of physical delivery.</p>		To be determined within <i>BPM6</i> update



No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
		<p>Usually, the underlying amount of electricity (to be delivered at a point of time in the future) is traded between parties in a chain by closing one contract and opening a new contract with the opposite conditions. This could happen many times before settlement. At the time of settlement, each of these contracts between residents and non-residents must be recorded in the BOP. According to <i>BPM6</i> 8.40, the physical delivery of the underlying (electricity) has to be shown under goods with the market price and the difference between the market price and the agreed price of the Future/Forward has to be entered in the Financial Account/Derivatives. It could be shown for Germany that the strict application of these rules could lead to huge differences between BOP general merchandise and FTS. Furthermore, it could lead to bilateral asymmetries with countries not following the recommendations.</p>		
42.	Financial derivatives by type	<p><b>ECB:</b> There is need to further classify financial derivatives and promote the collection of such detail, e.g. differentiating exchange traded derivatives from OTCs; by purpose “hedging” versus “speculative”; or by underlying asset class “financial instruments” versus “commodities”.</p> <p><b>Netherlands:</b> The level of detail in compiling derivatives need to be (re)consider. More detailed figures (e.g. on options &amp; forwards) would serve users and would enable better projections of IIP-data.</p> <p><b>Australia:</b> It has seen interest from users in the area of hedging and currency risk and there exists significant demand from these users for more detail on derivative assets and liabilities. The current presentation of financial derivatives needs to be examined with a view to including type of derivative breakdowns (e.g., split by forwards and options)—noting that the split is already included as a supplementary item.</p> <p><b>France:</b> Cross-border activity on derivatives is likely to pursue its expansion, with more countries using this instrument, a relatively concentrated offer (number of investment banks) and a wide customer basis. Moreover, regulatory changes influence the business models with the emergence of clearing and repositories. Current BOP and IIP statistics do not enable to interpret the entire economic significance of the operations.</p>		To be determined within <i>BPM6</i> update

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
<b>IIP and reconciliation flows-stocks</b>				
43.	Arrears in IIP	<b>Russia:</b> Separate presentation in external sector statistics of data on arrears on assets and liabilities. Information users are interested in heightening analytical importance of indicators of external sector statistics with the objective of getting a better understanding of the financial situation of the country, which is evidenced by the size of arrears within the liabilities and the volume of «bad» assets.		To be determined within <i>BPM6</i> update
44.	Other economic flows on insurance and pension reserves	<b>Australia:</b> Clarification on the treatment of other economic flows on insurance and pension reserves (i.e. should they be treated as revaluations or other changes in volume). <i>BPM6</i> provides inconsistent advice, with paragraphs A2.113-114 referring to “holding gains” while table A2.1 and footnote 30 refers to “other changes in volume”. Except for exchange rate movements, all other economic flows on insurance and pension reserves should be treated as other changes in volume.		To be determined within <i>BPM6</i> update
45.	Should illiquid equity in international organizations (IO) be omitted from calculations of IIPs?	<b>IMF:</b> All assets and liabilities (liquid and illiquid) should be included in estimates of IIP. However, there may be arguments to prepare estimates of IIPs that exclude equity in IOs that is illiquid, on the premise that the inclusion of these positions may result in distortions in IIPs.		To be determined within <i>BPM6</i> update
46.	Analytical presentation of IIP	<b>Germany:</b> <i>BPM6</i> introduced the “Integrated International Investment Position Statement”. How could this framework be presented to better exploit its analytical value? <b>France:</b> Enhance the analytical value of changes in the IIP, by defining a “strongly encouraged” explanatory table of the stock-flow reconciliation. There is room, notably, to discuss a further breakdown of the columns “other changes in volume”, “other price changes” and to introduce a concept of “nominal value of IIP” to support the analysis of sustainability.		To be determined within <i>BPM6</i> update
<b>Miscellaneous / Analytical / Separate presentation issues</b>				
47.	Eliminate the imputations for an	<b>IMF:</b> Under <i>BPM6</i> (paragraphs 4.93 and 8.24 – 8.26), special rules apply to an entity owned or controlled by general government when that entity is resident in another		To be determined

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	entity owned or controlled by general government that is used for fiscal purposes	territory and used for fiscal purposes. These rules are complex and imputations could be eliminated by regarding the fiscal entity to be part of the government of the economic territory that owns or controls it (in much the same way that overseas embassies, military bases, etc. are regarded as part of the territory of the general government that occupies them ( <i>BPM6</i> , paragraph 4.138)).		within <i>BPM6</i> update
48.	Debt concessionality	<b><i>BPM6</i> Research Agenda (paragraph 1.43):</b> In particular, whether the transfer element should be recognized and, if so, how it should be recorded.		To be determined within <i>BPM6</i> update
49.	Emission permits	<b><i>BPM6</i> Research Agenda (paragraph 1.43)</b>		To be determined within <i>BPM6</i> update
50.	More disaggregated definition of the financial sector and financial instruments	<b>France:</b> The current typologies do not allow for easy international comparisons. Better typologies would improve the analytical value of BOP (income, financial account) and IIP, and will enhance the understanding of the various sources of generation of income and channels of contagions. This topic and the general concern is shared with national accountants (see for instance the paper by Kornfeld and alii, BEA, 2016 “expanding the integrated macroeconomic accounts financial sector” <a href="http://bea.gov/scb/pdf/2016/01%20January/0116_expanding_the_integrated_macroeconomic_accounts_financial_sector.pdf">http://bea.gov/scb/pdf/2016/01%20January/0116_expanding_the_integrated_macroeconomic_accounts_financial_sector.pdf</a> )		To be determined within <i>BPM6</i> update
51.	Regional aggregates	<b>Eurostat:</b> Euro area and EU aggregates are relevant indicators to assess the performance of the European economy. Similar aggregates might be produced for other economic groupings in different parts of the world. Methodological framework could explain the usefulness of these aggregates and provide guidelines for their production.		To be determined within <i>BPM6</i> update

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52.	Revision policy and studies	<b>Eurostat:</b> An important source of discrepancies among macroeconomic datasets and counterpart data is data revisions. Baseline standards for revision policies and studies could be explored and included in statistics and accounting guidelines.		To be determined within <i>BPM6</i> update
53.	Auxiliary reconciliation tables	<b>OECD:</b> Increase the emphasis on the need for countries to make available “reconciliation tables” that describe how BOP items are derived from source statistics (i.e. what adjustments are made to source statistics). An important example is the table on merchandise trade / trade in goods (table 10.2). This methodological information will not only assist users with interpretation of the data and a better understanding of the differences between various types of statistics, but also facilitate the integration of different statistics for analytical use (e.g., global input-output tables).		To be determined within <i>BPM6</i> update
54.	Estimation of currency mismatches measured from the IIP breakdowns	<b>France:</b> Discussion is needed to define what could be regarded as a “reasonable estimate”. Beyond that, how to integrate natural hedges and data from derivatives in the statistical table dedicated to the estimate of currency mismatches.		To be determined within <i>BPM6</i> update
55.	Goods and services account by (trading) enterprise characteristics	<b>OECD:</b> Examine the possibility of breaking down BOP goods and services account by enterprise characteristics, such as industry, nationality (foreign owned/domestically owned) and firm size. To increase the relevance of the current account (including both goods and services as well as primary income) for the analysis of globalization, information on the characteristics of the enterprises involved in these transactions is highly useful. The activity could build on on-going data collections (Eurostat-OECD TEC and STEC statistics) and would in addition provide significant improvements to the quality of TiVA estimates and international integrated economic accounts and provide important insights on fiscal optimization.		To be determined within <i>BPM6</i> update
56.	Nationality concept / Extension of IIP on a nationality basis /	<b>Netherlands:</b> There is need to (re)consider whether it is useful to introduce a nationality concept (domestic companies versus foreign companies) in BOP/IIP. In		To be determined

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
	Measuring economic globalization	<p>ESA2010 this “subsectoring” is recommended. Such a distinction is likely to serve user needs (in particular at national level) in a globalized world.</p> <p><b>France:</b> There have been discussions on the definition of the residence criteria, however no discussion on managing the duality residence/nationality within the BOP-IIP framework. A priority area of discussion should be the review of the definition of the issuing country, and/or the setting up of additional perspectives in the area of the issuance of securities (nationality/residence/place of issuance/place of quotation: specific sources of risks and generation of liabilities can be associated to these various criteria).</p> <p>More generally, evidence of the complementarity of the two concepts (residence/nationality), notably to analyze financial stability as well as better understanding the passage from GDP to GNP or the value of conventional IIP. See for instance Zucman “The Missing Wealth of Nations: are Europe and the U.S. net debtors or net creditors?”, <a href="http://gabriel-zucman.eu/files/Zucman2013QJE.pdf">http://gabriel-zucman.eu/files/Zucman2013QJE.pdf</a></p> <p>The issue to be discussed: how to build a statistical complementary framework, learning from existing blocks (CPIS, BIS IBS, FDI, ultimate ownership data...).</p> <p><b>Eurostat:</b> How could BOP/IIP/external debt statistics better measure economic globalization, e.g. by identifying the flows within global production arrangements and allocating them exhaustively and consistently to national economies?</p> <p>BOP/IIP/external debt statistics has central role in measuring cross border flows of goods, services and financial transactions related to global production. At the same time, these statistics might not be measuring the globalization effects sufficiently well in their complexity. It is necessary to better use their existing potential, or to improve it, for explaining the channels and measuring the effects of economic globalization.</p>		within <i>BPM6</i> update
57.	From “economic” external accounts”, to “international statistics supporting the analysis of Welfare”	<p><b>France:</b> As a starting point, the idea of a “four block approach” to statistics: Economic Accounts (this is today <i>BPM6 + 2008 SNA</i>), Nature, Human Capital and Society (Government and NGO activities) (see “The future of SNA in a broad information system perspective”, IARIW conference April 16-17, 2015 by André Vanoli <a href="http://iariw.org/papers/2015/vanolikn.pdf">http://iariw.org/papers/2015/vanolikn.pdf</a> ). The question is: what impact (for</p>		To be determined within <i>BPM6</i> update

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		instance, accounting for the exportation of non-renewable commodities, emission rights), what system of (external/satellite) accounts or related external indicators.		
58.	Measuring progress towards the Sustainable Development Goals (SDG) targets	<p><b>UNCTAD:</b> In September 2015, the UN General Assembly adopted the SDGs and their accompanying targets.</p> <p>Currently, a process is underway to select a list of global indicators that will measure progress towards the new targets and, by extension, the goals.</p> <p>What can BOPCOM contribute to measuring the progress of SDG targets? Since the BOPCOM discusses trade, investment and capital flow/stock data, it can suggest how to link them with production data in order to help measuring progress towards the SDGs.</p>		To be determined within <i>BPM6</i> update

## Items That Are Proposed Not to Be Considered in the Research Agenda

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Reason Why the Topic Will Not Be Considered
1.	Treatment of repurchase agreements	<p><b>USA:</b> Australia has offered alternative guidance in a paper from last year's BOPCOM meeting. We agree in principle that the measurement of these transactions should avoid double counting of positions and feel that Australia's proposal is a move in that direction. We suggest further study and discussion of this topic. Achievement of a more complete accounting of repurchase agreements that captures transactions and positions completely, provides consistency between transactions and positions, and avoids double-counting positions.</p> <p><b>Australia:</b> Greater clarification regarding the 'best' statistical representation of a repo that is consistent with the principles of economic ownership.</p> <p>A repurchase agreement involves the sale of securities or other assets with a commitment to repurchase equivalent assets at a specified price. The right to on-selling of these securities has become almost universal.</p> <p>The <i>1993 SNA</i> and the <i>BPM6</i> treat repos similarly to collateralized loans, or as other deposits if repos involve liabilities classified under national measures of broad money.</p> <p>Australia maintains that the statistical treatment of a repo is a sale of securities, with the obligation to sell/buy-back similar securities recorded as a forward contract (i.e. a financial derivative).</p> <p>This treatment has the advantage of unduplicated recording of securities assets, whereas the collateralized loan approach requires recording of negative security assets to maintain equality between total securities asset holdings and total securities liabilities on issue.</p> <p><b>Egypt:</b> The current repos treatment might entail two consequences: asymmetry between flows and stocks and wrong geographical allocation of the stock as the IIP does not indicate the country of residency of the real owner.</p>	<p>Already discussed. No new developments seem to justify a revision of the agreed treatment Addressed in <i>BPM6</i> (see <i>BPM6</i>, paragraphs 5.52-5.54, 6.19, 6.88-6.90, 7.58-7.61, 8.52; <i>International Reserves and Foreign Currency Liquidity</i>, paragraphs 82-85)</p>

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2.	Classification of ancillary units (holding companies)	<p><b>Australia:</b> Under <i>2008 SNA</i> and <i>BPM6</i>, holding companies (units which hold the assets of subsidiary corporations but do not undertake any management activities) receive the sectoral classification of “Captive financial institutions and money lenders”.</p> <p>Australia deems this treatment to misrepresent the sectoral exposure risks, as risk would predominately reside in the finance sector as opposed to a true reflection of the sector holding those assets or liabilities. Australia believes that holding companies should be classified according to the predominant activities of the assets that they hold.</p>	Already discussed. No new developments seem to justify a revision of the agreed treatment
3.	Treatment of expenditures of expatriates/ embassies/ multilateral organizations	<p><b>Philippines:</b> Where should expatriates’ expenditures in embassies be recorded? Where should expenditures of multilateral organizations be recorded?</p>	Addressed in <i>BPM6</i> (see <i>BPM6</i> , paragraphs 4.103-4.105, 4.123-4.124, 4.139-4.143, 10.173-10.178)
4.	Classification of goods under travel and some under trade in goods	<p><b>China:</b> In terms of the <i>BPM6</i>, “10.20 Goods for own use or to give away acquired by travelers in excess of customs thresholds and included in customs statistics are also included in general merchandise. For example, durable goods (such as cars and electrical goods) and valuables (such as jewelry) may be acquired in this way and be brought back to the territory of residence of the owner. This treatment is consistent with international merchandise trade statistics, but care should be taken to avoid double counting such goods under travel.”</p> <p>Would it be possible to determine the BOP item of the goods acquired in travel according to the characteristics of the goods consumed, regardless they are covered in the Customs Statistics or not.</p> <p>Individual economies could decide to record goods acquired by travelers under merchandise or service according to the attributes of the goods. It is based on the following causes for China:</p>	Not methodological, but rather data collection/classification issue



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		<p>First, in practice, it is difficult to capture valuables goods acquired in travel exceeding Customs thresholds in Customs reporting, if the goods are not big enough or not with great volume. Thus, they are more likely to be recorded in travel service item.</p> <p>Second, the majority of the goods acquired in travel are not consumed, but used domestically when they are taken home. The consumptions abroad substitute for domestic consumptions, regarding the price or tax consideration. So, the goods acquired in travel have more attributes of general merchandise than travel service. So, would it be possible for economies to decide which item to record such goods consumption, even if the goods purchased during travel are in excess of customs thresholds or included in customs statistics.</p>	
5.	Inclusion of some goods in some services categories – travel, construction, government goods and services n.i.e., etc. vis-a-vis definition of services	<p><b>Uganda:</b> In some services categories, a lot of effort has been made to separate transactions involving goods from the services components e.g. computer services, CIF—FOB adjustments, etc. However, in others such as travel, construction, and government goods and services n.i.e. the various goods are part of the respective services categories. Where such goods satisfy criteria set for classification of transactions as goods, consideration should be made to include them in respective goods categories. Adjustments to goods to take into account goods included in services are not always uniformly made by partner countries contributing to some of the asymmetries with partner country data.</p>	Out of <i>BPM6</i> scope: not methodological, but rather data collection/classification issue
6.	Valuation of interest on debt securities (creditor approach)	<p><b>Australia:</b> <i>2008 SNA</i> and <i>BPM6</i> advocate the use of the debtor approach in the situation of changing interest rates and the measurement of income flows on tradeable securities.</p> <p>The debtor approach records the interest accruing at the contractual rate agreed at the time of issue of the security.</p> <p>The creditor approach records the interest accruing at the current market interest rate. Proponents of the debtor approach argue that it records the legal liability of the debtor to the creditor.</p> <p>Proponents of the creditor approach argue that it is more consistent with the market valuation principle and economic rather than legal realities.</p>	Addressed in <i>BPM6</i>

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7.	Transactions versus reclassifications in balance of payments/IIP	<p><b>ECB:</b> <i>BPM6</i> paragraph 3.7 states that domestic transactions resulting in a change in the sectoral allocation of external asset positions should be recorded as a “reclassification” in the international investment position. Similarly, transactions between two non-residents in a position issued by a resident would also be recorded as a reclassification.</p> <p><b>Australia:</b> <i>BPM6</i> paragraph 3.7 states that domestic transactions resulting in a change in the sectoral allocation of external asset positions should be recorded as a 'reclassification' in the international investment position. Similarly, transactions between two non-residents in a position issued by a resident would also be recorded as a reclassification.</p> <p>This approach reflects a “transactor” view of the exchange. Consistent with the “creditor/debtor” principle, Australia believes that by issuing a tradeable instrument, the issuer is implicitly a counterpart to any secondary trading in the instrument and that a transaction should be recorded between the vendor and the issuer extinguishing the position, and a second transaction between the purchaser and the issuer creating the position.</p>	Addressed in <i>BPM6</i> . No new developments seem to justify a revision of the agreed treatment
8.	International reserves	<p><b>Australia:</b> Central bank institutions in their reserve management capacity are currently represented under the functional category Reserve Assets. “International Reserves” should be introduced as a functional category for both assets and liabilities including, inter alia, IMF Credit, loans from the fund, Special Drawing Rights (SDRs) liabilities, and derivatives in a liability position.</p> <p>There is analytic value in understanding the liabilities incurred by these institutions in performing their reserve related roles.</p>	The Reserve-related liabilities memorandum/supplementary items in <i>BPM6</i> address the issue
9.	International data cooperation and communication	<p><b>Russia:</b> Guidance is needed on implementation of common formats for data transmission to international organizations. Under the circumstances of growing quantities of reported data and with greater detail, it is necessary to understand which steps will be next toward transition of data transmission by countries using a common format, and how will this work be coordinated among international organizations.</p>	Out of <i>BPM6</i> scope: not methodological, but rather data transmission issue

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Reason Why the Topic Will Not Be Considered
10.	Promotion of a unique global identification system	<p><b>France:</b> A dedicated section in the <i>BPM6</i> and/or a box, to be introduced for promoting best practices on how to introduce a unique global identification system, manage it, and ensure its expansion.</p> <p>Production of high level quality of ESS requires a sound identification of counterparts to build “who to who” relations. BOP compilers like other statisticians should take advantage of the implementation of the Legal Entity Identifier (LEI). The next step of the initiative is to collect data on direct and ultimate parents of legal entities and it is critical for statisticians to contribute to the reflections and analyze possible way-forwards. In particular, more and more SMEs participate in cross border exchanges and represent a critical business for the production of BOP.</p> <p><b>Eurostat:</b> Global Group Register and global profiling of Multinational enterprises (MNEs), based on global identifiers. Which information on global MNE group structures and non-resident parts of multinational groups would be necessary in order to improve BOP statistics’ quality? How could regional/ global registers be developed, taking e.g. the European experience with EGR into account? Which role should the LEI initiative play?</p>	Out of <i>BPM6</i> scope: not methodological, but rather data collection issue
11.	Disruptive innovations in the access to data	<p><b>France:</b> “Open data” is likely to enhance further the part played by private operators not only regarding dissemination of data, but also building up of registers, panels, and alternatives to official statistics. Aggregators of data operating on a multinational basis may expand with associated risks and opportunities. Besides, new techniques are developing for channeling cross-border operations (blockchain), with associated risks and opportunities. Guidance is needed regarding how official statistics compilers would address these issues, in the context of external statistics.</p> <p><b>Eurostat:</b> How big data, e.g. credit card or mobile phone data, could be used for the compilation of certain BOP items, for example travel? The availability of big data related to certain cross-border transactions provides the possibility of improved compilation of these BOP items. It can improve the quality of the BOP data and potentially reduce the reporting burden on respondents.</p>	Out of <i>BPM6</i> scope: not methodological, but rather data collection issue

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12.	Data asymmetries and consistency with national accounts	<p><b>Eurostat:</b> Persistent data asymmetries and inconsistencies with NA remain principal quality problems of BOP/IIP statistics, although <i>BPM6</i> is methodologically consistent with <i>2008 SNA</i>.</p> <p>How to reduce asymmetries with counterpart data reported in flows and stocks and inconsistencies vis a vis NA?</p> <p>Which role should international and national data sharing arrangements play in that respect.</p> <p><b>UNCTAD:</b> How to reduce asymmetries with counterpart data reported in flows and stocks and inconsistencies vis a vis National Accounts? What role should international and national data sharing arrangements play in that respect?</p> <p>A large part of direct investment does not constitute capital formation. Therefore, it is important to reduce disparities between external sector statistics and national accounts data.</p> <p>BOPCOM could consider how to work with the counterparts in national accounts to harmonize multinational enterprise (MNE) statistics with national accounts data. In particular, exploring means by which gross fixed capital formation by industry could be further disaggregated by domestic versus foreign sources.</p>	Out of <i>BPM6</i> scope: not methodological, but rather data collection/ consistency issue
13.	Defining the concept of “external accounts” and a system of <i>external</i> accounts articulated with the system of <i>national</i> accounts	<p><b>France:</b> Notably via the Data Gap Initiatives and the various work streams on globalization, a range of data describing globalization has been developed. There is a lack of guidance regarding how to develop in harmony the datasets, about the reasonable expectations regarding cross-datasets consistency (differences in the scope, in the policies for back data and revision, ...), about the communication on the inconsistencies and their analytical value.</p>	Out of <i>BPM6</i> scope: not methodological, but rather data consistency issue
14.	Differences in data based on directional principle and asset/liability principle	<p><b>UNCTAD:</b> <i>BPM6</i> and BD4 introduced assets/liabilities principle as a standard presentation of total FDI flows and stock in the BOP and IIP.</p> <p>Disparities between direct investment and foreign affiliate statistics (FATS) are further aggravated by the assets/liabilities principle presentation.</p>	Addressed in <i>BPM6</i> . No new developments seem to justify a revision of the agreed treatment

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Reason Why the Topic Will Not Be Considered
15.	Difference in treatment of reinvested earnings between direct and portfolio investment	<b>Working group on International Investment Statistics (WGIIIS):</b> corporate inversions usually generate offsetting entries in direct investment (DI) and portfolio investment, but, because of the differing treatment of reinvested earnings, the associated portfolio income does not offset the DI income.	Addressed in <i>BPM6</i> . No new developments seem to justify a revision of the agreed treatment
16.	Treatment of intercompany debt between parents and financial conduits as direct and portfolio investment	<b>WGIIIS:</b> Some parent companies establish entities abroad for the sole purpose of raising capital that is then lent back to the parent; these intercompany debt flows are included in DI because of the relationship between the parent and the captive foreign entity, but may more properly be considered portfolio investment.	Addressed in <i>BPM6</i> . No new developments seem to justify a revision of the agreed treatment

### Procedures for Updating the Balance of Payments Manuals on an Ongoing Basis<sup>7</sup>

The updates of the *Manual* can be divided into four types:

- ***Editorial amendments*** refer to wording errors, apparent contradictions, and, for non-English versions of the *Manual*, translation errors. These corrections affect neither concepts nor the structure of the system. IMF staff will draft these amendments, which will be brought to the Committee for advice. An errata sheet will then be produced, and the amendments will also be publicized through the website.
- ***Clarifications beyond dispute*** would arise when a new economic situation emerges or when a situation that was negligible when *Manual* was produced has become considerably more important; but for which the appropriate treatment under existing standards is straightforward. IMF staff will draft these clarifications, based on existing recommendations, and after advice from the Committee, they will be publicized through the website and the newsletters.
- ***Interpretation*** would arise when an economic situation arises for which the treatment under *Manual* may not be clear. Several solutions on how to treat the situation may be proposed because it is possible to have different interpretations of the *Manual*. In this case, IMF staff, in consultation with the Committee, will draft preliminary text that will be sent to panels of experts, and to the ISWGNA (if also relevant to *SNA* experts). IMF staff will propose a final decision, in consultation with the Committee. Interpretations will be publicized through the website and by other means.
- ***Changes*** to framework arise when an economic situation occurs in which it becomes apparent that the concepts and definitions of the framework are not relevant, or are misleading and will require change. In such a situation, parts of the *Manual* may need to be substantially rewritten to reflect the needed changes. In such a case, IMF staff, in consultation with the Committee, will prepare proposals that will be disseminated widely, to panels of experts, to the ISWGNA (if also relevant to the *SNA*), and to all IMF member countries. The Committee will advise how such changes should be incorporated into the framework, whether promulgated immediately through a booklet detailing the amendments to the *Manual* or through issuing a new *Manual*. Information will be produced and provided to all countries with changes also publicized through the IMF website and the newsletters.

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<sup>7</sup> Source: *BPM6*, paragraphs 1.37-1.41.