



# Thirty-Fourth Meeting of the IMF Committee on Balance of Payments Statistics

Washington, D.C.  
October 26–29, 2020

BOPCOM—20/03.1  
For discussion

## C.1 Recording of Transactor-Based Components of Services: Outcome of the Public Consultation

Prepared by the Current Account Task Team (CATT)

INTERNATIONAL MONETARY FUND



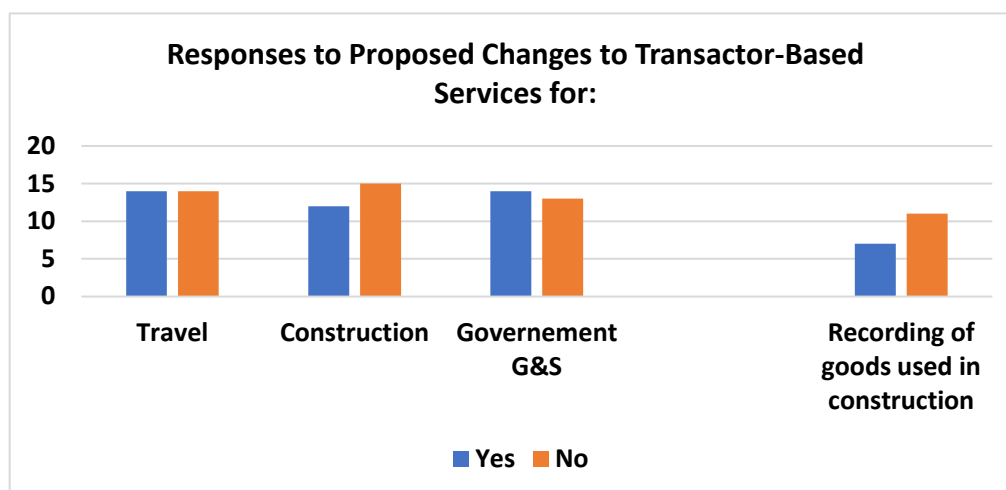
## C.1 Recording of Transactor-Based Components of Services: Outcome of the Public Consultation

Overall, the opinions on the proposed changes to separate the components of the transactor-based services and classify them into the respective goods and services categories are split. These comments lead to thinking that further reflection is needed on the multiple consequences of adopting this proposal, and a closer coordination with the ongoing work of various task teams and working groups is necessary to ensure that harmonized standards are adopted. Therefore, it is suggested to hold an initial discussion at the meeting—i.e., without taking a decision—and return the paper to CATT for them to incorporate the Committee’s and the Public Consultation’s comments and send back a new proposal to the Committee.

A summary of the results is presented below.

1. Do you agree with the proposed option to change from transactor-based services to product-based services with components of goods recorded in the goods account, in the following cases?

**Figure 1. Responses to Proposed Changes to Transactor-Based Services for Travel, Construction, and Government Goods and Services n.i.e.**



Supporters of the proposal highlighted the importance of a better consistency with national accounts and more generally across related macroeconomic statistics.

The opinions against the proposal expressed concerns about the potential implications, including (i) challenges with data collection and changes in compilation methods, particularly for quarterly series, combined with an increased burden on respondents and compilers alike; (ii) increased risks of asymmetries; (iii) loss of analytical value to users, in particular for travel; (iv) irrelevance of detailing the rather small values of goods and services content of construction and government goods and services n.i.e., which may further deteriorate the quality of data; and (v) significant breaks in the time series of many countries. Such arguments favor maintaining the status quo with additional reporting, where needed, such as for travel components by product, in particular, for countries where tourism is the main driver of the current account balance.

There are also suggestions to consult users before any decisions are taken to eliminate the travel item from the BPM and change the recording of construction and government services.

## **2. Do you agree with the proposed recommendation for the recording of goods used in construction?**

As illustrated in the chart above, about two thirds of respondents did not support the proposal to follow the “ultimate purchaser” in construction but rather maintain the change of ownership principle as in *BPM6*. Main reasons expressed considered the complexity of the construction activity and practical difficulties to split the various costs, thus creating ground for asymmetries in bilateral data. Also, introducing imputed change of ownership, for example for goods procured from third economies, and related financial transactions could repeat the problem that existed with goods for processing before *BPM6*.

## **3. What is your opinion on the practical feasibility of the proposed option?**

Several countries consider that the proposed changes are a paradigm shift adding to the practical challenges as noted above. While the identification of components is seen more feasible for travel, more practical difficulties are envisaged for the other categories, notably for construction. Some respondents feel that the costs to implementing this proposal would outweigh the benefits, and possibly lead to higher asymmetries in bilateral data and loss of analytical benefits to users. Alternatively, it might be better to keep the current practice and encourage countries to prepare additional detail, as necessary.

## **4. Do you have any other comments/suggestions on the GN?**

Additional implications to the harmonization of macroeconomic statistics and classifications are noted, and some inconsistencies highlighted. For example, some respondents noted that while the proposal is aiming at the harmonization with the Central Product Classification (CPC), it would open the discussion of a similar treatment for the other service categories with regard to the goods components (maintenance, repair, health, education, etc.). Similarly, this discussion could be extended to question whether wholesale/retail margins on goods exports/imports, which are currently recorded in trade in goods, should be reclassified to services, and whether to retain the retail margin on goods purchased by travelers in services. Furthermore, the current proposal by the GZTT regarding the recording of goods upon invoice basis goes in the opposite direction, and discussions are ongoing on the classification of the output of a factoryless goods producer to goods or services. From a European perspective, the proposal is not consistent with the current conceptual framework agreed for the macroeconomic statistics at the European level and would bring inconsistencies with the Framework Regulation Integrating Business Statistics (FRIBS) definitions, which closely follow the current goods and Extended Balance of Payments Services (EBOPS) classifications.

The above questions on the implications of the proposal for the EBOPS and its links to CPC are consistent with a proposal made by a respondent to remove EBOPS in favor of CPC and render the discussion of transactor-based presentation to a satellite account/supplementary table.