

BPTT Fourth Meeting (November 30, 2021)— Summary of Discussions

INTRODUCTION

1. The fourth meeting of the Balance of Payments Task Team (BPTT) was conducted virtually on November 30, 2021. Mr. Carlos Sánchez-Muñoz, Assistant Director of the IMF Statistics Department and Chief of the Balance of Payments Division, chaired the meeting. In his initial remarks, he indicated that the objective of the meeting was to present the outcomes of the IMF's Committee on Balance of Payments Statistics (the Committee) meeting conducted in October and to agree on the work plan of the BPTT for the next three/four months. Further, he welcomed three new members to the BPTT—Ms. Annabelle Mourougane, OECD and Messrs Jannick Damgaard and Cyril Rebillard from the IMF Statistics and Research Departments, respectively.

TOPICS PRESENTED AND SUMMARY DISCUSSIONS

2. The Chair and Secretariat made a presentation covering (i) the Summary of Discussions (SOD) of the Committee's Thirty-Seventh Meeting (October 26–November 1, 2021); (ii) the proposed timeline for the preparation/review of BPTT's Guidance Notes (GNs) and for reviewing the GNs from other Task Teams (TTs); and (iii) the process for the holistic review of *BPM6* update. In addition, the IMF made a presentation on the BPTT GN B.2 "Standardized Statistical Definition of Net International Reserves (NIR)". The Secretariat informed the members that two distinct meetings were conducted during October 26–November 1: (i) Committee only sessions (October 27, 28, and November 1) and (ii) Joint sessions of the Committee and the Advisory Expert Group on National Accounts (AEG) (October 26, 29, and November 1).

3. The Committee only sessions discussed eight GNs covering BPTT, CMTT, IETT, IFTT, GZTT (G.5 and G.9), and the "Note on the Process for Holistic Review of *BPM6* Update Priorities" from the IMF, of which GN B.6 "Sustainable Finance: Integrating Measures of Climate Change Risk into External Sector Statistics" was approved. Other GNs were presented for preliminary discussion and for seeking inputs from the Committee. The joint AEG/Committee sessions discussed and approved seven GNs prepared by the CATT, DITT, FITT, and GZTT (G.1 and G.2). It was noted that the approved GNs will be part of the proposed annotated outline of *BPM7* with suggested modifications and, in some cases, after a final review of the Committee. Regarding the forthcoming clarification note on the "Treatment of Negative Equity", it was highlighted that the note will follow the usual procedure and will be circulated to the AEG and the Committee simultaneously for discussion and approval via written procedure. The global consultation may be skipped for this note given that it concerns the clarification of the current guidance in the standards and not necessarily a new concept. However, should the need for global consultation be

felt, it could be considered. The drafting will also involve Government Finance Statistics (GFS) compilers to present their perspective on the issue.

4. The Secretariat provided an overview of the timeline and the work program of the BPTT in terms of GNs review for the forthcoming March 2022 joint AEG/Committee meeting. Seven GNs from the FITT and one GN each from BPTT and GZTT are expected to come for BPTT review during December 2021/January 2022. In addition, the GNs from CMTT, IETT, and IFTT are likely to be circulated for BPTT review. Given the upcoming end of year vacation period, the GNs for BPTT review will be appropriately sequenced considering the overall workload of the members, and by assigning priority to the GNs listed for the March 2022 meeting. For those GNs to be discussed at the March 2022 meeting, the BPTT review exercise is likely to be completed by around third week of January 2022 to allow time for the global consultation to take place right after for the usual four-week duration. The Committee Secretariat will have until the first week of March to circulate the GNs together with each respective summary of the outcome of global consultation to the Committee members.

5. Regarding the process for the holistic review of *BPM6* update, the Chair informed the members that the Committee supported the guiding principles for prioritization and the proposed three buckets with suggestions for distinguishing mandatory from supplementary requirements. The three buckets proposed are recommendations (i) to be included in *BPM7*; (ii) to remain on the Committee's research agenda for future work (and to be mentioned as such in *BPM7*); and (iii) not to be included in *BPM7*, be either removed from research agenda, or possibly make a request to be included in other relevant manuals. The Committee underscored the importance of incorporating user needs/views on the proposed changes, suggesting that a global consultation targeting compilers and users be undertaken before the Committee's discussion. The IMF will prepare a summary paper with the main changes proposed to be incorporated to *BPM7*—including the results of the global consultation survey—for decision at an ad-hoc Committee meeting to be held after March at a date to be announced.

6. The IMF made a presentation on GN B.2 with a view to explaining the standardized definition of NIR proposed to be introduced in the *BPM7* and its importance for surveillance and cross-country comparisons of reserve adequacy. The standardized definition of NIR is defined as gross reserve assets (RA) minus short-term foreign currency drains (FCD). While the definition of gross reserves follows the *BPM6*, short-term FCD are the contractual currency obligations (to residents and non-residents) scheduled to come due 12 months ahead, as defined in the International Reserves and Foreign Currency Liquidity (IRFCL) Template (Section II). It has been clarified that this definition provides a starting point for reserve adequacy assessments and program design of the Fund member countries, but still recognizing the need to consider country specifics and program monitoring needs. As a next step, the GN will be sent to the IMF Management for information. Subsequently, it will be circulated for the BPTT review.

ACTIONS

- No action required

ATTENDEES

- **IMF:** Carlos Sánchez-Muñoz (Chair), Padma Hurree-Gobin and Venkat Josyula (Secretariat), Gustavo Adler, Jannick Damgaard, Sagé de Clerck, Hector Hernandez, Cyril Rebillard, Jennifer Ribarsky, and Niamh Sheridan
- **ECB:** Olga Monteiro
- **Eurostat :** Lena Frej-Ohlsson
- **OECD :** Annabelle Mourougane
- **UNSD:** Herman Smith
- **Country representatives:** Amanda Seneviratne (Australia), Fernando Rocha (Brazil), Eric Boulay (Canada), Hu Hong (China), Ursula Schipper (Germany), Fabienne Fortanier (Netherlands), Robert Pupynin (Russia), Paul Farello (USA), and Wilson Phiri (Zambia)