



STATISTICS

Balance of Payments Task Team (BPTT): Progress and Next Steps

**Fourth (virtual) Meeting
November 30, 2021**

Outline

- **Welcoming Remarks**
- **Outcome of the October 2021 Committee meeting and Joint AEG one**
- **Forthcoming GNs and the Timeline**
- **Related Topics and Concluding Remarks**

Membership updates

- **New members:**
 - Ms. Annabelle Mourougane (OECD)
 - Mr. Jannick Damgaard (IMF)
 - Mr. Cyril Rebillard (IMF)

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Outcome of the October Meeting (October 26-November 1, 2021)

- Two distinct meetings:
 - ◆ Committee only sessions: October 27-28, and November,1
 - ◆ Joint AEG/Committee: October 26, 29, and November 1, the first ever joint meeting
- The aim was to have a concerted effort to
 - Align the work on the SNA and BPM update, and
 - Resolve research issues of common interest in the most efficient way.

Outcome of the Committee Meeting

- One Note and Eight Guidance Notes (GNs) were presented:
 - Note on the Holistic Review of Research Priorities for the *BPM6* Update [To be detailed at the end]
 - Discussed and Approved:
 - BPTT (1 GN) – B.6 to be part of the proposed annotated outline of *BPM7* (with suggested modifications and after a final review of the Committee).
 - Presented for preliminary discussion: Seek inputs from the Committee, to be integrated before moving for global consultation
 - GZTT (2 GNs) – G.5 and G.9.
 - IFTT – the Consolidated Guidance Note on Islamic Finance, covering six research topics
 - IETT – the Overarching Guidance Note on Informal Economy
 - CMTT (3 GNs) – CM.1, CM.2, and CM.3.

Outcome of the Joint AEG/Committee meeting

- Seven Guidance Notes (GNs) were presented:
 - GZTT (2 GNs)
 - Valuation of Imports and Exports of Goods in the International Standards CIF to FOB adjustment (G.1)
 - Treatment of MNE and Intra-MNE Flows (G.2)
 - CATT (1 GN): Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; Merchanting of Services (C.4)
 - DITT (2 GNs)
 - Valuation of Unlisted Equity (D.2)
 - Treatment of Retained Earnings (D.16)
 - FITT (2 GNs)
 - Valuation of Loans (Fair Value) (F.9)
 - Covering Hybrid Insurance and Pension Products (F.12)

GZTT GNs: G.1, G.2

G.1 Valuation of Imports and Exports of Goods in the International Standards CIF to FOB adjustment

Committee/
AEG
members
supported

Option 2 to be recommended on account of limited testing results but Option 3 to be acknowledged as conceptually sound.

Mentioning in the text that adoption of transaction prices will be part of the next update and economies should gear collecting this information and testing ahead of this standard change

The collection of invoice value be explored through the International Merchandise Trade Statistics (IMTS)

Updated version of GN to be circulated to the Committee and the AEG for final approval via written procedure

G.2 Treatment of MNE and Intra-MNE Flows

Committee/
AEG
members
supported

Addressing the comment on the decision tree

Recommendations that should go both into the *BPM7* and *SNA*, namely the emphasis on net indicators, supplemental granular information, definition of MNE, control aspect, and decision tree

Updated version of GN (stating the agreed proposals) to be recirculated to the Committee and the AEG for final approval via written procedure

CATT GN C.4: Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; Merchanting of Services

- All Committee/AEG members supported
 - The recommendations on Issues A, B, and C.
 - With improvements to the decision tree and further clarification on the FGPs except for bundled services.
 - The updated version of the GN (excluding unbundled services) to be circulated to the Committee and the AEG for final decision and subsequent posting on the *BPM6/2008 SNA* Update websites.
- The issue of bundled services should be further researched and tested as part of the GN C.7 Treatment of Travel Packages, Health-Related Travel, and Taxes and Fees on Passengers' Tickets, aiming for discussion in the February 2022 Committee/AEG meeting.

DITT GNs: D.2, D.16

D.2 Valuation of Unlisted Equity

Committee/
AEG
members
supported

Proposals to identify some preferred estimation methods, of which Own Funds at Book Value, Transaction Prices, and Market Capitalization, for the valuation of unlisted equity in the updated *BPM6* and *2008 SNA*.

Updated version to be circulated to Committee, and AEG for final approval via written procedure

Separate discussion on negative equity, and provision for losses in consultation with the experts from relevant TTs/domains

D.16 Treatment of Retained Earnings

Committee/
AEG
members
supported

Including all comments received on all issues raised and widening its scope to include the national accounts perspective

Updated GN (stating the agreed proposals) to be recirculated to the Committee and the AEG for final approval via written procedure

FITT GNs: F.9, F.12

F.9 Valuation of Loans (Fair Value)

Committee/
AEG
members
approved

Option 1b: Retain the recommendation to measure loans at nominal value and improve and clarify the updated SNA and BPM guidance within the limits of the existing framework, allowing for value reset even beyond cases of bankruptcy and liquidation, when there is public evidence of loan deterioration

Include practical guidance on implementing Option 1b in the updated *BPM6 Compilation Guide*.

F.12 Covering Hybrid Insurance and Pension Products

Committee/AEG
members
supported

Proposed Option 2 for Hybrid Insurance Products and Option 3 for Employer-Independent Pensions (with suggested improvements and clarifications)

Updated version of the GN to be circulated to the Committee and the AEG via written procedure for final decision

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Task Teams: Work Plan and Progress

BPTT

- Originally 12 GNs, of which 4 dropped
- **One GN (B.2) to come to BPTT**
- Three remaining GNs (B.2, B.3, and B.12), to be discussed with the Committee via written procedure (WP)

CATT

- Originally 9 GNs
- One GN was dropped and another split in two
- Only 2 GNs left (C.5.2 and C.7)—one for discussion at the March Committee meeting and the other via WP

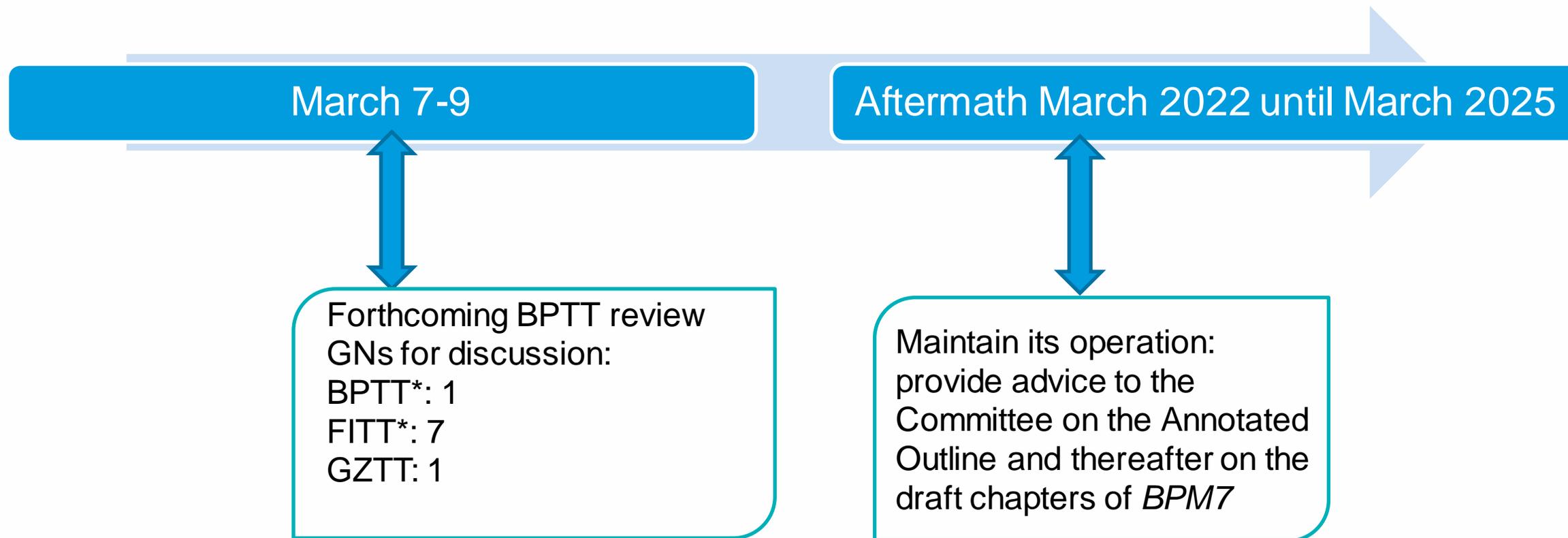
DITT

- Originally 17 GNs, of which two dropped and one added
- **Completed its work program**
- Only 1 GN left (D.10), currently under global consultation to be discussed via WP

FITT

- Originally 14 GNs, of which one dropped and four added
- **Seven GNs (F.1, F.7, F.13, F.14, F.15, F.17, and F.18) to come to BPTT**
- Seven GNs remaining: 4 to be discussed at Committee meeting and 3 via WP

Timeline for the Next Committee/AEG Meeting in 2022



* of which, the BPTT GN and three GNs of FITT will be presented to the Committee via written procedure.

Forthcoming GNs for BPTT review (I)

GNs: BPTT and FITT

B.2: Standardized definition of net international reserves

F.1: More disaggregated definition of the financial sector and financial instruments

F.7: Impact of FINTECH and other financial innovations

F.13: Measurement of margins on buying and selling of financial instruments

F.14: Treatment of factoring transactions

F.15: Debt concessionality

F.17: Master risk participation agreements

F.18: Crypto Assets

Forthcoming GNs for BPTT review (II)

GNs: GZTT, IFTT, IETT, and CMTT

G.5: Economic Ownership and IPPs

G.9: Payments for non-produced Knowledge-based capital

G.7: Global value chains and trade in value-added

IFTT: Consolidated GN on Islamic Finance

IETT: Overarching GN on Informal Economy

CM.2: Terminology and Branding of the International Economic Statistical Standards

CM.3: Taxonomy for Communicating Economic statistics, products and product updates

Timeline until March 2022 Committee Meeting

Proposed Timeline for the March 2022 Committee Meeting*

| Action | Duration | Starting Date as from | End Date to provide comments |
|--|---------------|-----------------------|---|
| Review of the BPTT GN B.2 | Up to 3 weeks | Dec 17, 2021 | No later than Jan 7, 2022 |
| Review of GNs from other TTs | 1 week | Jan 3, 2022 | No later than Jan 21, 2022 |
| Posting for global consultation | 4 weeks | Jan 21, 2022 | No later than Feb 25, 2022 |
| | | | End Date to share with Committee members |
| GN final version including recommendations completed and sent to the Committee/AEG (including global consultation summary) | | Feb 25, 2022 | No later than Mar 4, 2022 |

Committee Meeting

*FITT GNs listed for WP will be sent for BPTT review during end-Jan/Feb 2022

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Process for the Holistic Review of *BPM6* Update: Guiding Principle

Guiding principles for the holistic review:

- Assessment of the expected global costs and benefits of implementing the changes
- Total package of amendments should be ambitious but also needs to be realistic and carefully consider the trade-offs between various initiatives
- Consider that implementation capacity varies significantly across the Fund's membership
 - ▶ Introduction of supplemental data series (which countries may freely choose only if important for the economy) one way to deal with this issue

Process for the Holistic Review of *BPM6* Update: Prioritization

Proposed Prioritization Process to be discussed after the March 2022 Committee meeting:

- Summary of all amendments
- Preliminary assessment of all proposed GNs recommendations into three buckets:
 - ❑ To be included in *BPM7*
 - ❑ To remain on the Committee's research agenda for future work (and be mentioned as such in *BPM7*)
 - ❑ Not to be included in *BPM7*, be removed from the research agenda, and possibly make a request to be included in other relevant manuals.
- Amendments to be included in the compilation guide

Process for the Holistic Review of *BPM6* Update Priorities: Outcome from Committee Meeting

Summary of discussions:

- Strong support for the initiative; an extensive paper to be prepared and circulated to members in advance
- Guiding principles for prioritization and buckets were supported; some suggested distinguishing mandatory from supplementary requirements;
- User needs are important - proposed to be evaluated via a survey
- Process: hold discussions in a separate ad-hoc meeting after the March 2022 Committee meeting

Actions (IMF):

- Incorporate proposed changes and recirculate to Committee members via written procedure
- Launch survey on user needs (questionnaire to be reviewed by Committee members)
- Prepare a summary paper with main changes to be incorporated into *BPM7* (including main survey results) for decision at the ad-hoc meeting

Thank you!

Balance of Payments Task Team (BPTT)

Chair:

Mr. Carlos Sánchez-Muñoz (IMF)

Secretariat:

Ms. Padma Hurree Gobin (IMF)

Mr. Venkat Josyula (IMF)

Members:

International Organizations

Ms. Olga Monteiro (ECB)

Ms. Lena Frej-Ohlsson (Eurostat)

Mr. Philippe de Rougemont (Eurostat)

Ms. Annabelle Mourougane (OECD)

Mr. Jannick Damgaard (IMF, STA Balance of Payments)

Ms. Jennifer Ribarsky (IMF, STA Real Sector)

Mr. Hector Hernandez (IMF, STA Government Finance)

Mr. Gustavo Adler (IMF, Area Department)

Mr. Cyril Rebillard (IMF, Research Department)

Ms. Niamh Sheridan (IMF, Strategy and Policy Review Department)

Ms. Sage de Clerk (IMF, Fiscal Affairs Department)

Countries

Ms. Amanda Seneviratne (Australia)

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Mr. Eric Boulay (Canada)

Ms. Hu Hong (China)

Ms. Ursula Shipper (Germany)

Ms. Fabienne Fortanier (Netherlands)

Mr. Robert Pupynin (Russia)

Mr. Paul Farello (United States)

Mr. Wilson Phiri (Zambia)