STATISTICS

BPM6 Update: Compendium of Research Issues Version 1.4

This document adjoins the terms of references for the Task Teams (TTs) established following endorsement by the IMF's Committee on Balance of Payments Statistics (BOPCOM) to launch the process for updating the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)* in March 2020. It is intended to be a living document to be updated at intervals to reflect any changes to the research agenda during each TT's life cycle; and to serve as a project management tool for tracking progress. Any views expressed herein are those of IMF staff and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

Overview

The compendium of research issues identifies the topics to be covered by the task teams (TTs), according to (i) level of priority (high and medium), and (ii) cross-cutting topics for which a TT has oversight for—or close interest in—but is not in the lead in producing a Guidance Note on the topic. Drawing primarily from the research agenda of the IMF's Committee on Balance of Payments Statistics (BOPCOM), scoping information is also presented for most topics to facilitate TT understanding of why there is a need to consider/reconsider the topic.[1]

The task teams covered are (i) Balance of Payments Task Team (BPTT), (ii) Current Account Task Team (CATT), (iii) Direct Investment Task Team (DITT), and (iv) Financial and Payments Systems Task Team (FITT). The outcomes of DITT's work are also expected to inform the update of the *OECD Benchmark Definition of Foreign Direct Investment, fourth edition*.

The compendium comprises:

- Table 1. List of Research Issues by Task Team and Classification; and
- Table 2. Scoping the Research Issues Based on Inputs from the Committee's Research Agenda.

Table 1 also identifies topics that are of relevance to the TT—including to the BPTT which has a broader remit for ensuring overall consistency of recommendations—but are within the purview of another TT, including those already launched by the Advisory Expert Group on National Accounts (AEG) for the update of the *System of National Accounts 2008 (2008 SNA)*, and by BOPCOM for the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)* Update. Relevant workstreams undertaken under the aegis of other statistical agencies are also cited with a view to recognizing research in progress (or completed) on topics that directly impact the *BPM6* Update.

Two AEG task teams ("subgroups") cover (i) digitalization (DZTT), and (ii) sustainability and well-being (SWTT).

Joint BPM-SNA TTs are being formed or already working on communications (CMTT), globalization (GZTT), informal economy (IETT) and Islamic finance (IFTT).

Topics classified as Another Task Team (ATT) would only be addressed by the TT if the issue is not fully covered from the BPM angle by the TT primarily responsible for the issue.

[1] The research agenda as presented to the BOPCOM Annual Meeting in 2019 (BOPCOM Paper 19/18).

Table 1. List of Research Issues by Task Team and Classification

1.1 Balance of Payments Task Team (BPTT)

In addition to coordinating the issues dealt with by the other TTs and liaising with the SNA Task Teams, BPTT will directly research and provide recommendations on the issues classified as high (H) or medium (M) priority below.

Issue No.	Research Topic	Classification*	Links to other TTs
High-priority items			
~~B.1~~	~~Nationality concept~~[2]	H ♦ ●	GZTT/DITT
B.2	Standardized definition of net international reserves/revisit reserves-related liabilities definition	H	
B.3	Treatment of currency unions	H	
B.4	Reconciliation between flows and stocks	H	
~~B.5~~	~~International accounts supporting the analysis of welfare~~	H ♦	SWTT
B.6	Sustainable finance	H ♦	SWTT
Medium-priority items			
B.7	Arrears in IIP	M	
B.8	Recording citizenship by investment programs	M	
B.9	Treatment of tax amnesty	M	
~~B.10~~	~~Auxiliary reconciliation tables~~	M	
~~B.11~~	~~Other economic flows on insurance and pension reserves~~	M	
B.12	Treatment of illiquid equity in international organizations in the IIP	M	
Another task team (ATT) is primarily responsible to produce the Guidance Note			
B.13	Considering separate institutional units of special purpose entities (SPEs) that are resident in a different territory to that of their owners	ATT ♦ ●	GZTT/DITT
B.14	Treatment of digital economy	ATT ♦ ●	DZTT/CATT
B.15	Sectorization of MNEs	ATT ♦	GZTT
B.16	Revision policies and studies	ATT ♦	CMTT
B.17	Emission (pollution) permits	ATT ♦	SWTT

* **Classification:** H=high priority; M=medium priority; ATT= another task team (ATT) is primarily responsible for dealing with the issue and leads the production of the Guidance Note; with ♦ denoting an SNA TT; and ● denoting a BOPCOM/Joint TT.

[2] Titles/Topics with Red Strikethroughs were dropped from GN production.

1.2 Current Account Task Team (CATT)

Issue No.	Research Topic	Classification*	Links to other TTs
High-priority items			
C.1	Recording transactor-based components of services (travel, construction and government goods under services)	H	
C.2	Goods and services account by (trading) enterprise characteristics	H	
C.3	International trade classified by currency (including for trade linked to long-term trade credits and advances)	H	
C.4/G.6	Merchanting and factoryless producers; clarifying negative exports in merchanting; Merchanting of services	H ♦ ●	GZTT
C.5	Statistical impact of the change in treatment of operating leases in business accounting Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	H ●	GZTT
Medium-priority items			
C.6	Trade in services classifications	M	GZTT/DZTT
C.7	Treatment of travel packages, health-related travel, and taxes and fees on passengers' tickets	M	
C.8	Recording penalties and fines	M	
~~C.9~~	~~Valuation of trade under long term contracts~~	M	
Another task team (ATT) is primarily responsible to produce the Guidance Note			
~~C.10~~	~~FISIM~~	ATT♦	To be determined
C.11/G.1	Valuation of imports and exports (CIF-FOB adjustment)	ATT ♦	GZTT, OECD Working Party on International Trade in Goods and Services
* **Classification:** H=high priority; M=medium priority; ♦ denotes close collaboration required with an AEG TT; and ● denotes close collaboration required with a Committee/Joint TT. Topics classified as ATT would only be addressed by CATT if the issue is not fully covered from the BPM angle by the TT primarily responsible for the issue.			

1.3 Direct Investment Task Team (DITT)

Issue No.	Research Topic (16)	Classification*	Links to other TTs
	High-priority items		
D.1	Compiling statistics of greenfield investments and extension of capacity	H	
D.2	Valuation of unlisted equity in direct investment	H	
D.3	Treatment of collective investment institutions	H●	FITT
D.4	Corporate inversion	H	
D.5	Eliminating imputations for an entity owned or controlled by general government that is used for fiscal purposes	H	
D.6	Ultimate investing economy and ultimate host economy in direct investment (including identifying capital in transit)	H	
D.7	Sectoral breakdown of direct investment	H	
	Medium-priority items		
D.8	Public-private partnerships (PPPs)	M	
D.9	Reconciling BPM-based direct investment and FATS/AMNE statistics	M	
D.10	Defining the boundaries of direct investment, including whether direct investment relationships can be achieved other than by economic ownership of equity	M	
D.11	Removing debt between affiliated insurance corporations and pension funds from direct investment	M	
D.12	Including intra-concern [between affiliates] derivatives in direct investment	M	
~~D.13~~	~~Treatment of large construction financed by government~~	M	
D.14	Financial conduits	M	
~~D.15~~	~~Treatment of payments made by nonresident affiliated enterprises on behalf of DI enterprises~~	M	
D.16	Treatment of retained earnings: • in the case of investment pools whose assets are not readily available to their investors; • whether gross or net of financial assets management services charges (for investment funds); and • whether it should more clearly differentiate between when the investment fund or institutional unit that provides financial assets legally and economically owns the financial assets	M	
D.17	Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in the context of DI	M	
D.18	Cash pooling in direct investment	M	

* **Classification:** H=high priority; M=medium priority; ♦ denotes close collaboration required with an ISWGNA TT; and ● denotes close collaboration required with a Committee/Joint TT.

1.4 Financial and Payments Systems Task Team (FITT)—Joint BPM/SNA

Issue No.	Research Topic	Classification*	Links to other TTs
High-priority items			
F.1	More disaggregated definition of the financial sector and financial instruments	H	
F.2	Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships	H ●	DITT
F.3	Reverse transactions	H	
F.4	Financial derivatives by type	H	
F.5	Treatment of credit default swaps	H	
F.6	Non-bank Financial Intermediation	H	
F.7	Impact of FINTECH and other financial innovations	H♦ ●	DZTT/CATT
F.8	Valuation of debt securities at both market and nominal value	H	
F.9	Valuation of loans (fair value)	H	
Medium-priority items			
F.10	Treatment of cash collateral	M	
~~F.11~~	~~Treatment of electricity forwards~~	M	
F.12	Covering hybrid insurance and pension products	M	
F.13	Measurement of margins on buying and selling of financial instruments	M	
F.14	Treatment of factoring transactions	M	
F.15	Debt Concessionality	M	
F.16	Subscription Rights	M	
F.17	Treatment of master risk participation agreements	M	
F.18	Treatment of Crypto Assets in Macroeconomic Statistics	H	
Another task team (ATT) is primarily responsible to produce the Guidance Note			
F.xx	Islamic finance	ATT ♦	IFTT

* **Classification:** H=high priority; M=medium priority; ♦ denotes close collaboration required with an ISWGNA TT; and ● denotes close collaboration required with a Committee/Joint TT. Topics classified as ATT would only be addressed by FITT if the issue is not fully covered from the BPM angle by the TT primarily responsible for the issue.

1.5 Informal Economy Task Team (IETT)-Joint BPM/SNA

Issue No.	Research Topic	Classification	Links to other TTs
High-priority items			
IE.1	Statistical framework and classification of informal economy		
IE.2	Measuring the informal cross-border transactions		
IE.3	Digitalization and the informal economy		
IE.4	Presentation in the system of national accounts and the external sector statistics		
Medium-priority items			
Another task team (ATT) is primarily responsible to produce the Guidance Note			

1.6 Islamic Finance Task Team (IFTT)-Joint BPM/SNA

Issue No.	Research Topic	Classification	Links to other TTs
High-priority items			
IF.1	Terminology for property income for Islamic loans, deposits and debt securities		
IF.2	Reference rates and terminology for calculating Islamic and conventional FISIM in the context of national accounts and external sector statistics		
IF.3	Statistical treatment of Islamic finance in external sector statistics and national accounts, including the functional categories of investments		
IF.4	Sectorization of Islamic banks with multiple activities and Islamic windows		
IF.5	Economic ownership of non-financial assets related to sales, lease, and equity financing which are legally owned by Islamic financial corporations		
IF.6	Transactions, other flows and positions in Islamic insurance (takaful and re-takaful)		
Medium-priority items			
Another task team (ATT) is primarily responsible to produce the Guidance Note			

1.7 Globalization Task Team (GZTT)-Joint BPM/SNA

Issue No.	Research Topic	Classification	Links to other TTs
High-priority items			
G.1/C.11	Valuation of imports and exports (CIF-FOB adjustment)	H	CATT
	~~Treatment of multinational enterprises (MNE) and special purpose entities (SPE), Identifying economic presence and residency, and Intra-MNE flows~~		
G.2	Treatment of MNE and Intra-MNE Flows	H	DITT
G.3	Transfer pricing within MNE group[#]	H	
G.4	Treatment of special purpose entities and residency	H	DITT
G.5	Economic ownership and recording of intellectual property products[#]	H	
Medium-priority items			
G.6/C.4	Merchanting and Factoryless goods producers and recording of their transactions	M	CATT
G.7	Global value chains and trade in value-added	M	
G.8	Typology of global production arrangements	M	
G.9	Payments for “knowledge-based capital”	M	DZTT

[#] This was added from the roll over of the former Intellectual Property Task Team into the GZTT.

1.8 Communications Task Team (CMTT)-Joint BPM/SNA

Issue No.	Research Topic	Classification	Links to other TTs
High-priority items			
CM.1	Collaborative compilers hub		
CM.2	Digitalization of the SNA, and related manuals, handbooks, and guides		
CM.3	Broad review of SNA terminology and “branding” and the development of complementary terms		
CM.4	Development of a taxonomy of the national accounts compilation process		
CM.5	Review of the assessment framework used to measure alignment with the SNA		
Medium-priority items			
Another task team (ATT) is primarily responsible to produce the Guidance Note			

Table 2. Scoping the Research Issues Based in Inputs from Committee Research Agenda

2.1 Balance of Payments Task Team (BPTT)

Issue No.	Research Topic	Scope/Background
High-priority items		
B.1	Nationality concept	**France:** 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. 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?": http://gabriel-zucman.eu/files/Zucman2013QJE.pdf. The issue to be discussed: how to build a statistical complementary framework, learning from existing blocks (CPIS, BIS IBS, FDI, ultimate ownership data…). 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). **Netherlands:** There is need to (re)consider whether it is useful to introduce a nationality concept (domestic companies versus foreign companies) in BOP/IIP. In ESA2010 this "subsectoring" is recommended. Such a distinction is likely to serve user needs (in particular at national level) in a globalized world. **Eurostat**: 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? BOP/IIP/external debt statistics have 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.
B.2	Standardized definition of net international reserves/revisit reserves-related liabilities definition	**IMF:** There is need for introducing a standardized definition of net international reserves that is central to the design of IMF lending programs. It may include reconsidering/standardizing the list of liabilities that would be deducted from gross reserve assets (GIR) for calculating NIR. This would include also guidance on treatment of liabilities to domestic banks linked to reserve requirements. **IMF:** The definition of reserve-related liabilities (RLL) may need to be reviewed. One key issue is that current guidance excludes from the definition of RLL, liabilities that are denominated and settled in domestic currency. From the policy perspective, this results in the exclusion of nondeliverable foreign exchange derivatives settled in domestic currency, even if the payoff at maturity is a function of the exchange rate, and settlement may in some cases lead to a drain in reserve assets.

Issue No.	Research Topic	Scope/Background
B.3	Treatment of currency unions	**IMF:** The treatment of reserve assets in the balance of payments and IIP of currency unions such as CEMAC and WAEMU has raised many questions and the current recommendations from *BPM6*, Appendix 3 may need to be revisited. See BOPCOM 19/13
B.4	Reconciliation between flows and stocks	**Germany:** *BPM6* introduced the "Integrated International Investment Position Statement". How could this framework be presented to better exploit its analytical value? **France:** 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.
B.5	International accounts supporting the analysis of welfare	**France:** As a starting point, the idea of a "four block approach" to statistics: Economic Accounts (this is today *BPM6 + 2008 SNA*), 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 http://iariw.org/papers/2015/vanolikn.pdf). The question is: what impact (for instance, accounting for the exportation of non-renewable commodities, emission rights), what system of (external/satellite) accounts or related external indicators.
B.6	Sustainable finance	**Netherlands:** Research needs to be conducted on treatment of sustainable finance in ESS. Sustainable finance refers to any form of financial service integrating environmental, social, and governance (ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large. Activities that fall under the heading of sustainable finance include but are not limited to the integration of ESG criteria in asset management, sustainable thematic investments, active ownership, impact investing, green bonds, lending with ESG risk assessment, and development of the whole financial system in a more sustainable way.
		Medium-priority items
B.7	Arrears in IIP	**Russia:** 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.
B.8	Recording citizen by investment programs	**IMF:** A number of countries have "citizenship-by-investment" (CBI) programs, by which non-residents are able to obtain citizenship via various mechanisms e.g., (i) significant purchases of land or property; (ii) investment in business assets/job creation schemes (iii) investment in financial assets such as placing large deposits in resident banks or purchases of large amounts of government debt; or (iv) large, nonrefundable contributions to the

Issue No.	Research Topic	Scope/Background
		government or nominated development funds. At least 23 countries offer some kind of CBI program (see https://www.businessinsider.com/countries-where-you-can-buy-citizenship-residency-or-passport-2018-9#15-moldova-citizenship-from-146300-169292-or-130798-9), with around 11 countries offering citizenship or long-term visas for large one-off fees (e.g., Antigua and Barbuda, Cambodia, Dominica, Grenada, Malta, Moldova, Montenegro, St. Kitts and Nevis, St. Lucia, Thailand, Vanuatu). Amounts can be significant (for instance, St. Kitts and Nevis). Since there are insufficient guidelines in *BPM6* (especially regarding large, nonrefundable contributions to government), a clarification note is seemingly warranted.
B.9	Treatment of tax amnesty	**IMF:** Except a passing reference on the time of recording and measurement of tax revenue arising from tax amnesties in the *GFSM 2014*, methodological guidance on the treatment of undisclosed external assets and related income declared under tax amnesties is not available in the international statistical manuals, including the *BPM6*. As a result, there is lack of consistent treatment in recording of assets and related income declared under tax amnesty schemes.
B.10	Auxiliary reconciliation tables	**OECD:** 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).
B.11	Other economic flows on insurance and pension reserves	**Australia:** 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). *BPM6* 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.
B.12	Treatment of illiquid equity in international organizations in the IIP	IMF: 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.
		Another task team (ATT) is primarily responsible to produce the Guidance Note
B.13	Considering separate institutional units of special purpose entities (SPEs) that	**IMF:** *BPM6* (paragraph 4.52) states that SPEs are always treated as separate institutional units if they are resident in a different territory to that of their owners. *2008 SNA* (paragraph 4.64) considers that SPEs or artificial subsidiaries of corporations that "do not satisfy the definition of an institutional unit in the SNA […] are treated as an integral part of the parent and their accounts are consolidated with those of the parent […] unless they are resident in an economy different from that where the parent is resident". In an increasingly globalized world, the

Issue No.	Research Topic	Scope/Background
	are resident in a different territory to that of their owners	number of SPEs and the volume of their assets has exploded exponentially. Some argue that the national accounts principles that prescribe SPEs to be consolidated with their parent company when they both are resident in the same economy should equally hold when SPEs are resident in a different territory. Others argue that the existence of SPEs cannot be ignored when analyzing international capital flows for monetary policy purposes. Besides, consolidating SPEs would entail serious risks of mismeasurement, since the need for an international coordination between ESS compilers could lead to double counting or to these entities not being captured at all in statistics.
B.14	Treatment of digital economy *(to take account of OECD/WTO/IMF Handbook on measuring Digital Trade)*	**USA:** Enhance guidance on the classification of transactions related to the digital economy, such as ICT, cloud computing, and mobile applications. Committee 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. 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), "Digital Matching Firms: New Definition in the 'Sharing Economy' Space" (ESA Issue Brief #01-16)). Existing methods for measuring the traditional economy may not be sufficient for understanding an increasingly digital economy. **Germany:** More guidance on how to capture the increasing various internet activities, such as gambling, use of bitcoins, crowdfunding, FinTechs might be needed. **Philippines:** 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. **Russia:** 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. **Eurostat:** 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. **ECB:** 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.

Issue No.	Research Topic	Scope/Background
		OECD: 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 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 potentially ICT-enabled services have been made, and are used, often in the absence of better alternatives. A conceptual measurement framework for "digital trade", consistent with BOP, is needed that captures all these dimensions.
B.15	Sectorization of MNEs	**BOPCOM (2019):** possible separation of domestic MNEs, foreign-controlled MNEs, and other domestic enterprises.
B.16	Revision policies and studies	**Eurostat:** 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.
B.17	Emission (pollution) permits	***BPM6* Research Agenda (*BPM6* paragraph 1.43)**

2.2 Current Account Task Team (CATT)

Issue No.	Research Topic	Scope/Background
High-priority items		
C.1	Recording transactor-based components of services (travel, construction and government goods under services)	**IMF:** Travel, construction and government goods and services n.i.e. are transactor-based components in the services account, which, unlike other service categories, encompass in addition to services some goods items (*BPM6:* paragraph 10.86 for travel; paragraph 10.102 for construction and paragraph 10.176 for government goods and services n.i.e.). From both the conceptual and practical points of view, it is difficult to reconcile the distinction between goods and services accounts for these three items given that they include significant components of goods; and extra burden is placed on compilers to reallocate the different goods between the accounts. In addition, *BPM6* treatment of the "goods" components in these services increases the risk to add to global discrepancies in goods, if partner countries treat them differently in their recordings. *Consideration for the exclusion of all goods items from these service categories and their recording in the goods account might support a more consistent recording of these service categories.*
C.2	Goods and services account by (trading) enterprise characteristics	**OECD:** *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, including global value chains (GVCs) and Multinational Enterprises (MNEs), 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), as well as the proposed data collection using the GVC reporting template developed by the IMF and OECD, and would in addition provide significant improvements to the quality of trade in value added (TiVA) estimates and international integrated economic accounts and provide important insights on fiscal optimization. (See BOPCOM 19/04)
C.3	International trade classified by currency (including for trade linked to long-term trade credits and advances)	**ECB:** The currency of internal trade is extremely important from an economic analysis viewpoint. Therefore, ECB is already collecting and getting additional requests for international trade data by currency. *There is no guidance on how to classify the international trade by currency, e.g., whether to use invoicing or settlement information.*
C.4	Merchanting and factoryless producers; clarifying negative exports in merchanting; Merchanting of services	**USA:** *Provide explicit guidance for the 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) arrangements. Paragraphs 10.41–10.49 of *BPM6* 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 of *BPM6*. At a minimum,

Issue No.	Research Topic	Scope/Background
		USA-BEA recommends 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. **France:** Issues for consideration for improving the treatment of global production: (a) Creation of FGPs "Factoryless Goods Producers" – as a category per se, within the International Trade in Goods; (b) Typology and guidance of emerging global production chains of services (cf. the so-called "Uberisation"); (c) Ways and means of taking into account intragroup flows in the current account and financial account. **OECD:** Merchanting transactions coordinated by factoryless goods producers raise classification issues for the producers whose new value creation reflects the inclusion of IPP (including brand value), see paragraph 10.42 in *BPM6*. 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 also adopting new terminology. **IMF:** There have been calls to revisit the recommendation on merchanting transactions in *BPM6* and *MSITS 2010*. Both manuals discuss service merchanting or subcontracting of services as being "similar in some ways to merchanting of goods, because the services are purchased and resold" without any significant transformation. Both manuals recommend that the value of services exported and imported in the economy of the service arranger is recorded on a "gross basis" to avoid bilateral asymmetries. **Australia:** The purchase of goods for merchanting is recorded as a negative export as per *BPM6,* paragraph 10.44 (a) and 10.45. The reason for treating it 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 consider recording the purchase of goods for merchanting as imports*. **Australia:** *The merchanting of services payments should be re-routed through the service recipient*. 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. 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. 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 import of services by the third party from the service provider and an export of services to the final recipient.
C.5		**IMF/ New Zealand:** The International Accounting Standard Board (IASB) introduced a change in the accounting standards for operating leases (IFRS 16) that may affect the reporting in national and international accounts.

Issue No.	Research Topic	Scope/Background
	Statistical impact of the change in treatment of operating leases in business accounting Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	Under the current treatment, the lessee's balance sheet does not show any assets/liabilities in relation to operating lease contracts, and the recording in accounts for such lease payments is under services. *The new treatment (IFRS 16) will affect most leases, except those on natural resources and some intellectual property products-related ones*. The impact would entail changes in the treatment of the affected categories of operating leases, similar to financial leases. The IASB standard implies a choice in treatment on a lease-by-lease basis and category of lease for short-term and/or low-value assets. **South Africa:** According to *2008 SNA* (paragraph 2.47) the change in economic ownership is the guiding criterion for the recording of a transfer of goods. *BPM6* (paragraph 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). *BPM6* (paragraph 10.153) indicates that in an operating lease transaction, the bulk of risks and rewards of (economic) ownership remain with the lessor. 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 and 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 measurement of a country's sectoral capital stock as well as the calculation of various productivity indicators.
Medium-priority items		
C.6	Trade in services classifications	**Australia:** Trade in services has grown, year after year, in importance in the world economy. Extended Balance of Payments in Services classification (EBOPS) can provide more detailed taxonomical breakdowns of these important flows. It is proposed to *adopt the EBOPS, as supplementary information as a minimum, to provide more detailed taxonomical breakdowns of these important flows.* **OECD:** Given the rise in importance of trade in services, the ongoing trade in services 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 Classification of Products by Activity (CPA) or Central Product Classification (CPC), which are more easily linkable to economic statistics, can be adopted.*
C.7	Treatment of travel packages, health-related travel, and taxes and fees on passengers' tickets	**IMF/ country participants in training on Balance of Payments Statistics:** (1) More clarification is needed on the *treatment of taxes and fees on passengers' tickets, in particular in relation to air transport*; (2) *If the travel package includes insurance, should it be separated* (like transport) and allocated to insurance?

Issue No.	Research Topic	Scope/Background
		USA: *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.
C.8	Recording penalties and fines	**USA:** Fines and penalties imposed on institutional units by courts of law or other government bodies are treated as miscellaneous current transfers in the secondary income accounts. Fines and penalties have become more frequent and are sometimes very large, some in excess of $10 billion. These transfers are to be recorded when a legal claim to the funds is established, which may be when a court renders judgment or an administrative ruling is published. While the brief methodological guidance in *BPM6* appears straightforward, complete information on, for example, the parent enterprise involved, the timing of the ruling, the enterprise unit responsible for paying the fine, the amount of the fine, the appeals process, etc. is often not available to compilers, requiring compilers to make assumptions when recording transactions. *More detailed methodological and practical guidance is needed to ensure compilers properly record relevant transactions.* **Ukraine:** occasionally, penalties (compensations) imposed by the court may be very large (billions) and may also reflect accumulated damages over a longer period. In the absence of detailed information on the extent of damages, consequences of ruling, etc. compilers must make assumptions as to their allocation and treatment, either as current or capital transfers. *More guidance is needed to ensure consistent recording of relevant transactions.*
C.9	Valuation of trade under long term contracts	**Australia:** 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. *Over time, the contract prices can deviate markedly from the spot price for the commodities*.
Another task team (ATT) is primarily responsible to produce the Guidance Note		
C.10	FISIM	***BPM6* Research Agenda (*BPM6* paragraph 1.43): impact of the risk and maturity structure of the financial assets and liabilities should be taken into account in the reference rate for calculations of FISIM.** **IMF:** According to *European System of Accounts* (*ESA*) *2010*, no FISIM is calculated for central banks and the output of central banks is estimated as a sum of costs. *ESA 2010* approach differs from the *2008 SNA* (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, No 23, May 2013). The *BPM6* follows the approach of *2008 SNA* 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 *ESA 2010* may not be comparable with those that follow the *2008 SNA*.

Issue No.	Research Topic	Scope/Background
		USA: *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*. **Australia:** Proposes to use the cost of funds reference rate for calculating FISIM. Currently *2008 SNA* and *BPM6* recommend the interbank lending rate be used as the reference rate. Issues: • 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; • Interbank rates tend to be volatile and responsive in the short term to monetary policy rather than any 'true' cost of intermediation; • Interbank rates are not necessarily "risk-free"; and • Some interbank rates have been open to undue influence. Further investigation needs 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. **Philippines:** Need for additional guidance to determine appropriate rates to be used in the computation of FISIM. **ECB:** *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. **UNSD:** *enhance guidance on the measurement of FISIM for Islamic finance instruments*.
C.11	Valuation of imports and exports (CIF-FOB adjustment)	**IMF:** Following the *BPM6* paragraph 10.34, to convert imports from CIF to FOB, the value of freight and insurance premiums incurred from the frontier of the exporting country to the border of the importing country should be deducted. The *ESA 2010*/*2008 SNA* suggest deducting only the service component when implementing a CIF/FOB adjustment. For instance, paragraph 1.98, *ESA 2010* states: "Imports and exports of products shall be recorded at border values. Total imports and exports are valued at the exporter's customs frontier, or free on board (FOB). Foreign transport and insurance services between the importer's and the exporter's frontiers are not included in the value of goods but are recorded under services. As it may not be possible to obtain FOB values for detailed product breakdowns, the tables containing details on foreign trade show imports valued at the importer's

Issue No.	Research Topic	Scope/Background
		customs frontier (CIF value). All transport and insurance services to the importer's frontier are included in the value of imported goods. As far as these services concern domestic services, a global FOB/CIF adjustment is made in this presentation." **Germany:** 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. **Australia:** According to *BPM6*: "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)…" (*BPM6* paragraph 10.30). / By contrast the *2008 SNA* values transactions at the "transaction price at change of ownership". For example, according to the *2008 SNA*, 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…" (*2008 SNA* paragraph 14.68). **ECB:** The general valuation principle in the BOP and the SNA is the market price. However, slightly in contradiction to this, *BPM6* paragraph 10.30 states: "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)…" By contrast the *2008 SNA* values transactions at the "transaction price at change of ownership". For example, according to the *2008 SNA*, 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…" (*2008 SNA* paragraph 14.68). 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

Issue No.	Research Topic	Scope/Background
		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. 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. 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. 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.

2.3 Direct Investment Task Team (DITT)

Issues No.	Research Topic	Scope/Background
		High-priority items
D.1	Compiling statistics of greenfield investments and extension of capacity	**UNCTAD:** 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 not 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: " 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, the appropriate methodology for those domains should be developed and enhanced. 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." 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 (http://www.bea.gov/newsreleases/international/fdi/fdinewsrelease.htm).
D.2	Valuation of unlisted equity in direct investment	**OECD:** When actual market values are not available, an estimate of market value must be made. *BPM6* 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.
D.3	Treatment of collective investment institutions	**USA:** 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. **OECD:** *BPM6* called for including CIIs in direct investment if they met the technical definition (10 percent 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. **ECB:** 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.

Issues No.	Research Topic	Scope/Background
D.4	Corporate inversion	**USA:** 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 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. **UNCTAD:** 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. 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. ("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). *BPM6* suggest that "...there may be analytical interest in separating them from other direct investment. If not prevented by confidentiality, supplementary data could be provided". 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.
D.5	Eliminating imputations for an entity owned or controlled by general government that is used for fiscal purposes	**IMF:** Under *BPM6* (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 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 (*BPM6*, paragraph 4.138).
D.6	Ultimate investing economy and ultimate host economy in direct investment (including identifying capital in transit)	***BPM6* Research Agenda (*BPM6* paragraph 1.43)** **OECD:** developing the definition of capital-in-transit for positions rather than flows as it may be easier to identify pass-through capital in measures of positions rather than in financial flows. These methods varied in their resource and data intensity and in their definition of capital-in-transit but could be the basis to develop a method to identify capital-in-transit.
D.7	Sectoral breakdown of direct investment	**IMF:** Compiling from whom to whom statistics has been gaining increased importance. Sectoral breakdown of direct investment identifying separately the same institutional sectors as in other components is very relevant.

Issues No.	Research Topic	Scope/Background
		Medium-priority items
D.8	Public-private partnerships (PPPs)	**IMF:** PPP projects are projects where the private sector partnership involves a non-resident in a construction of a fixed 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. *BPM6* has no reference on PPPs, while the *External Debt Statistics Guide 2013* refers to PPPs in its Appendix I. It would be adequate to have consistency across the guides.
D.9	Reconciling BPM-based direct investment and FATS/AMNE statistics	**Germany:** 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 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. **OECD:** 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. This market price related effects might be phrased as “valuation paradox”. When due to safe-haven-consideration, the valuation of a country’s 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. 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.
D.10	Defining the boundaries of direct investment, including whether direct investment relationships can be achieved other than by economic ownership of equity	***BPM6* Research Agenda (*BPM6* paragraph 1.43): e.g., through warrants or repos.** **Japan:** 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)? References: For direct investment relationships, see *BPM6* paragraph 6.12; for the scope of associates, see IAS 28.
D.11	Removing debt between affiliated insurance corporations and pension funds from direct investment	**IMF:** Under *BPM6*, 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?
D.12	Including intra-concern [between affiliates] derivatives in direct investment	**Netherlands:** 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).

Issues No.	Research Topic	Scope/Background
D.13	Treatment of large construction financed by government	**IMF:** When large construction projects is paid by the government, should they be included as direct investment? Countries practices may vary according to source data or convenience.
D.14	Financial conduits	**OECD:** Concerns were expressed about foreign direct investment enterprises that are established for the purpose of raising capital by issuing debt securities or obtaining loans, who then provide the funds raised to the direct investor or fellow enterprises. These entities are often called special financing vehicles or financial conduits. The issuing of debt securities abroad by an enterprise would be considered portfolio investment, but the ownership relationship between the direct investor and the financial conduit actually issuing the debt securities brings the second part of the transaction under DI. The question is raised as to whether all of these transactions should be considered portfolio investment, especially as some countries may already treating them this way. If it should remain in DI, the question is raised as to whether it should be identified or distinguished from other DI flows. The coverage needs to be broadened to cover all corporate restructurings and the work focus on practical advice on how to identify when they should be treated as transactions and when treated as other changes in volume.
D.15	Treatment of payments made by nonresident affiliated enterprises on behalf of DI enterprises	**Brazil:** although not conceptually much different from "regular" DI equity and debt, many countries are unaware of these transactions and positions and thus omit them in ESS. It would be highly desirable that the BPM provide guidance on the issue or at least acknowledge it.
D.16	Treatment of retained earnings: • in the case of investment pools whose assets are not readily available to their investors; • whether gross or net of financial assets management services charges (for investment funds); and • whether it should more clearly differentiate between when the investment fund or	**IMF:** Under *BPM6* (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 (*BPM6*, 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., 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)? **IMF**: *BPM6* 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.

Issues No.	Research Topic	Scope/Background
	institutional unit that provides financial assets legally and economically owns the financial assets	
D.17	Identifying superdividends and establishing the borderline between dividends and withdrawal of equity	*SNA 2008* recommends comparing the ratio of dividends to distributable income over the recent past and assessing the plausibility that the current level of dividends declared is in line with past practice. If the level of dividends declared is greatly in excess of this, the excess would be identified as superdividends. *BPM6* recommends in paragraph 11.27 that superdividends be identified when payments are disproportionately large relative to the recent levels of dividends and earnings. If the level of dividends exceeds greatly previous dividends and trends in earnings, the excess should be excluded from dividends and shown as withdrawal of equity. Given that it is difficult to make a meaningful comparison to recent patterns of dividends for many affiliates because they do not pay regular dividends, it is possible for a significant share of dividends to be erroneously labelled as superdividends. In addition, the guidance does not address the case of a new affiliate, which will not have a history of dividends to compare to. (See also BOPCOM 18/13c)
D.18	Cash pooling in direct investment	**ECB:** Cash pooling is a bank service that allows corporates to externalise the intra-group cash management, and thus manage their global liquidity effectively with lower costs. In other words, cash pooling by company groups represents an opportunity to ensure that the use of internal funds is maximised, and the cost of capital is minimised. Financial innovation has responded to the needs of company groups to manage funds in a centralised way by creating different cash pooling arrangements. These are agreements between a bank and the entities of a group that allow for the *de facto* pooling of cash in real time. Cash pooling appears to have become increasingly popular after the onset of the financial crisis when, in an environment characterised by limited access to capital markets, reduced bank lending, low returns and higher risks on banks' deposits, corporate groups started to maximise their use of internal sources of financing. The ECB has identified three main types of cash pooling arrangements (i) single legal account, (ii) physical cash pool, and (iii) notional cash pool. They have different recording in balance of payments statistics in general and in direct investment, in particular. From the point of view of the monetary financial institutions sector, banks should only report transactions and positions for balance of payments/IIP purposes when they have legal claim/obligations vis-à-vis non-residents (i.e., only assets and liabilities vis-à-vis non-residents are to be reported). Internal bookkeeping entries in the virtual accounts are not relevant for statistical purposes. Therefore, it is of paramount importance the

Issues No.	Research Topic	Scope/Background
		identification of the cash pooling arrangement type by the compilers, as they all have a different statistical recording.

2.4 Financial and Payments Systems Task Team (FITT)-Joint BPM/SNA

Issue No.	Research Topic	Scope/Background
High-priority items		
F.1	More disaggregated definition of the financial sector and financial instruments	**France:** 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, Lynn, and Yamashita, BEA, 2016 "expanding the integrated macroeconomic accounts financial sector").
F.2	Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships	**IMF:** Need to reconsider the treatment prescribed by macroeconomic statistics manuals to the retained income of different investment types and the borderline between dividends and withdrawal of equity. First, there is an asymmetric treatment of retained earnings between direct and portfolio investment: while retained earnings on direct investment are attributed to immediate owners and are reflected in the balance of payments (investment income) on an accrual basis, retained earnings on portfolio investment are not attributed to immediate owners, are not reflected as income flows in the balance of payments and are instead recorded in the IIP as valuation changes. Some users claim no substantive difference between the two from an economic perspective and challenge the impact of not applying the same treatment to portfolio investment retained earnings on the current account balance of large financial centers.[3] Extending the reinvested earnings treatment beyond direct investment may have broader implications. For instance, the treatment could also be extended to domestic-to-domestic relationships between companies and their shareholders: some claim that changing the national accounts treatment of retained earnings of corporations to include retained earnings in the income of shareholders would provide improved insight into the roles of holding gains and saving in changes in the wealth of households and governments.[4] The implications of the adoption of this treatment on the measurement of Government Deficit in the case of state-owned enterprises as well as the broader implications of attributing zero savings to the non-financial corporate sector should also be considered.
F.3	Reverse transactions	*BPM6* Research Agenda (paragraph 1.43): Including short positions and investment income receivable/payable while a security is on-lent.

[3] See Adler et al, 2019, IMF Working Paper No. 19/132 "The Measurement of External Accounts" https://www.imf.org/~/media/Files/Publications/WP/2019/WPIEA2019132.ashx

[4] For instance, see Reinsdorf et all, 2017, "Improving the Treatment of Holding Gains and Default Losses in National Accounts" https://onlinelibrary.wiley.com/doi/abs/10.1111/roiw.12328

Issue No.	Research Topic	Scope/Background
		IMF: There is a need to revisit and ensure complete and consistent treatment of the reverse transactions and the associated positions and income flows in ESS. Reverse transactions are arrangements that involve a change of legal ownership of securities or gold with a commitment to repurchase either on a specified date or with open maturity. They include securities repurchase agreements, gold swaps, securities lending, and gold loans. If a party that receives securities under a reverse transaction on-sells them to a third party, it has a short position. The party with the short position records a negative value for the holding of the asset, rather than a liability. A reverse transaction may be with or without the supply of cash. Securities and monetary gold are financial instruments and thus the fees for securities lending without cash collateral and gold loans are payments for putting a financial instrument at the disposal of another institutional unit. Accordingly, fees on securities lending (equity securities as well as debt securities) and gold loans accrue to the security owner and are treated as interest (with the corresponding entry in other accounts receivable/payable). As a simplifying convention, fees paid on loans of nonmonetary gold are also treated as interest. For securities lending, although, in some circumstances, the fee is payable to the custodian in the first instance (and used to defray custodial charges, in whole or in part), in principle, all of the fee is payable to the owner of the security who, in turn, is deemed to pay part or all of it to the custodian in a separate transaction. The economic owner of securities continues to record dividends and the accrual of interest on the securities even when the legal ownership changes under a reverse transaction or a custodian has on-sold the securities to a third party. If the reverse transaction covers the period when dividends or coupons are payable, the security taker is typically obliged to compensate the security lender.
F.4	Financial derivatives by type	**ECB:** 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”. Netherlands: The level of detail in compiling derivatives need to be (re)consider. More detailed figures (e.g., on options & forwards) would serve users and would enable better projections of IIP-data. Australia: 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. France: 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,

Issue No.	Research Topic	Scope/Background
		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.
F.5	Treatment of credit default swaps	**IMF:** 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). **Australia:** 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: 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; 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; CDSs, like other forwards have zero value at inception being an exchange of equal risk; CDSs may be an asset or liability for both parties over the life of the contract.
F.6	Non-bank financial intermediation	**IMF: shadow banking gained increasing attention in the aftermath of the recent global crisis.** According to the definition established by the Financial Stability Board (FSB), nonbank financial intermediation is "credit intermediation involving entities and activities (fully or partially) outside the regular banking system". The *BPM6* update provides an opportunity to review whether the current instrument breakdown of assets/liabilities provides adequate data from a macroeconomic perspective.
F.7	Impact of FINTECH and other financial innovations	**IMF:** FINTECH and other financial innovations are having important impact on different aspects of payments, including cross-border payments. There is a need to fully understand, identify, and articulate the impact on cross-border payments and flows of these financial innovations, including internet-based and gig-economy-related payment platforms.
F.8	Valuation of debt securities at both market and nominal value	**Eurostat:** 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. **Germany:** Although *BPM6* (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.
F.9	Valuation of loans (fair value)	***BPM6* Research Agenda (paragraph 1.43)** **Australia:** *BPM6* 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. The concept of market value is a fundamental underpinning of the balance of payments and national accounts.

Issue No.	Research Topic	Scope/Background
Medium-priority items		
F.10	Treatment of cash collateral	**Netherlands:** The recommended treatment of cash collateral (repayable margin) in *2008 SNA* and *BPM6* differ from the treatment in *European System of Accounts (ESA2010).* There is need in aligning the methodological approach for reaching full consistency between the rest of the world account and the balance of payments/international investment position. / Note: De Nederlandsche Bank prepared a paper on Treatment of Cash Collateral and suggested including it for discussion at 2018 Committee meeting. The paper proposed changes to the *BPM6*'s and *2008 SNA*'s treatment of cash collateral with a view to aligning it with the one in the ESA10. The paper benefitted from STA internal intra-departmental consultations and was sent to the Committee members for comments via written procedure. Comments unanimously supported the inclusion of the item in the research agenda and postponement of the discussion until the update of *BPM6*, on the grounds that it goes beyond a simple clarification and would require a change in the text of the *BPM6* (and also impact other Manuals).
F.11	Treatment of electricity forwards	**Germany:** 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 (*BPM6* 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. 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 *BPM6* 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.
F.12	Covering hybrid insurance and pension products	**IMF:** *BPM6* 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 *BPM6*. 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.

Issue No.	Research Topic	Scope/Background
F.13	Measurement of margins on buying and selling of financial instruments	**USA:** 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 to estimate trading spreads from other means such as daily highs and lows in asset prices (Shane A. Corwin and Paul Shultz, “A Simple Way to Estimate Bid-Ask Spreads from Daily High and Low Prices,” Journal of Finance, 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. **ECB:** 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.
F.14	Treatment of factoring transactions	**Armenia:** *Treatment of factoring transactions in macroeconomic statistics need further guidance.* Companies buy receivables for goods and services at discount from nonresidents that are valued at amortized value in their balance sheets. However, the companies report nominal values of such instruments, including nominal interest. Two types of factoring transactions are identified: (a) *purchase of claim with discount*, the full amount of discount is income of the factoring company. Factoring companies do not record any nominal interest on such transactions but accrue Annual Percentage Rate (APR) on its amortized value on balance sheet; and (b) *recourse factoring* - nominal interest is accrued on amortized value. The difference between the discount received and the accrued interest is returned to customer (seller of claim to the factoring company). Guidance is needed on how to treat such transactions (e.g., transactions price(s), and fees (interest) received by this companies). *BPM6* provides very little information on factoring and *2008 SNA* does not provide any.
F.17	Treatment of master risk participation agreements	A Master Risk Participation Agreement (MRPA) is a framework where two parties can share their risk and which works normally on a reciprocal basis. Risk participations are funding arrangements between the grantor (the lender under the loan agreement) and the participant and no actual transfer of the loan occurs. The grantor transfers the benefit and the risk of all or part of a loan to participant without involvement of any other party to the credit agreement, including the borrower. Two prominent types of risk participations are funded risk participation and unfunded risk participation. In a funded risk participation, the participant deposits an amount equal to the loan with the grantor in return for payments from the grantor equal to interest, principal, and commissions under the loan agreement, if and when received from the borrower. In the case of unfunded risk participation, the participant does not deposit an amount equal to the loan with the grantor. Instead, the participant agrees to reimburse the grantor in the event of a payment default by the borrower and in return the

Issue No.	Research Topic	Scope/Background
		grantor pays a fee to the participant. Guidance is needed on how to treat such transactions, particularly in a funded risk participation, e.g.,: • whether to record the flows of non-resident participant's deposits with the grantor as a creation of an external debt of the grantor to the participant, despite the fact that the liability is not recorded in the grantor's balance sheet; • if in a funded risk participation, the non-resident participant accepts the assignment of creditor's right in a legal sense, should the arising external debt of the borrower be added to the IIP through a reclassification or by imputing transaction in the BOP?
Another task team (ATT) is primarily responsible to produce the Guidance Note		
F.xx	Islamic finance	In the context of the implementation of the *2008 SNA* recommendations for Islamic finance as well as the need for guidance on the statistical treatment of Islamic instruments and income, questions were raised during several meetings in the Arab Region organized by the United Nations Economic and Social Commission for Western Asia (ESCWA). More recently, the issue of statistical treatment of Islamic finance has gained also attention as the international statistical community agreed to launch an update of international statistical standards at the 51st session of the United Nations Statistical Commission in March 2020. Different positions emerged during these meetings/discussions can be summarized and grouped into the following two broad approaches: • **Position 1:** The principles/concepts of Islamic finance, Islamic financial instruments and their corresponding property income, and Islamic financial corporations and their output can be fully integrated and bridged into the conventional statistical frameworks, without necessarily a need to revisit those frameworks. • **Position 2:** The full integration and proper capturing of principles/concepts of Islamic finance, Islamic financial instruments and their property income, and Islamic financial corporations and their output warrant additional methodological articulations and perhaps consideration of new or hybrid types of financial instruments and property income and additional instrument and/or sector breakdowns. This is because certain Islamic financial instruments and financial corporations have different features as compared to those defined in the current statistical standards. Therefore, the creation of additional instruments and/or categories in the income and financial accounts or disaggregation between Islamic and conventional finance may be required to fully reflect the unique features of Islamic finance. The issue of Islamic Banking was discussed by the Advisory Expert Group (AEG) on National Accounts at its 10th meeting in Paris, France, in 2016. Further information on this issue is available at: http://unstats.un.org/unsd/nationalaccount/aeg/2016/M10.asp.

Issue No.	Research Topic	Scope/Background
		The AEG noted the difference in business arrangements between Islamic banking and conventional banking and recognized the systemic importance of Islamic banking for some economies and their relative rapid growth. The AEG agreed that further research on the statistical implications of Islamic banking in the national accounts is required and that practical guidance on the treatment of Islamic finance needs to be developed. As background information, refer also to the previous endorsement by IMF Executive Board of the Core Principles for Islamic Finance Regulation (CPIFR) subject of press release No. 18/193 on May 24, 2018, as explained in the IMF Policy Paper “The Core Principles for Islamic Finance Regulations and Assessment Methodology” which was elaborated with STA contribution (April 6, 2018).

2.5 Informal Economy Task Team (IETT)-Joint BPM/SNA

Issue No.	Research Topic	Scope/Background
High-priority items		
IE.1		
Medium-priority items		
Another task team (ATT) is primarily responsible to produce the Guidance Note		

2.6 Islamic Finance Task Team (IFTT)-Joint BPM/SNA

Issue No.	Research Topic	Scope/Background
High-priority items		
IF.1		
Medium-priority items		
Another task team (ATT) is primarily responsible to produce the Guidance Note		

2.7 Globalization Task Team (GZTT)-Joint BPM/SNA

Issue No.	Research Topic	Scope/Background
High-priority items		
G.1	Valuation of imports and exports (CIF-FOB adjustment)	The CIF/FOB recording of imports and exports in the national accounts and the supply-use tables is in practice difficult due to data limitations. It is argued from conceptual viewpoint that the CIF/FOB recording seems to contrast the actual economic state of affairs and should therefore be replaced by a recording of goods imports and exports at actual transaction values. While the *2008 SNA* introduces several important improvements, compared to its predecessor (1993 SNA) with respect to recording of imports and exports at a strict transfer of ownership basis (e.g. goods sent abroad for processing, merchanting), the required FOB recording seems to deviate from its general recording principle of actually observed transaction prices. The *2008 SNA* recording of CIF/FOB may lead to mistakes in the trade balance when such recordings are not according to actually observed transaction values. CIF/FOB recording adjustments are not according to the general SNA principle of recording on ownership transfer basis as they require adjustments of services flows as actually observed. The asymmetries in international trade and CIF/FOB valuation of imports and exports need further work and should be included in the research agenda as a priority issue to be resolved in cooperation with balance of payments statistics experts.
G.2	Treatment of MNE and Intra-MNE Flows	The economic activities of multinational enterprises (MNEs) can have significant effects on macroeconomic statistics. If not properly recorded, the activities of MNEs can result in misallocation of GDP and as a result, severely distort an economy's macroeconomic indicators. Against this background, guidance should be developed to addresses the methods of accounting for MNE flows that preserve the robustness and reliability of the national accounts estimates for domestic policymaking and maintain international comparability. A statistical definition of MNEs should be developed to facilitate identification in macroeconomic statistics.
G.3	Transfer pricing within MNE groups[5]	MNEs have substantial cross-border intra-group transactions in goods and services which are valued using transfer-pricing. The use of transfer prices (i.e., the non-market price at which related parties of the global MNE transact with each other) may not reflect the "arm's length" principle (i.e., the amount charged by one related party to another for a given good or service must be the same as if the parties were not related, i.e. a market price must be charged). To the extent that MNEs overstate or understate the economic value of a transaction through misleading transfer prices, there is a misallocation between statistics on trade in goods and services versus statistics on income and have a direct impact on the allocation of value added.

[5] This was added from the roll-over of the former Intellectual Property Task Team into the GZTT.

		The *2008 SNA* and *BPM6* provide some guidance on transfer pricing. Nevertheless, both recognize the difficulties associated with making any adjustments to intra-MNE flows to reflect market prices. The current guidance should be reviewed to see if additional guidance is needed. The note should also discuss the occurrence of any "free" intrafirm transactions.
G.4	Treatment of special purpose entities and residency	While there is not an internationally agreed SPE definition across all statistical domains the IMF's BOPCOM Task Force on SPEs (TFSPE) proposed an international definition of SPEs in the context of cross-border statistics so that cross-country comparable data can be collected (BOPCOM 18/03). This definition has been adopted by BOPCOM and initial data collection will begin by the end of 2021 (for reference year 2020). The ISWGNA's Task Force on the SNA Research Agenda tasked the GZTT to study the extent to which the proposed definition could be used for national accounts purposes. Furthermore, a review of whether SPEs can be considered as separate institutional units from their parent companies may be needed. Currently, the residence of an SPE is determined according to the economic territory under whose legal jurisdiction the entity is incorporated or registered. If the entity is legally located in the same economy as its parent, the entity is (usually) combined with the parent and not recognized as a separate institutional unit because it does not satisfy SNA criteria for an institutional unit. However, if the entity is legally located in an economy different from its parent- by convention- the entity is recognized as a separate institutional unit. Some have called for a review of the residency principle as applied to SPEs and instead to reclassify the SPE to the economies of their parents.
G.5	Economic ownership and recording of intellectual property products[#6]	A strict recording of international transactions on a transfer of economic ownership basis (as opposed to legal ownership) can be challenging in different cases: (i) The parent may assign legal ownership of IPPs to SPEs which otherwise do not contribute to the MNE´s production activities. National accountants will not easily be able to deviate from such legal arrangements. Usually they will be forced to follow reported earnings on IPP investment, despite the fact that these SPEs may not be considered as the economic owners according to the *2008 SNA* principles. These "artificial" IPP services need to be identified in the national accounts or balance of payments, for example by presenting them in supplementary tables, to inform users about the significance of these flows; (ii) Recent work of the IMF's Task Force on SPEs put forward a proposal to collect supplementary information on SPEs for a reduced number of components beyond direct investment activities, including a separate line for net merchanting by SPEs , and services for the use of intellectual property. National accounts compilers should also consider whether the supplementary information meets their needs or whether additional information may be necessary. An additional complication is the intellectual property products (IPPs) and the measurement of 'intangible production', where the generation of mobile assets involves little or no physical presence; (iii) Even when MNEs do not use SPEs as the legal owner of their IPPs, the principles of economic ownership of IPPs are difficult to apply inside MNEs. The intangible nature of IPPs means that once they are

[6] This was added from the roll-over of the former Intellectual Property Task Team into the GZTT.

		produced their ownership and use are not easily observed since IPPs are not physically constrained and are non-rivalrous in nature. In other words, where IPPs are produced, used, and owned do not necessarily occur in the same country. This provides significant freedom for MNEs because the use of the IPP by one part of an enterprise group does not prevent the simultaneous use by another part and that the legal ownership of IPPs can be placed anywhere amongst the group. Currently, the guidance states to record a change in economic ownership when a financial transaction between two institutional units occurs, which corresponds to a change in legal ownership; (iv) The recording of what entity is the economic owner of the intellectual property product also has implications for how the related charges for the use of the intellectual property is recorded. Since intellectual property (e.g. R&D) is often considered corporate property, payments for its use may not always be observed separately and may instead be shown as distributed or retained earnings from Direct Investment; (v) The typology of global production as discussed in the Guide to Measuring Global Production uses ownership of IPPs as one of the criteria in classifying certain global production arrangements. Implications on the recording, especially for factoryless goods producers, needs to be borne in mind when determining the economic ownership of IPPs.
Medium-priority items		
G.6	Merchanting and Factoryless goods producers and recording of their transactions	**Australia:** The merchanting of services payments should be re-routed through the service recipient. 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. 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. 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 import of services by the third party from the service provider and an export of services to the final recipient. (also described in C.4) Factoryless goods producers (FGP) are producers outsourcing their manufacturing activities but owning the underlying intellectual property products (IPP) and controlling the outcome of the production process. This type of arrangement is becoming more and more widespread and it raises the issues of: (a) the delineation and classification of factoryless goods producers; and (b) the correct recording of transactions between those producers and contractors. If determined to be a merchanting type transaction, since FGPs value creation reflects the inclusion of IPP (including brand value) it would be preferable to at least separately identify merchanting transactions where the value creation largely reflects distribution activities from those where the value largely reflects IPP, perhaps adopting new terminology
G.7	Global value chains and trade in value-added	One key requirement of carrying out input output analysis for measuring trade in value added is reconciling trade statistics with input-output tables at bilateral level. Key in this process is avoiding (or otherwise eliminating) asymmetries in trade statistics. In addition, the analysis of global value chains requires that national statistics build in a global dimension from the outset. This could be done by developing aggregations, not only on the basis of industrial classification, but also on the basis of business functions, for example by showing separate sub-groupings of processors, FGPs, foreign owned firms, etc. Doing so would allow countries to construct supply-use tables, broken down by these new groupings, that would certainly have a higher degree of homogeneity, compared to aggregations which focus only the industrial classification of firms, where there exists

		considerable heterogeneity. This supplementary classification, which is expected to help identifying the business functions along the global value chain, is an issue for future research. This is more of a measurement issue; however practical constraints may have an impact on guidance. Examine the possibility of breaking down balance of payments 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.
G.8	Typology of global production arrangements	Update the typology of global production arrangements with emerging types of global production arrangements and to test the usefulness of the existing typology on the basis of new case studies. The typology facilitates the international comparability by helping national accountants and balance of payments compilers to determine: a) The roles of the various actors in a global value chain; b) Who are the economic owners of inputs, outputs and assets along the production chain; c) The nature of transactions taking place inside the global value chain. Further work is needed on the global production in the domain of services, particularly the business models followed by so-called international service arrangers and international value chains of services. Updating and advancing the typology require that national accountants and balance of payments compilers continue to closely cooperate with economic classification experts, business register specialists and experts in the field of the most relevant source statistics (e.g. business surveys, foreign affiliates statistics (FATS), foreign direct investment (FDA), international merchandise trade statistics (IMTS), statistics of international trade in services (SITS), research and development (R&D))
G.9	Payments for “knowledge-based capital”[7]	*Payments for “knowledge-based capital”* such as “brands”, for example franchise payments that are in practice included within international trade in services statistics but should arguably be treated as a new category of payments for non-produced assets generating primary income. *BPM6* paragraph 10.140 states that franchise fees, trademark revenue, payments for use of brand names and so forth include aspects of property income as well as aspects of services. In principle, it would be desirable to separate the income and service elements. BPM6 acknowledges it may not be feasible to do so in practice; in which case, a convention is adopted that the entire values are classified as services. However, if additional information to make a split is available, the compiler should do so.

[7] This was added from the roll-over of the former Intellectual Property Task Team into the GZTT.

2.8 Communications Task Team (CMTT)-Joint BPM/SNA

Issue No.	Research Topic	Scope/Background
High-priority items		
Medium-priority items		
Another task team (ATT) is primarily responsible to produce the Guidance Note		