

Summary Conclusions
Second Meeting of the Balance of Payments Technical Expert Group
IMF Committee on Balance of Payments Statistics

November 29 - December 2, 2004

Washington, D.C.

The second meeting of the Balance of Payments Technical Expert Group (BOPTEG) was held during November 29 - December 2, 2004 at IMF Headquarters in Washington, D.C. This report indicates issues/topics for which the BOPTEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the BOPTEG did not prepare outcome papers at this stage. This report also summarizes decisions of BOPTEG on processes, future agenda, and other administrative matters.

I. ISSUES/TOPICS OF THE SECOND MEETING

Issues # 9B: Sector and industry classification of holding companies

- See BOPTEG outcome paper # 9B.

Issues # 12: Untraded and formerly traded securities

- See BOPTEG outcome paper # 12.

Issues # 13: Traded loans - criteria to become securities

- See BOPTEG outcome paper # 13.

Issues # 16: Merchanting

- See BOPTEG outcome paper # 16.

Issues # 19: Retained earnings of mutual funds and other collective investment schemes

- See BOPTEG outcome paper # 19.

Issues # 21: Income on securities and reversible gold transactions

- See BOPTEG outcome paper # 21.

Issues # 22: Treatment of technical assistance

- See BOPTEG outcome paper # 22.

Issues # 25: Debt instruments indexed to a foreign currency

- See BOPTEG outcome paper # 25.

Issues # 26: Treatment of interest on index-linked instruments

- BOPTEG members expressed reservations on the options proposed in the Issues paper.

- As a result, after the meeting, it was decided to revise the issue paper and circulate to BOPTEG members for electronic discussion.

Issues # 27: Treatment of non-monetary gold

- A majority of BOPTEG members was prepared to consider further the introduction of financial gold as a financial instrument, noting some conceptual problems with the existing treatment of nonmonetary gold and the practice in countries with large gold dealings to use other treatments, netting and classification as merchanting.
- The UK Office for National Statistics with the involvement of the Bank of Japan was requested to continue the work on delineating financial gold from industrial gold; the accounting entries involved, based on the proposal raised in *Annotated Outline* para. 5.7(j), particularly whether nonmonetary financial gold should be included in IIP; and treatment of fees on gold lending. These issues should be dealt with electronically by BOPTEG in time to give conclusions to the Committee meeting in June 2005.¹

Issues # 28: Classification of financial instruments

- See BOPTEG outcome paper # 28.

Issues # 29: Concessional debt

- See BOPTEG outcome paper # 29.

Issues # 30: Distinction between deposits and loans

- See BOPTEG outcome paper # 30.

II. ADMINISTRATIVE MATTERS

- The BOPTEG agreed that outcome papers are to be prepared and distributed by the secretariat with a view to receive comments from the BOPTEG members by mid January 2005.

¹ After the BOPTEG meeting, in January 2005, the meeting schedule for the Advisory Expert Group on National Accounts (AEG) was revised. Instead of holding one AEG meeting late in 2005, two meetings will be held that year, one in May and one in November. It is considered efficient and prudent to bring as many BOP issues as possible to the May meeting. In that light, the forthcoming paper may need to be prepared earlier than expected at the BOPTEG meeting.

- The BOPTEG noted that all AEG related BOP issues will have to be resolved by May 2006. It asked that ISWGNA be consulted about any process to solve issues that may not have been resolved at the November 2005 AEG meeting.
- The group agreed that it will continue its work through electronic communication. The group noted that electronic communication is not as effective as a meeting could be. However, it was agreed to keep the number of meetings to an absolutely necessary minimum. Tentatively, it was felt necessary to hold one meeting around late 2006 to review draft chapters of the new manual as well as any outstanding issues.
- Electronic communication will be used to discuss any residual issues.
- The BOPTEG members were asked to review Annotated Outline and list of appendices proposed for the new manual to identify any topic that they may wish to contribute in the preparation of the appendices or a part of an appendix. They were asked to let the IMF know about their intention by the end of January 2005.
- Remaining work:
 - The UK Office for National Statistics in cooperation with Bank of Japan to prepare a paper on non-monetary gold (see above Issue # 27). BOPTEG secretariat to conduct an electronic discussion among the BOPTEG members and prepare an outcome paper.
 - IMF to revise Issues paper # 26 (Treatment of interest on index-linked instruments), conduct electronic discussion, and prepare outcome paper (see above Issue # 26).