

**CURRENCY UNION TECHNICAL EXPERT GROUP (CUTEG)**

**OUTCOME PAPER (CUTEG) # 16**

**JANUARY 24, 2005**

(1) Topic: **Conceptual treatment of multilateral settlements**

(2) Issues – see CUTEG Issues Paper #16

(3) Recommendations:

1. CUTEG noted the analytical significance that can arise from multilateral settlement data, hence the interest in its separate identification. However, although different in concept, these settlements cannot easily be distinguished from errors and omissions. This issue is inherent to the compilation any regional, or bilateral, BOP statement which describes transactions with a subset of the Rest of the World.

2. CUTEG agreed that the revised *BPM5* should provide a clearer definition of multilateral settlements and, more generally, some analytical background on how this issue of multilateral settlements applies to the different types of regional statements (currency union, economic union, bilateral statement).

3. CUTEG confirmed that while a BOP statement vis-à-vis the rest of the world, whether for a country or for a CU, should in concept balance, any statement vis-à-vis a subset of nonresidents will not.

4. CUTEG agreed that this issue raises compilation matters and that more information on this issue should be provided in the next version of the BOP Compilation Guide.

(4) Rejected Alternatives:

None.

(5) Actions

None.