

**BALANCE OF PAYMENTS TECHNICAL EXPERT GROUP (BOPTTEG)**

**OUTCOME PAPER (BOPTTEG) # 16A**

**JANUARY 2005**

(1) Topic: **Merchanting**

(2) Issues – see BOPTTEG Issues Paper # 16A

(3) Recommendations:

(i) A significant majority of BOPTTEG members supported the recording of goods under merchanting as transactions in goods and favored introducing a new subcategory “goods under merchanting” under goods. Application of the concept of the change of ownership, cross-border symmetry of data, consistency with SNA (as balance of payments record transactions rather than production) were noted as major conceptual arguments for recording merchanting as transactions in goods. Some members pointed to practical problems in separately identifying goods under merchanting while other members saw no practical problems. It was noted that the service margins are not identified in other cases where they are included in the price of the good.

(ii) A few members preferred the continuation of the existing treatment emphasizing that the nature of the activity, as intermediation, is essentially a service.

(iii) The group noted that the issue should also go to the Task Force on Statistics on International Trade in Services for consultation.

(4) Rejected Alternatives:

None.

(5) Questions for the Committee:

(i) *Does the Committee agree that goods under merchanting be recorded as transactions in goods?*

(ii) *If yes, does the Committee agree that a new subcategory “goods under merchanting” be introduced under goods?*

*See 3(i) above for all questions.*