

**Sixteenth Meeting of the
IMF Committee on Balance of Payments Statistics
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Plans for Preparation and Finalization of New Manual

**Prepared by the Statistics Department
International Monetary Fund**

PLANS FOR PREPARATION AND FINALIZATION OF NEW MANUAL

1. This paper presents a proposal for a timetable for work on the revision of *BPM5* and is an update of the proposal in “Updating *BPM5*: A Proposed Timetable and Structure” (BOPCOM-02/26). The paper proposes that three technical expert groups be set up and the type of issues each will address based on the Annotated Outline.
2. The review of the *System of National Accounts (SNA)* will be conducted at the same time as the update of the *BPM5*. There will be continuing contact between the balance of payments community and the Intersecretariat Working Group on National Accounts (ISWGNA) and its Advisory Expert Group (AEG), which is being established to assist in the review of the *SNA*.
3. The proposed timetable in this paper to update *BPM5* has been designed to be compatible with the national accounts review process. The processes in 2004-2006 are similar, with the first draft of the revised balance of payments manual scheduled for late 2006, a few months after the completion of the draft national accounts revisions in mid-2006 so as to incorporate changes and cross-references in the draft balance of payments manual. There will be a presumption that the balance of payments and national accounts frameworks will be the same or compatible, so good communication with the ISWGNA and AEG will be necessary, and the new manual will take account of ISWGNA decisions, to the extent possible.
4. For some topics that are relevant to the balance of payments, there are already electronic discussion groups, task forces, and working groups that will also need to be considered (e.g., IMF-administered electronic discussion group on nonperforming loans, Canberra II group on nonfinancial assets).
5. In addition to the role of the IMF and the IMF Committee on Balance of Payments Statistics (the Committee), it is proposed that up to three technical expert groups (TEGs) will be established to assist in the research and resolution of more detailed issues and to undertake a general review of the draft of the manual:
 - direct investment (DITEG). There are a range of issues associated with direct investment. DITEG would be a joint group of OECD and IMF. The work of DITEG would be coordinated with the OECD revision of the *Benchmark Definition of Foreign Direct Investment*¹;
 - currency union (CUTEG). The issues associated with currency unions are specialized and will be given increased priority in the new manual, so a group would assist in dealing with the issues; and

¹ For more detail, see BOPCOM-03/30.

- other balance of payments issues (BOPTTEG). This group will examine all other issues, such as arrears, residence, portfolio investment, and reserves.

6. Selection of TEG members would take account of topics identified by the 2003 Committee meeting. There would be a core group and possibly others added for a particular discussion because of their particular field or fields of expertise. Members would be chosen to have a range of experience and backgrounds in both specific and general issues while having a familiarity with the concepts and detailed practical knowledge of the issues and capable of making a sufficient commitment of time. TEG members, IMF staff, and others would provide discussion papers to the TEGs to assist in the deliberations, with options or recommendations to be tabled at subsequent Committee meeting. TEGs would work by e-mail communication supplemented by occasional meetings.

7. The TEGs would disseminate their work on the internet and report to the Committee meeting.

8. During this process, there would be e-mail consultation with Committee members so that continuing work on the manual would not be held back by being limited to a single annual meeting by the Committee.

A. Preliminary Timetable

	IMF	Committee	TEGs	National accounts
December 2003		Annual Meeting. On basis of Draft Annotated Outline, discuss overview, identify issues as either agreed or needing further work/discussion.		
January 2004	Select and invite BOPTTEG members. Invite BOPTTEG members to prepare discussion papers on particular issues.			
February-March 2004	English version of Annotated Outline posted on IMF website and mail/e-mail to member countries, ISWGNA, other interested groups (e.g., Task Force on Finance			Identification of issues. (No further issues will be able to be raised.)

	IMF	Committee	TEGs	National accounts
	Statistics, Task Force on Statistics on International Trade in Services) and IMF. ⁽¹⁾ Translations available a month or two later. First round of comments due in three months.			
During 2004 (after release of AO)	Possible regional compilers seminar(s), depending on resource availability. (Seminars would aim to explain the process and proposals as well as seek input.) A pilot seminar could be held to assess the effectiveness. Publicity in <i>BOP Newsletter</i> , <i>OECD Statistics Newsletter</i> , <i>UN SNA Notes and News</i> . (These would be short articles that would refer to more detailed information posted on the IMF website.)			
May 2004			Papers due for TEG meetings.	
June 2004?			First meetings of TEGs.	
August 2004	Produce compendium of comments received—IMF website and mailout to Committee and TEGs.			
September 2004	Preliminary draft of two or three chapters (selected as not having major remaining unresolved issues, among Chapters 2-3 and 11-13 and others			

	IMF	Committee	TEGs	National accounts
	depending on evolution of debate)— IMF website and mail/e-mail to Committee and TEGs.			
October 2004		Annual Meeting. Consider draft chapters, TEG progress and outcomes, identify any further issues.		
November 2004			Papers due for BOPTEG and CUTEG meetings.	
December 2004?			Second meetings of BOPTEG and CUTEG.	
February 2005			Papers due for DITEG meeting.	
March 2005			Third (and possibly final) meeting of DITEG prior to annual meeting of the OECD Experts Group on International Investment.	
May 2005			Papers due for TEG meetings.	
June 2005			Third meetings of BOPTEG and CUTEG, if necessary.	
September 2005	Revised initial chapters. Preliminary draft of (almost all) additional chapters— IMF website and mail/e-mail to Committee and TEGs.			
November 2005			Further meeting of TEGs, if necessary.	

	IMF	Committee	TEGs	National accounts
December 2005		Annual Meeting. Consider draft chapters, TEG progress and outcomes, identify omitted issues.		
March 2006	Report to ISWGNA on BOP issues affecting <i>SNA</i> .			
April 2006				Consolidated recommendations for changes to the <i>SNA</i> . (No further changes in substance.)
June 2006			Further meeting of TEGs, if necessary to consider changes consequent to the <i>SNA</i> review.	
October 2006		Annual Meeting. Consider draft chapters, TEG progress and outcomes, identify omitted issues.		
End December 2006	Draft of all chapters, some appendices—IMF website and mail/e-mail to member countries, ISWGNA and other groups, and IMF for written comments in three months. ⁽²⁾ Translations to be made.			
First nine months of 2007	Regional seminars. ⁽³⁾			
3 rd week April 2007	Produce compendium of comments received—IMF			

	IMF	Committee	TEGs	National accounts
	website and mail/e-mail to Committee and TEGs.			
April 2007	Draft of BOP inputs to <i>SNA</i> circulated to Committee.			
May 2007				First completed draft of revisions to the <i>SNA</i> sent to countries for comment.
June 2007			TEGs meeting to review draft and compendium of comments.	
End-August 2007	Summary of proposed changes sent to Committee.			
October 2007		Annual Meeting. Discuss and endorse proposed changes to the draft.		Revisions to <i>SNA</i> submitted to ISWGNA for approval.
December 2007	Revised draft manual (all chapters and appendices) after taking into account input from regional seminars— IMF website and mail/e-mail to member countries; due for comments in three months. Translations to be made.			
March 2008				Revised <i>SNA</i> submitted to Statistical Commission for approval..
June 2008	Near final draft posted on IMF website, BOPCOM and international agencies for review. Comments due by September 2008.			

	IMF	Committee	TEGs	National accounts
October 2008		Annual Meeting. Discuss and agree to final text.		
December 2008	Final draft, subject only to editing, posted on IMF website.			
Beginning in January 2009	Prepare hardcopy publication, index, translations, begin update of <i>Textbook and Compilation Guide</i> .			

⁽¹⁾ Using IMF List of BOP Correspondents, almost all of whom now have e-mail addresses.

⁽²⁾ Changes to the draft after end-2006 would be limited to those resulting from ISWGNA decisions, comments from member countries and relevant groups on issues of consistency and readability, any urgent new issues, and editing.

⁽³⁾ The 2007 regional seminars would still seek input, but would have a much greater emphasis than the 2004 seminars on explaining the manual, particularly proposed changes.

B. Issues Possibly Requiring Further Work

9. As a starting point, the following table sets out some of the main issues and possible timing and allocation of tasks. Agreement on some issues may be identified from the written comments on the Draft Annotated Outline or from discussions at the 2003 Committee meeting. In addition, issues where additional work is needed will be identified. The following is a preliminary list to help guide the identification of issues. Nevertheless, the identification of settled issues at this stage will not be final, so that some issues initially identified as settled may be reconsidered at a later stage.

10. The following is a list of issues that possibly will require further work, together with a possible forum and timing of discussion. The list will be winnowed after the 2003 Committee meeting. (A complete list of issues is shown at the end of each chapter of the Draft Annotated Outline.)

	Topic	Proposed forum and time⁽⁴⁾
Chapter 3 Accounting Principles	Timing basis for payments in arrears	BOPTEG; 2004, 2003-2004
	Implication of definition of transactions for Migrants' transfers	BOPTEG; 2004
Chapter 4 Residence, Units, Sectors	Residence of SPEs, Institutional sector of SPEs	BOPTEG; 2004
	Residence – stricter application of one-year guideline for individuals	BOPTEG; 2004
	Residence - nonpermanent workers	BOPTEG; 2005/Services TF?
	Level of sectoral detail	Committee Meetings; 2004-5
	Currency union issues	CUTEK; 2004-5
Chapter 5 Classifications	Instrument classification and terminology	Committee Meeting; 2003
	Direct investment – indirect ownership	DITEG; 2004-5
	Direct investment – reverse investment	DITEG; 2004-5
	Nonpermanent debt between affiliated intermediaries	DITEG; 2004-5
	Portfolio investment – exclusion of private equity and untraded funds	BOPTEG; 2004-5
	Derivatives – extra detail	BOPTEG; 2004-5
	Reserves – derivatives, gold loans, repos	BOPTEG; 2004-5
	Maturity classification – three-way split, as per Debt Guide	BOPTEG; 2004-5
Chapter 6 IIP	Valuation of positions in untraded securities (esp. direct inv, also portfolio/other)	DITEG and BOPTEG; 2004-5
	Valuation of impaired and traded loans, showing them as memorandum item, also writeoffs, writedowns	BOPTEG; 2004-5
Chapter 9 Goods and Services	Additional detail for re-exports, goods for processing, travel, IT, construction	BOPTEG; 2004-5/Services TF
	NA work on FISIM, other financial services, insurance	Committee Meeting; 2006
	Treatment of goods for processing	BOPTEG; 2004-5
Chapter 10 Primary Income	Reinvested earnings	BOPTEG; 2004-5, DITEG; 2004-5
	Mutual funds income – treatment of retained earnings and classification as earnings on equity	BOPTEG; 2004-5
	Dividends being treated as withdrawals of equity, rather than income	BOPTEG; 2004-5
Chapter 11 Secondary Income	More detailed classification of transfers	BOPTEG; 2004-5

	Topic	Proposed forum and time⁽⁴⁾
	Treatment of concessional loans	BOPTEG; 2004-5
List of appendices	Additions/subtractions	Committee Meetings; 2004-5
Particular appendices		Committee, BOPTEG, DITEG 2005-7
All	General review of text	Detailed – BOPTEG; 2007 Final review –Committee Meeting; 2007

⁽⁴⁾ BOPTEG only if agreement does not emerge from written comments and Committee discussions. The proposed timing is for initial discussions; some issues may require further discussion.

Topics for discussion:

Does the Committee have comments on the proposed process for dealing with the update of the Manual, in particular:

- (a) the timetable?*
- (b) the TEGs?*
- (c) coordination with work by ISWGNA and OECD?*