Twenty-Third Meeting of the IMF Committee on Balance of Payments Statistics Washington, D.C.
October 25–27, 2010

BPM6 Implementation Plans:
Adoption of BPM6 and Other Updates in the International Accounts of the
Canadian System of National Accounts

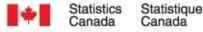
Prepared by Statistics Canada



Adoption of BPM6 and other updates in the international accounts of the Canadian System of National Accounts

IMF BOPCOM

October 2010





Updates to the International Accounts Program

- PGM: qBOP; qIIP; mSec; aCPIS; aFDI/FAS; aTIS
- Context of the 2012 historical revision (HR) to the Canadian System of National Accounts ... Issues currently under consideration (some TBD)
- Context of retooling of the IA surveys
- 2012 ... mini HRs afterwards (2014 deferred)
- Scope: Increased compliance with international standards, including BPM6 ... phased in (data challenges)
- Scope: Statistical revisions, classification changes

BPM6 + other changes – Current Account

- Move to adopt NAPCS for international trade
 services in progress, project for goods
- BOP-IIP full conversion to NAICS
- PTAs (6-16) quarterly trade ... BOP-IIP
- Revisions to trade in services → survey redesign, admin data → ↑`d coverage-accuracy
- Goods for processing deferred
- Merchanting excluded (remains services)
- Repairs from Goods to Services

BPM6 + other changes – Current Account

- FISIM estimated and included in Services
- R&D to be capitalized in SNA and crossborder sales to treated as purchased services
- Insurance services detail and methodology under review
- Postal and courier services moved to Transportation; Introduction of Telecommunications, computer, and information services; Term Royalties replaced by Fees for franchises and other proprietary rights

BPM6 + other changes – Current Account

- Exclusion of migrants` personal effects
- Re-exports as supplementary items (TBD)
- Proposed new detail-breakdown under transportation and government services (TBD) ... Issues of confidentiality
- No plan on modes of supply for services (esp. M1 and M4; M3 FAS) – excluded
- Labour income moved from services (individual service providers) to Primary income (admin data)
- Other BPM6 changes to goods and services → too small, no data

BPM6 changes - Current Account

- Concept of *Primary income* introduced (labour and property income)
- Investment income detail linked to financial instruments (in place + changes to FA)
- Income on IF shares include RIE (TBD)
- FDI income detail by type deferred; FDI income from reverse investment not on gross basis deferred
- Other BPM6 changes to investment income → in place, too small, no data
- BPM6 changes to current transfers, outside of Secondary income title (TBD)

BPM6 changes – Capital and Financial Account – Capital Account

- Cosmetic changes to the capital account ...
 New sub-details need to be assessed for quality and confidentiality (TBD)
- Exclusion of migrants` transfers
- Generation of an overall balance similar to that used in the Canadian SNA Flow-of-Funds
 - Net lending-borrowing balance from the current account balance (saving) and net capital account flows

BPM6 changes – Capital and Financial Account – Financial Account

- Split between FDI debt and equity deferred
- FDI asset-liability principle (TBD)
- FDI M&A activity (TBD) ... Confidentiality?
- Other FDI detail, outside of RIE, deferred
- Split between listed and unlisted equity (TBD)
- Investment fund shares in FDI and portfolio investment (TBD)
- S-T and L-T split on portfolio securities, but will retain focus on instrument detail ...
 Securities databases

BPM6 changes + other – Capital and Financial Account – Financial Account

- Financial derivatives in progress (TBD)
- Adopt S-T and L-T split on deposits and loans, as well as trade credit – excluded
- Official reserves (detail) to separate category
- Insurance, pensions and standardized guarantees (TBD)
- Allocation of SDRs as a liability (completed)
- NEO → Statistical discrepancy: Net Errors and Omissions ... Canadian SNA consistency

BPM6 + other changes – Capital and Financial Account - Financial Account

- Reversing the sign on BOP domestic asset flows ... More consistent with other accounts and for ease of analysis
- MEMO items (TBD)
- Analysis of net errors and omissions in the context of sector account flows
- BOP-IIP by institutional sector can be done but likely – deferred
- BOP Financial Account changes carryover to IIP

BPM6 + other changes – International Investment Position

- Basic FDI asset-liability principle applied ...
 Further refinements deferred pending
 completion of financial surveys re-design
- Debt-equity split in FDI, FDI fellow enterprise detail – deferred (re-design)
- Real estate Other investments to FDI (TBD)
- Market valuation for tradable securities in place; Market valuation for FDI and unlisted equity in progress ... PTAs vs full geography
- Valuation of loans
- Other changes in Assets Accounts implicit ... explicit (TBD)

Candian System of National Accounts: BPM6 + other revisions

SUMMARY

- △ Moving towards BPM6 and other international standards ... 2012 2014
- △ More frequent (mini) historical revisions → more flexible system that can adapts on an ongoing basis to evolving international standards and new demands for information
- △ Statistical revisions from improved data, increased coherence, classification changes, etc ... Important part of historical revisions