

**Twenty-Third Meeting of the
IMF Committee on Balance of Payments Statistics
Washington, D.C.
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Progress on the BPM6 Compilation Guide

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

I. INTRODUCTION

1. The *Balance of Payments Compilation Guide (BPM6 CG)* is a companion document to the *Balance of Payments Manual (BPM)*. The *CG* provides practical directions for using data sources and methods to compile statistics on the balance of payments (BOP) and the international investment position (IIP). The current *CG*, which was published in 1995, was written to assist compilers in developing external sector statistics that are consistent with the fifth edition of the *BPM (BPM5)*. Work is now underway to update the *CG* for use in compiling statistics that are consistent with the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*.

2. *BPM6* reflects many important developments that have occurred in the international economy since *BPM5* was released. Some of the more significant changes introduced are as follows:

- Revised treatment of goods for processing;
- Changes in the measurement of financial services, including Financial Intermediation Services Indirectly Measured (FISIM), inclusion of spreads on purchases and sales of securities, and the measurement of insurance and pension services;
- Elaboration of foreign direct investment;
- The introduction of the concept of reserve-related liabilities; standardized guarantees; and unallocated gold accounts;
- New concepts for the measurement of international remittances;
- Exclusion of migrants' transfers from the BOP accounts; and
- Increased focus on balance sheets (including a chapter on flows arising other than from balance of payments transactions).

3. This paper is provided to the IMF Committee on Balance of Payments Statistics (Committee) to update the Committee on the work that has been completed and that still remains on preparing the *BPM6 CG*. Annex I presents the draft schedule for updating the *BPM6 CG*.

II. CHAPTER-BY-CHAPTER PROGRESS ON THE BPM6 CG

4. Below is a list of the proposed chapters and appendices in the *BPM6 CG* and a brief summary of each chapter's content, as presented to the Committee last year (BOPCOM—09/08). The chapters themselves will be posted to the new IMF website

(<http://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>) when they have been approved for release.

Chapter 1: Introduction

5. This chapter will provide an overview of the *BPM6 CG*. It will explain why a compilation guide is needed and will give a summary of the major changes in structure and content between the *BPM5 CG* and the *BPM6 CG*. It will also outline the scope and organization of the *BPM6 CG*.

6. This chapter is being drafted by John Joice (STA's Balance of Payments Division (BP)).

SECTION A: OVERVIEW OF MAIN DATA SOURCES

Chapter 2: Surveys of Businesses

7. This chapter will discuss the range of surveys of enterprises that may be developed to collect data for compiling balance of payments and IIP statistics. It will highlight the relative benefits and relative costs of conducting surveys.

8. This chapter will be substantially revised from the material now contained in the *BPM5 CG*. Indeed, separate sections will discuss surveys of businesses (general information on how to create a sample frame, establish a timetable, determine the coverage of the survey, etc.), international transport surveys, surveys of international activity associated with securities, and surveys of business for balance of payments and international investment position purposes (specific information on questions that might be included).

9. This chapter (including all of the separate sections) is being drafted by John Joice (BP). An internal draft has been circulated.

Chapter 3: Household Budget Surveys and other data collections from households

10. This chapter will discuss the data collection from households. In particular, it will review data collection from household budget surveys, surveys of travelers (including visitor and tourism expenditure surveys), and surveys of individuals who cross the border of their country of residence to work or for other purposes.

11. This chapter is being drafted by John Joice (BP). An internal draft has been circulated.

Chapter 4: International Transactions Reporting System

12. This chapter will discuss the uses of the data from the international transactions reporting system (ITRS) in compiling balance of payments statistics. It will provide an overview of the establishment of an ITRS and will review the advantages of an ITRS compared with other data sources. Issues of coverage, timing and valuation will be discussed.

13. This chapter is being drafted by Tamara Razin (BP). An internal draft has been circulated.

Chapter 5: International Merchandise Trade Statistics

14. This chapter will examine data collection from international merchandise trade statistics (IMTS) or customs data. It will review the differences between the concepts used in *International Merchandise Trade Statistics: Concepts and Definitions* and *BPM6* concepts, and will discuss the techniques used to adjust the IMTS data to *BPM6* concepts. In addition to estimating the goods component of the balance of payments statistics, the chapter will examine how merchandise trade statistics may be used to estimate other components, such as foreign direct investment.

15. This chapter is being drafted by Thomas Alexander (BP). An internal draft has been circulated.

Chapter 6: Data from official and administrative sources

16. This chapter will examine the various administrative and official sources that could be used as sources of data such as government accounts, external debt statistics, and central bank statistics. It will also examine the data collected by international organizations such as the Bank for International Settlement's international banking statistics, the World Bank's external debt statistics, and the IMF's international financial statistics. It will outline the various differences in concepts and how these differences may be overcome.

17. This chapter is being drafted by John Joice (BP). An internal draft has been circulated.

Chapter 7: The IMF's global data collection initiatives

18. The chapter will discuss the two global survey initiatives being coordinated by the IMF: the Coordinated Direct Investment Survey (CDIS) and the Coordinated Portfolio Investment Survey (CPIS) and briefly explain how the data could be used in balance of payments and IIP compilation. In regard to the CDIS, it will discuss compilation issues such as the choice of statistical unit (local enterprise groups or enterprises), the identification of

ultimate controlling parent, the use of book value in estimating the market value of unlisted equity, and methods of estimating earnings and reinvested earnings on a current basis.

19. This chapter is being drafted by Thomas Elkjaer (BP).

SECTION B: COMPILATION PRACTICES

Chapter 8: Compiling the Balance of Payments and International Investment Position Statistics—An Overview

20. This chapter will provide an overview of the compilation of the balance of payments and IIP statement. It will examine broad issues relating to estimation and the various techniques that could be used when data are unavailable or deficient. This chapter will also examine the design and management of the BOP statistical process. It will also examine a range of issues that a compiler could face such as multiple exchange rates, residency issues, the use of foreign currency for domestic transactions (dollarization, euroization), and regional arrangements.

21. This chapter will be among the final chapters to be drafted. As an overview chapter, it would benefit from the completion of Chapter 9 through Chapter 18.

Chapter 9: The International Investment Position

22. This chapter will incorporate material from the publication *International Investment Position: A Guide to Data Sources*. It will discuss the estimation of exchange rate changes, estimation of the various valuation changes and the options open to the compiler when these data are not available. It will also discuss deriving an estimate of the opening position when the relevant data are not available. It would include guidance on compiling both quarterly and annual IIPs, including memorandum and supplementary items introduced in *BPM6*.

23. This chapter is being drafted by Colleen Cardillo (BP). An internal draft has been circulated.

Chapter 10: The Financial Account

24. This chapter will be closely related to the previous chapter on IIP. It will be structured according to the functional categories *viz.* direct investment, portfolio investment, financial derivatives (other than reserves) and employee stock options, other investment, and reserve assets. Much of this chapter will focus on the data sources that could be used to derive the various estimates and the consistency checks that could be employed. It will also examine the use of stock data to estimate transaction flows.

25. This chapter is being drafted by Paul Austin (BP).

Chapter 11: Goods

26. This chapter will describe how data on goods transactions could be derived from the primary data sources and will also outline how these data should be adjusted to derive estimates of goods based on *BPM6* concepts. It will also examine how enterprise survey data could be used to augment the data from the IMTS and the ITRS. Also, merchanting is now recorded under goods. This chapter will examine some of the data sources that could be used to derive estimates of goods under merchanting.

27. This chapter is being drafted by Thomas Alexander (BP). An internal draft has been circulated.

Chapter 12: Services

28. The chapter will examine separately the items that are derived through explicit/direct estimation from source data and the items that are derived implicitly/indirectly. In particular, it will discuss: manufacturing services on physical inputs owned by others; freight and insurance on imports; travel; insurance services; treatment of intellectual property; technical assistance; FISIM; and other services components.

29. Different sections of this chapter are being drafted by Thomas Alexander and Cornelia Hammer (BP), and Kim Zieschang (Real Sector Division). Also, the World Tourism Organization has contributed much material for the sections of the *BPM6 CG* that pertain to travel.

Chapter 13: Primary Income

30. In addition to examining data sources and compilation techniques, this chapter will place relatively greater emphasis on borderline issues, such as differentiating between compensation of employees and services; rent and rental; and taxes and payments for services.

31. This chapter is being drafted by Cornelia Hammer and Mark van Wersch (BP). An internal draft has been circulated.

Chapter 14: Secondary Income

32. Among other issues, this chapter will examine the measurement of personal transfers. It will borrow from the guidelines on measuring remittances, presented in the *Remittances Compilation Guide*.

33. This chapter is being drafted by Cornelia Hammer and Mark van Wersch (BP). An internal draft has been circulated.

Chapter 15: Capital Account

34. This chapter will address some borderline issues such as the distinction between capital taxes and current taxes, and capital transfers and current transfers.

35. This chapter is being drafted by Cornelia Hammer (BP). An internal draft has been circulated.

Chapter 16: A Summary of Insurance Transactions and Positions (possibly an annex)

36. This chapter will review the treatment of the various transactions relating to insurance that have been addressed elsewhere in the *BPM6 CG*. It will present an example of the (partial) accounts of an insurance enterprise and will show how each transaction and position is reflected in the balance of payments and IIP statistics.

37. This chapter is being drafted by Cornelia Hammer (BP). An internal draft (partial) has been circulated.

Chapter 17: Foreign Direct Investment (possibly an annex)

38. This chapter will provide guidance on the compilation of statistics on foreign direct investment. Areas that will be addressed include presentation of model survey forms for collecting FDI data from enterprises, discussion of the treatment of fellow enterprises, identification of Ultimate Controlling Parents, and statistical unit issues (enterprises versus local enterprise groups).

39. This chapter is being drafted by BP staff.

Chapter 18: Exceptional Financing

40. This chapter will discuss the rearrangement of the items in the standard presentation, and will review the range of exceptional financing transactions, with examples.

41. This chapter is being drafted by Tamara Razin (BP).

Chapter 19: The accessibility and serviceability of the statistics

42. This chapter will address quality issues relating to Dimension Four and Dimension Five of the Data Quality Assessment Framework. It will therefore examine issues such as the periodicity and timeliness of the statistics, revision policy, and the dissemination of data and metadata.

43. This chapter will also review the presentational changes introduced in the *BPM6*. This chapter is being drafted by Andrew Kitili (STA front office).

Appendices

Appendix I: BPM6 Conversion Matrix and Explanatory Notes – This annex has been prepared and is posted on the new *BPM6 CG* website.

Appendix II: Linkages within the international accounts – This annex is proposed for deletion. The material is already covered elsewhere in the *BPM6 CG*.

Appendix III: Linkages with other macroeconomic datasets (national accounts, monetary and financial statistics, government finance statistics) – This annex is being prepared by several BP staff (Florina Tanase, Rita Mesias, Silvia Matei, and Thomas Alexander) and possibly others. It would become Appendix II if the originally considered Appendix II is deleted, as proposed.

Appendix IV: Model survey forms and other data collection instruments – This would become Appendix III if the originally considered Appendix II is deleted, and Appendix III becomes Appendix II. This appendix is being prepared by John Joice (BP).

III. MAIN CONCERNS/QUESTIONS

44. Drafting such a valuable *Compilation Guide* is an ambitious project. It is helped that material for most of the chapters (including the discussions of main data sources, ITRS, surveys, imputation based on models, etc.) can be adapted from the *BPM5 CG*. Thus, identifying the general content of many of these chapters is expected to be relatively straightforward.

45. The international statistical standards may still be evolving in a few areas, or they may be unclear. In these cases, the *BPM6 CG* will have to be careful not to unintentionally introduce methodological changes. The chapters that pertain to FISIM or foreign direct investment may be examples of this circumstance. It should be noted that the IMF's CDIS metadata questionnaire will obtain information on country practices. For example, it will ask compilers how they identify Ultimate Controlling Parents where the treatment may be ambiguous (such as in the case of associates, or where a resident holds majority ownership and a nonresident holds minority ownership), and this information is expected to be useful in drafting the *BPM6 CG*. Exceptional financing is another area where the standards may not be completely clear.

Questions for the Committee

1. *Do members of the Committee have any general comments on the BPM6 CG?*
2. *Are members of the Committee willing to provide case studies for the BPM6 CG?*

**SIXTH EDITION OF THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT
POSITION COMPILATION GUIDE**

TIMETABLE

Activity	Target Date
First set of key draft chapters	September/October 2010
Develop <i>BPM6 CG</i> website <ul style="list-style-type: none"> • Post BPM6 Implementation plans • Post chapters as they become available 	September 2010 (completed)
Worldwide consultation on first set of chapters	February-March 2011
Revise first set of chapters	July 2011
Second set of draft chapters disseminated	October 2011
Worldwide consultation on second set of chapters	February-March 2012
Revise second set of chapters	July 2012
Final editing of all chapters	August/September 2012
<i>BPM6 Compilation Guide</i> presented to BOPCOM	October 2012
Pre-publication draft of the <i>BPM6 Compilation Guide</i> on the IMF website	December 2012

