



Thirtieth Meeting of the IMF Committee on Balance of Payments Statistics

Paris, France
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BOPCOM—17/09

Research Agenda for External Sector Statistics

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The 2016 meeting of the IMF's Balance of Payments Statistics Committee (Committee) discussed the results of the IMF work for scoping the research agenda in external sector statistics (ESS) and agreed on a list of topics to be included on the agenda. Also, the mechanisms and procedures for addressing the research topics and for informing the international community on new methodology/guidance were endorsed. This paper (i) provides an overview of the implementation of the research agenda as established at the 2016 Committee meeting; (ii) proposes new topics for inclusion in the research agenda; and (iii) identifies topics to be addressed in the coming year, for the 2018 Committee meeting.²

I. BACKGROUND

1. Following the agreement reached during the 2015 Committee meeting, the IMF started the work on scoping the *BPM6* update, identifying topics which could be discussed at future Committee meetings. Inputs from the Committee were gathered for the ESS research agenda that was presented in the 2016 BOPCOM paper *Scope of the Research Agenda for External Sector Statistics* (see [BOPCOM 16/08](#)). The Committee discussed the list of research topics suggested for consideration in the medium term, as well as topics suggested by the Committee that were not considered and the reasons why they were excluded. The 2016 BOPCOM paper presented also the mechanisms and procedures to be applied in addressing the research topics and in informing the international community on new methodology/guidance.

2. The research agenda list is not meant to cover the Committee's entire work program; but only issues connected with the balance of payments/IIP methodological framework, requiring either clarification or more structural changes to *BPM6*. The list is not considered closed; the IMF will continue gathering additional research topics through ESS training courses, technical assistance missions, from Committee members, queries received from external data users, and from IMF area departments drawing on their experiences with the IMF member economies.

3. This paper is structured in three parts: the first part discusses progress in implementing the topics included in the short-term research agenda (to be addressed/worked upon until the 2017 Committee meeting); the second part presents new topics suggested to be included in the research agenda; and the third part introduces the topics to be addressed until the 2018 Committee meeting. The list of new topics will be supplemented, where necessary, with topics that might arise from the discussion during the 2017 Committee meeting.

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² This paper is presented in two parts on the agenda of the Committee's 2017 meeting.

II. PROGRESS IN IMPLEMENTING THE 2017 RESEARCH AGENDA

4. The 2016 Committee meeting approved the list of topics to be considered for the research agenda in the short- and medium-term, including 58 items (see [BOPCOM 16/08](#)). The timing of possible clarifications is being coordinated with other international statistical frameworks, such as the 2008 SNA.

5. Progress on the **nine** research topics to be addressed until the 2017 Committee meeting is presented in Table 1. The draft guidance on **three** topics has been discussed with Committee members via written procedure.

Table 1. Progress in Implementing the Research Topics Identified to be Addressed Before/For the 2017 Committee Meeting

	Topic	Progress
1.	Recording of negative interest	A clarification note was drafted by STA and discussed with the Committee members via written procedure. Thereafter it was also discussed with the ISWGNA and the GFSAC. The final note was posted on the <i>BPM6</i> web page at http://www.imf.org/external/pubs/ft/bop/2007/bopman6.htm
2.	Compilation of data on special purpose entities (SPE) in ESS	A BOPCOM Task Force on SPEs (TF SPEs) was established comprising representatives of eight countries (important offshore centers and four international organizations), with the IMF chairing and providing secretarial support. The Progress Report and Action Plan of the TF SPEs is tabled for discussion at this meeting (see BOPCOM 17/05). The TF SPEs work will continue until the 2018 meeting of the Committee.
3.	Treatment of digital economy in ESS	The paper prepared by the OECD/IMF is discussed at this meeting (see BOPCOM 17/07). The work will continue in 2018. In addition, STA is drafting a Board Paper on Measuring the Digital Economy in Macroeconomic and Financial Statistics that will be presented to the IMF Executive Board of Directors in February 2018. The paper includes also the contribution of the STA's Balance of Payments Division on measuring the digital trade in external sector statistics.
4.	Estimation of imports /exports of FISIM by central banks under negative reference rates	This topic was replaced by Confronting methods used in national accounts and international account for estimating FISIM in ESS. The USA's Bureau of Economic Analysis (BEA) will draft and present the paper at the 2018 Committee meeting.

	Topic	Progress
5.	Delineation of telecommunication services from financial services for mobile money transactions	The paper drafted by Uganda is discussed at this meeting (see BOPCOM 17/11).
6.	Classification of letter of credit in ESS	The paper drafted by BIS and China is discussed at this meeting (see BOPCOM 17/12).
7.	Classification of reserve position in the IMF	The paper drafted by the IMF is discussed at this meeting (see BOPCOM 17/13).
8.	Treatment of currency swap agreements between central banks	The paper drafted by the IMF was sent to the Committee for comments via written procedure. The proposed updates to the paper addressing the Committee's comments is discussed at this meeting (see BOPCOM 17/10).
9.	Treatment of deposit of precious metals	The paper drafted by the IMF is discussed at this meeting (see BOPCOM 17/14).

6. Against the background of developments in the global economy, actions on some statistical issues became more urgent. First, against the increasing number of internal and external questions received on the treatment of currency swap agreements between central banks, the paper originally assigned to Egypt and Brazil had to be prepared by the IMF at the beginning of the year and was discussed by the Committee via written procedure. In addition, the IMF started work on three topics that had been initially scheduled for consideration in 2018, namely: (i) measuring the informal economy in cross border statistics (see BOPCOM 17/08) - this topic replaces the "Illegal economic activities" item included in the research agenda as it is a broader concept covering also the illegal cross border transactions; (ii) measuring global value chains in ESS (see BOPCOM 17/04 and 17/21); and (iii) guidance on the treatment and recording of other (other than monetary) gold held by central banks. On the latter, the note "International Reserves and Foreign Currency Liquidity Data Template—Clarification on the Recording of Gold Under Other Foreign Currency Assets" was discussed by the Committee via written procedures and was posted at <http://www.imf.org/external/bopage/bopindex.htm>.

III. NEW TOPICS PROPOSED FOR THE RESEARCH AGENDA

7. As agreed at the 2016 Committee meeting the IMF has continued gathering research topics from ESS training courses, technical assistance missions. Table 2 includes new topics proposed to be included in the research agenda. The proposed topics only require clarification of the treatment recommended in *BPM6*.

Table 2. Topics Suggested to be Added to the Research Agenda

No	Short Description of Topic	Why There is Need to Consider/Reconsider the Topic	Recommended Action	Decision on Implementation
1.	Covering the informal economy in external sector statistics	IMF: Lack of coverage of informal economy in ESS affects the quality of these statistics. Clear guidance on the methodology and data sources are required to improve the coverage of ESS. Note: replaces the “Illegal economic activities” item included in the research agenda approved at the 2016 Committee meeting.	BOPCOM papers/ Guidance	2018/2019
2.	Recording of cryptocurrencies in external sector statistics	IMF: With the rapid development in issuance and use of cryptocurrencies for cross border transactions, there is a need to develop guidance on the treatment of cryptocurrencies and of compilation technics, including data sources.	BOPCOM papers/ Guidance	2018
3.	Travel/ Passenger transport	Participants at the IMF HQ course on Balance of Payments Statistics: (1) More clarification is needed on the treatment of taxes and fees on passengers’ tickets, in particular in relation to air transport. (2) If the travel package includes insurance, should it be separated (like transport) and allocated to insurance?	Guidance/ Clarification note	2019
4.	ESS-specific issues in economies that use as legal tender a currency issued by a foreign monetary authority.	IMF based on TA missions: guidance is needed in addressing specific issues, such as: statistical implications for reserve assets, and the reserves data template; treatment of currency in circulation as an external/domestic asset; and estimating foreign exchange cash held by households.	BOPCOM papers/ Guidance	2018

8. Considering the increased workload related to the research agenda to be addressed up to 2018 Committee meeting, it is proposed to postpone the implementation of some items initially planned to be addressed in 2018. The list of topics and the proposed new timeframe are presented in Table 3 below.

Table 3. Proposed New Timeframe for the Select Research Topics from the 2017 Research Agenda

	Topic	Recommended Action in 2017 Research Agenda	Proposed New Timeframe for Implementation
1.	Treatment of health-related travel	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s); now proposed as a clarification note to be bundled with Item 3 in Table 2.	2019
2.	Treatment of hybrid insurance and pension products in ESS	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019
3.	Reasoning for negative exports in merchanting	BOPCOM paper to be prepared by a Committee WG/TEG, in collaboration with ISWGNA	To be determined within <i>BPM6</i> update
4.	Measurement of margins on buying and selling of financial instruments	BOPCOM paper prepared by IMF staff and/or volunteer Committee member(s)	2019

IV. TOPICS FOR THE 2018 RESEARCH AGENDA

9. Table 4 below includes topics from the research agenda proposed to be included in the working agenda for 2018 (i.e., up until the 2018 Committee meeting). The first five topics will be the highest priority for the research agenda work.

Table 4. Tentative List of Research Topics to be Addressed Before/For the 2018 Committee Meeting

	Topic	Pri ority	Action and Mode of Implementation	Timeframe	Deliverable	Who Prepares Proposal for the Committee
1.	Measuring digital economy in ESS (including trade finance)	H	BOPCOM papers	2018/2019	Paper/ Guidance posted on dedicated webpage	IMF /OECD The research started in 2017 (BOPCOM 17/07 and 17/21)
2.	Measurement of informal economy in ESS	H	BOPCOM paper	2018/2019	Preliminary report of the task force on informal economy posted on dedicated webpage	IMF /Eurostat The research started in 2017 (BOPCOM 17/08)
3.	Compilation of data on special purpose entities in ESS	H	BOPCOM paper	2018/2019	Final report of the TFSPEs posted on dedicated webpage	TFSPEs The research started in 2017 (BOPCOM 17/05)
4.	Measurement issues of global value chains in external sector statistics	H	BOPCOM paper	2018/2019	Paper posted on dedicated webpage	OECD and IMF
5.	Recording of cryptocurrencies in external sector statistics	H	BOPCOM paper/Guidance	2018	Paper/ Guidance posted on dedicated webpage	IMF and/or volunteer Committee member(s)
6.	Treatment of charges for the use of intellectual property	M	BOPCOM paper	2018	Paper/ Guidance posted on dedicated webpage	Eurostat
7.	Treatment of gaming, sport events, and sport players in external sector statistics	GC	Paper/Guidance	2018	Guidance posted on dedicated webpage	Brazil and Philippines
8.	Confronting methods used in	GC	Paper	2018	Paper posted on dedicated	USA

	Topic	Pri o r i t y	Action and Mode of Implementation	Timeframe	Deliverable	Who Prepares Proposal for the Committee
	national accounts and international accounts for estimating FISIM in external sector statistics				webpage	
9.	Sectoral classification of international organizations	M	Paper/Guidance	2018	Guidance posted on dedicated webpage	IMF after second round of consultations with ECB
10.	Treatment of freight and insurance associated to merchanting and the geographical allocation of net merchanting	M	BOPCOM paper	2018	Paper posted on dedicated webpage	Germany
11.	Guidance on recording of irrevocable payment commitments	M	Paper/Guidance	2018	Paper/ Guidance posted on dedicated webpage	ECB/IMF
12.	Identifying dividends and superdividends	M	Paper/Guidance	2018	Paper/ Guidance posted on dedicated webpage	OECD
13.	ESS-specific issues in economies that use as legal tender a currency issued by a foreign monetary authority.	M	Paper/Guidance	2018	Paper/ Guidance posted on dedicated webpage	IMF

*H-high; M-medium.

Questions for the Committee:

1. *What are the Committee members' views on the progress achieved on the research agenda since the last meeting? Does experience confirm the usefulness of the more intense usage of written procedures and electronic communication means?*

2. *What are Committee member' views on the new topics proposed to be included in the research agenda? Do Committee members have other proposals for new topics to be included in the research agenda?*

3. *Do Committee members agree with the proposed topics to be addressed in the next year, (i.e., for the 2018 Committee meeting) and the postponement of selected items to leave space to more urgent ones?*