



# Thirty-Ninth Meeting of the IMF Committee on Balance of Payments Statistics

Washington, D.C.  
October 18–20, 2022

BOPCOM—22/04  
For information

## Update on Planning and Progress to Date

Prepared by the Balance of Payments Task Team

INTERNATIONAL MONETARY FUND



## Update on Planning and Progress to Date<sup>1</sup>

*This paper presents the proposed next steps and timeline of the BPM6 update Phase II process that culminates in preparing the Committee-endorsed final draft of BPM7 by March 2025. The process involves drafting the annotated outline of BPM7, drafting chapters/annexes, outreach through workshops, and publication of the BPM7. The plan presented in this paper will be discussed with the SNA editors to further align the consultation process and timeline for the common SNA/BPM chapters, and the Committee will be informed about any changes to this plan resulting from those discussions. Given that the specifics on the preparation of the digital versions of the BPM7/2025 SNA are not yet determined, the proposed steps and timeline for drafting the chapters and final draft of BPM7 may likely undergo some changes. On the status of the finalization of the approved versions of the guidance notes (GNs) of different Task Teams (TTs), the paper notes that commendable progress has been made in finalizing around 85 percent of the GNs assigned to the TTs and the remaining GNs will be finalized after the October meeting.*

### BPM6 UPDATE PROCESS: PLANNING OF PHASE II

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- 1. Phase II of the *BPM6* update process (Q3/2022–Q1/2025) mainly entails preparing the high-level structure of *BPM7*, Annotated Outline (AO) of *BPM7*, drafting the chapters and annexes, outreach through workshops, and preparing the Committee-endorsed final draft of *BPM7* by March 2025.**
- 2. The high-level outline/structure of *BPM7* was prepared in close coordination with the SNA editors and other relevant stakeholders.** To begin Phase II of the *BPM6* update process, the high-level outlines for the 2025 SNA and the *BPM7* have been prepared jointly by the SNA and the BPM editors in consultation with the relevant stakeholders (e.g., GFS, MFS, and SEEA communities) and agreed with the SNA/BPM Project Managers. The *BPM7* will have 20 chapters and 13 annexes (i.e., six chapters and four annexes more than *BPM6*), of which at least six chapters are to be drafted as common for the 2025 SNA and the *BPM7*. With a view to enhancing the alignment of the BPM/SNA drafting, the SNA, the BPM, and other macroeconomic statistics manuals (e.g., GFSM, MFSMCG, SEEA) will share common text on core principles for the compilation of macroeconomic statistics (e.g., valuation principles, time of recording/accruals, institutional units, residence, sectorization, etc.).
- 3. The AO (covering all *BPM7* chapters) will provide a brief description and a schematic overview for each chapter/annex and will serve as a blueprint for drafting the *BPM7*.** It will be prepared during Q3/2022–Q1/2023. The AO for each chapter will be prepared following—for the new or substantially revised chapters—the agreed template and will identify all issues to be addressed in the *BPM7*, synthesizing the recommendations of all related GNs, as well as the previous work approved by the Committee before launching the update (e.g., Clarification Notes). For each chapter/annex, a lead BPM editor for drafting the chapter and SNA editor/other relevant stakeholders for providing additional inputs are identified. The AOs of the priority chapters/annexes (i.e., some of the proposed new chapters and other chapters requiring substantial revision) will be discussed at the October 2022 Committee

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<sup>1</sup> Prepared by Venkat Josyula and Kristy Howell—*BPM7* lead editors and reviewed by Carlos Sánchez-Muñoz.

meeting.<sup>2</sup> Following the AEG/Committee consultation, priority chapters/annexes will be posted for global consultation (GC). Further, the combined AO of *BPM7*—covering all the chapters/annexes—will be submitted for Committee’s approval around March 2023, preceded by a GC.<sup>3</sup> In addition, the *BPM7* AO approved by the Committee will be translated into the Fund languages for posting on the *BPM6* Update website for information of compilers and users.

4. **The draft chapters of *BPM7* will be prepared during Q2/2023–Q1/2024 based on the approved version of the *BPM7* AO.** The lead BPM editors will prepare the draft chapters in consultation with the SNA editors and other stakeholders, beginning with the priority chapters. The preparation of draft chapters will also consider the common glossary of macroeconomic statistics which is expected to be sent for AEG/Committee consultation around April 2023.<sup>4</sup> The review and finalization of the draft chapters would essentially replicate the steps followed for finalizing the guidance notes (i.e., preparation of preliminary Draft 1, BPTT review of preliminary Draft 1, GC of preliminary Draft 1, preparation of preliminary Draft 2 addressing the comments from GC, AEG/Committee review<sup>5</sup> of preliminary Draft 2, preparation of the final draft for AEG/Committee endorsement and posting). Although detailed modalities for the GC of common BPM/SNA chapters are not yet discussed with the SNA editors/UNSD, a joint consultation of the national accounts and external sector statistics compilers/users similar to the one conducted for GNs of the joint task teams is envisaged at this stage.

5. **The last leg of Phase II of the *BPM6* update process will be carried out during Q2/2024–Q1/2025 and will culminate with the publication of *BPM7*.** It involves the following steps: (i) preparation of the Near-final Draft 1 of *BPM7* for review by all stakeholders; (ii) GC of the Near-final Draft 1 of *BPM7* for consistency and readability; (iii) regional outreach workshops for receiving further feedback from the compilers; (iv) preparation of the Near-final Draft 2 of *BPM7* (addressing the comments from GC and compilers) for review/endorsement of the Committee; (v) agreement with the IMF’s Communications Department (COM) on the design of *BPM7* cover page and the language editing; (vi) preparation of the foreword and preface; (vii) submission of the Near-final Draft 3 of *BPM7* for approval by the Director of IMF’s Statistics Department; (viii) finalizing the Near-final Draft 4 (pre-publication version) which includes index, cover page and other editing by COM for posting. As the specifics of the digital versions of *BPM7/2025 SNA* are not yet determined, the above steps will be updated accordingly, and the Committee will be informed about further developments.

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<sup>2</sup> The AOs of the common BPM/SNA chapters to be discussed in the joint AEG/Committee meeting (October 19–20, 2022) and the AOs of the chapters/annexes specific to BPM to be discussed in the Committee-only meeting (October 18, 2022).

<sup>3</sup> Final version of the AO will take into consideration the outcomes of the holistic review of *BPM6* update priorities (scheduled for discussion at the October 2022 Committee meeting) and the decision on the GNs pending at this stage.

<sup>4</sup> The CMTT has been developing a spreadsheet of common glossary of macroeconomic statistics terms with inputs from stakeholders representing the BPM/SNA/GFS/MFS/SEEA areas. Based on the spreadsheet from CMTT, the BPM/SNA editorial teams are to prepare an initial draft of the glossary by February 2023.

<sup>5</sup> While the common BPM/SNA chapters will be reviewed/endorsed by the AEG/Committee, the chapters/annexes specific to BPM are required to be reviewed/endorsed by the Committee only.

## PROGRESS ON PREPARING AND FINALIZING THE GUIDANCE NOTES

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6. Overall, the BPM<sup>6</sup> and the joint BPM/SNA task teams (TTs)<sup>7</sup> made commendable progress in preparing and finalizing the guidance notes (GNs) assigned to them since their inception in May/June 2020. Out of the 60 GNs assigned to these TTs,<sup>8</sup> final versions of 39 GNs have been approved/posted on the *BPM6* Update webpage. An additional 11 GNs have been finalized/endorsed recently and will be posted soon. This indicates that around 85 percent of the GNs have been approved at this stage. The remaining 11 GNs are under different stages of consultation (four GNs of CMTT—CM.1, CM.2, CM.3, and CM.4; two GNs of DITT—D.16 and D.17; five GNs of FITT—F.2, F.10, F.14, F.15, and F.18) and will be finalized after the October meeting (see Annex II for further details). In addition to the GNs, the following clarification notes will also be finalized in consultation with the Committee: (i) Treatment of Securities Under Reverse Transactions in Reserve Assets (to be circulated to the Committee for approval via written procedure, following an internal consultation with IMF departments); and (ii) Classification of Expenditures of Companions of Business and Education-Related Travelers (The Bureau of Economic Analysis prepared the note following the conclusions of the March 2022 joint AEG/Committee meeting on GN C.7).

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<sup>6</sup> BPM task teams are the Balance of Payments Task Team (BPTT), the Current Account Task Team (CATT), and the Direct Investment Task Team (DITT).

<sup>7</sup> Joint BPM/SNA task teams are the Communications Task Team (CMTT), the Financial and Payments Systems Task Team (FITT), the Globalization Task Team (GZTT), Informal Economy Task Team (IETT), and the Islamic Finance Task Team (IFTT).

<sup>8</sup> Following GNs have been dropped from the [Compendium of Research Issues](#) in consultation with the AEG/Committee and not included in this count: (i) BPTT—GNs B.1, B.5, B.10, and B.11; (ii) CATT—GNs C.9 and C.10; (iii) DITT—GNs D.13 and D.15; and (iv) FITT—GN F.11.

**Annex I. BPM7 Table of Contents (and related chapters of the 2025 SNA)**

<b>BPM7 Table of Contents (and related chapters of the 2025 SNA)</b>			
<b>BPM6 Table of Contents</b>	<b>BPM7 Table of Contents (provisional)</b>	<b>2025 SNA Table of Contents (provisional)</b>	<b>Category (1/2/3)*</b>
Table of Contents	Chapters	Chapters	
1. Introduction	1. Introduction	1. Introduction	3
2. Overview of the Framework	2. Overview of the integrated framework	3. Overview of the integrated framework	2
3. Accounting Principles	3. Flows, stocks and accounting rules	4. Flows, stocks and accounting rules	1
4. Economic Territory, Units, Institutional Sectors, and Residence	4. Residence, institutional units and sectors	5. Residence, institutional units and sectors	1
5. Classifications of Financial Assets and Liabilities	5. Classifications of Financial Assets and Liabilities		1 and 2
6. Functional Categories	6. Functional categories in International Accounts		2
7. International Investment Position	7. Balance sheet: the International Investment Position	14. Balance sheet	1, 2 and 3
8. Financial Account	8. Financial Account	12. Financial account	1 and 2
9. Other Changes in Financial Assets and Liabilities Account	9. Other Changes in Financial Assets and Liabilities Account	13. Other changes in assets and liabilities account	1 and 2
10. Goods and Services Account	10. Goods Account		2 and 3
	11. Services account		2 and 3
11. Primary Income Account	12. Earned income account	8. Earned income account	1 and 2
12. Secondary Income Account	13. Transfer income account	9. Transfer income accounts	1 and 2
13. Capital Account	14. Capital Account	11. Capital account	1 and 2
	15. Globalization	23. Globalization	1, 2 and 3
	16. Digitalization	22. Digitalization	1, 2 and 3
	17. Islamic Finance	26. Islamic finance	1
	18. Informal activities	39. Informal activities	1, 2, and 3
14. Selected Issues in Balance of Payments and International Investment Position Analysis	19. Selected Issues in Balance of Payments and International Investment Position Analysis		3
	20. Communicating the accounts <sup>3</sup>	21. Communicating the accounts <sup>3</sup>	1 and 2

<b>BPM7 Table of Contents (and related chapters of the 2025 SNA)</b>			
<b>BPM6 Table of Contents</b>	<b>BPM7 Table of Contents (provisional)</b>	<b>2025 SNA Table of Contents (provisional)</b>	<b>Category (1/2/3)*</b>
<b>Annexes</b>			
1. Exceptional Financing Transactions	1. Exceptional Financing Transactions		3
2. Debt Reorganization and Related Transactions	2. Debt Reorganization and Related Transactions		2 and 3
3. Regional Arrangements: Currency Unions, Economic Unions, and Other Regional Statements	3. Regional Arrangements: Currency Unions, Economic Unions, and Other Regional Statements		3
4. Statistics on the Activities of Multinational Enterprises			
5. Remittances	4. Remittances		3
	5. Selected Issues on Cross-border trade		2 and 3
6a. Topical Summary—Direct Investment	6. Selected Issues on Direct Investment		3
6b. Topical Summary—Financial Leases	7. Selected issues on financial instruments	Chapter 25. Selected issues on financial instruments (Parts 3, 4 and 6 of chapter 17 in the 2008 SNA)	1 and 2
6c. Topical Summary—Insurance, Pension Schemes, and Standardized Guarantees	8. Insurance and pensions	Chapter 24. Insurance and pensions (Parts 1 and 2 of chapter 17 in the 2008 SNA)	1
	9. Positions and transactions with IMF		3
	10. Sustainable Finance in ESS: Climate Change Related Indicators	Chapter 35. Measuring sustainability	1 and 2
7. Relationship of the SNA Accounts for the Rest of the World to the International Accounts	11. Links between international standards for macroeconomic statistics		1 and 2
8. Changes from <i>BPM5</i>	12. Changes from <i>BPM6</i>		3
9. Standard Components and Selected Other Items	13. Standard Components and Selected Other Items		3
*Category 1: The SNA, BPM, and other macroeconomic statistics manuals share common text on core principles for the compilation of macroeconomic statistics; Category 2: Common concepts of shared relevance in several macroeconomic statistics domains with more extensive coverage in a given manual (other manuals can incorporate relevant text from this manual); and Category 3: Topics that are entirely related to one of the manuals SNA or BPM although consultation with other stakeholders will be necessary.			

## Annex II. Status of the Guidance Notes of Task Teams

Sl. No.	Task Team/Guidance Notes	Status
<b>BPTT</b>		
1.	B2: Standardized definition of net international reserves	Approved/posted
2.	B3: Treatment of currency unions	Approved/to be posted
3.	B.4: Reconciliation between stocks and flows	Approved/posted
4.	B6: Sustainable finance	Approved/posted
5.	B7: Arrears in IIP	Approved/posted
6.	B8: Recording citizenship by investment programs	Approved/to be posted
7.	B.9: Treatment of external assets and related income declared under tax amnesty in external sector statistics	Approved/posted
8.	B12: Treatment of illiquid equity in international organizations in the IIP	Approved/posted
<b>CATT</b>		
1.	C.1 Recording transactor-based components of services	Approved/posted
2.	C.2 Goods and services account by (trading) enterprise characteristics	Approved/posted
3.	C.3 International trade classified by currency	Approved/posted
4.	C.4 Merchanting and factoryless producers: clarifying negative exports in merchanting; merchanting of services	Approved/to be posted
5.	C.5.1 Statistical impact of the change in treatment of operating leases in business accounting	Approved/to be posted as combined C.5
6.	C.5.2: Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	Approved/posted
7.	C.6 Trade in Services Classifications	Approved/to be posted
8.	C.7: Treatment of travel packages, health-related travel, and taxes and fees on passenger tickets	Approved/posted
9.	C.8 Recording penalties and fines	Approved/posted
<b>DITT</b>		
1.	D.1 Greenfield Investment and Extension of Capital	Approved/posted
2.	D.2 Valuation of unlisted equity	Approved/posted
3.	D.3 Treatment of collective investment institutions	Approved/posted
4.	D.4 Corporate inversions	Approved/posted
5.	D.5 Eliminating imputations for entities owned or controlled by general government for fiscal purposes	Approved/to be posted
6.	D.6 Ultimate Investing Economy (UIE)/Ultimate Host Economy (UHE) and Pass-through Funds	Approved/posted
7.	D.7 Sectoral Breakdown of Direct Investment	Approved/posted
8.	D.8 Public-Private Partnership	Approved/posted
9.	D.9 Reconciling DI statistics with FATS/AMNE statistics	Approved/posted
10.	D.10: Can DI be achieved other than by ownership of equity?	Approved/posted
11.	D.11 Removing Debt Between Affiliated Insurance Corporations and Pension Funds from Direct Investment	Approved/posted
12.	D.12 Including Intra-Concern [Between Affiliates] Derivatives in Direct Investment	Approved/posted
13.	D.14 Financial Conduits	Approved/to be posted
14.	D.16 Treatment of retained earnings	To be discussed at the October 2022 meeting



Sl. No.	Task Team/Guidance Notes	Status
15.	D.17 Identifying super dividends and the borderline between dividends and withdrawals of equity	Approved by the Committee/ Under consultation following AEG review
16.	D.18 Cash Pooling in Direct Investment	Approved/posted
<b>FITT</b>		
1.	F.1 More disaggregated definition of the financial sector and financial instruments	Approved/posted
2.	F.2 Asymmetric Treatment of Retained Earnings	Under consultation
3.	F.3 Reverse Transactions	Approved/posted
4.	F.4 Financial Derivatives by Type	Approved/posted
5.	F.5 Treatment of Credit Default Swaps	Approved/posted
6.	F.6 Capturing Non-Bank Financial Intermediation in the System of National Accounts and the External Sector Statistics	Approved/posted
7.	F.7: Impact of FINTECH and other financial innovations	Approved/posted
8.	F.8 Valuation of Debt Securities at Both Market and Nominal Value	Approved/posted
9.	F.9 Valuation of Loans (Fair Value)	Approved/posted
10.	F.10: Treatment of Cash Collateral	Under consultation
11.	F.12 Covering Hybrid Insurance and Pension Products	Approved/to be posted
12.	F.13: Measurement of margins on buying and selling of financial instruments	Approved/to be posted
13.	F.14: Treatment of factoring transactions	To be discussed at the October 2022 meeting
14.	F.15: Debt concessionally	Approved by the Committee/Under consultation following AEG review
15.	F.16 Subscription Rights	Approved/posted
16.	F.18: Crypto Assets	To be discussed at the October 2022 meeting
<b>GZTT</b>		
1.	G.1 Valuation of Imports and Exports of Goods CIF to FOB Adjustment	Approved/to be posted
2.	G.2 Treatment of MNE and Intra-MNE Flows	Approved/posted
3.	G.4 Treatment of Special Purpose Entities and Residency	Approved/posted
4.	G.5 Economic Ownership of Intellectual Property Products: Recording of Intra-MNE Transactions	Approved/posted
5.	G.7 Global Value Chains and Trade in Value Added	Approved/posted
6.	G.9 Payment for Nonproduced Knowledge-Based Capital (Marketing Assets)	Under consultation****
<b>CMTT</b>		
1.	CM.1 An Assessment Framework to Measure Alignment with the Economic Accounting Statistical Standards	To be discussed at the October 2022 meeting
2.	CM.2 Terminology and Branding of the Economic Accounting Statistical Standards	To be discussed at the October 2022 meeting
3.	CM.3 A Taxonomy for Communicating Economic Statistics Releases, Products, and Product Updates	Under consultation

SI. No.	Task Team/Guidance Notes	Status
4.	CM.4 Use of Net Measures in the Presentation of National Accounts	Drafting
<b>IFTT</b>		
1.	IF.1 Islamic Finance in the National Accounts and External Sector Statistics	Approved/posted
<b>IETT</b>		
1.	IE.1 Statistical Framework of the Informal Economy	Approved/posted
<p><u>Notes:</u></p> <ul style="list-style-type: none"> <li>• F.2: This will be finalized following the results of the testing of the national accounts community</li> <li>• F.10: Initially discussed in the February 2021 Committee meeting. An updated version addressing the AEG/Committee comments will be circulated for the final endorsement of AEG/Committee in November 2022.</li> <li>• F.15 and D.17: Issue Notes related to these GNs prepared by the BPM/SNA editors are discussed at the October 2022 joint AEG/Committee meeting</li> <li>• G.9: Initially discussed at the October 2021 Committee meeting. Revised version to be prepared incorporating the AEG comments and global consultation</li> <li>• CM.3: Discussed at the October 2021 Committee meeting. Revised version addressing the AEG/Committee comments and global consultation to be presented to the Committee/AEG via written procedure</li> </ul>		