



**STATISTICS**

# **Briefing on BOPCOM Research Agenda**

**Alicia Hierro**

Second Meeting of the UN Committee of Experts  
on Business and Trade Statistics  
New York, United States  
June 11–13, 2019

"The views expressed herein are those of the author and should not be attributed to the IMF, its Executive Board, or its management".

# Outline

BOPCOM website

<https://www.imf.org/external/bopage/stindex.htm>

- **Task Force on SPEs (TFSPE)**
- **The OECD-IMF Working Group on Balance of Payments Statistics Relevant for GVC Analysis**
  - Background
  - Stock Taking Survey
  - The Role of Multinational Enterprises (MNEs) in Current Account Transactions
- **Clarification Note on Merchanting**
- **Framework for Measuring Trade Finance**
- **Intellectual Property Products**
- **Clarification Note on Crypto Assets**

# Task Force on SPEs (TFSPE)

## Objective

*“Develop IMF statistical strategy for addressing data gaps on SPEs, assess data collection approaches and disseminate **internationally-comparable ESS.**”*

## TFSPE’s Proposals Endorsed by 2018 BOPCOM

I.

**SPE definition, decision tree, and typology**

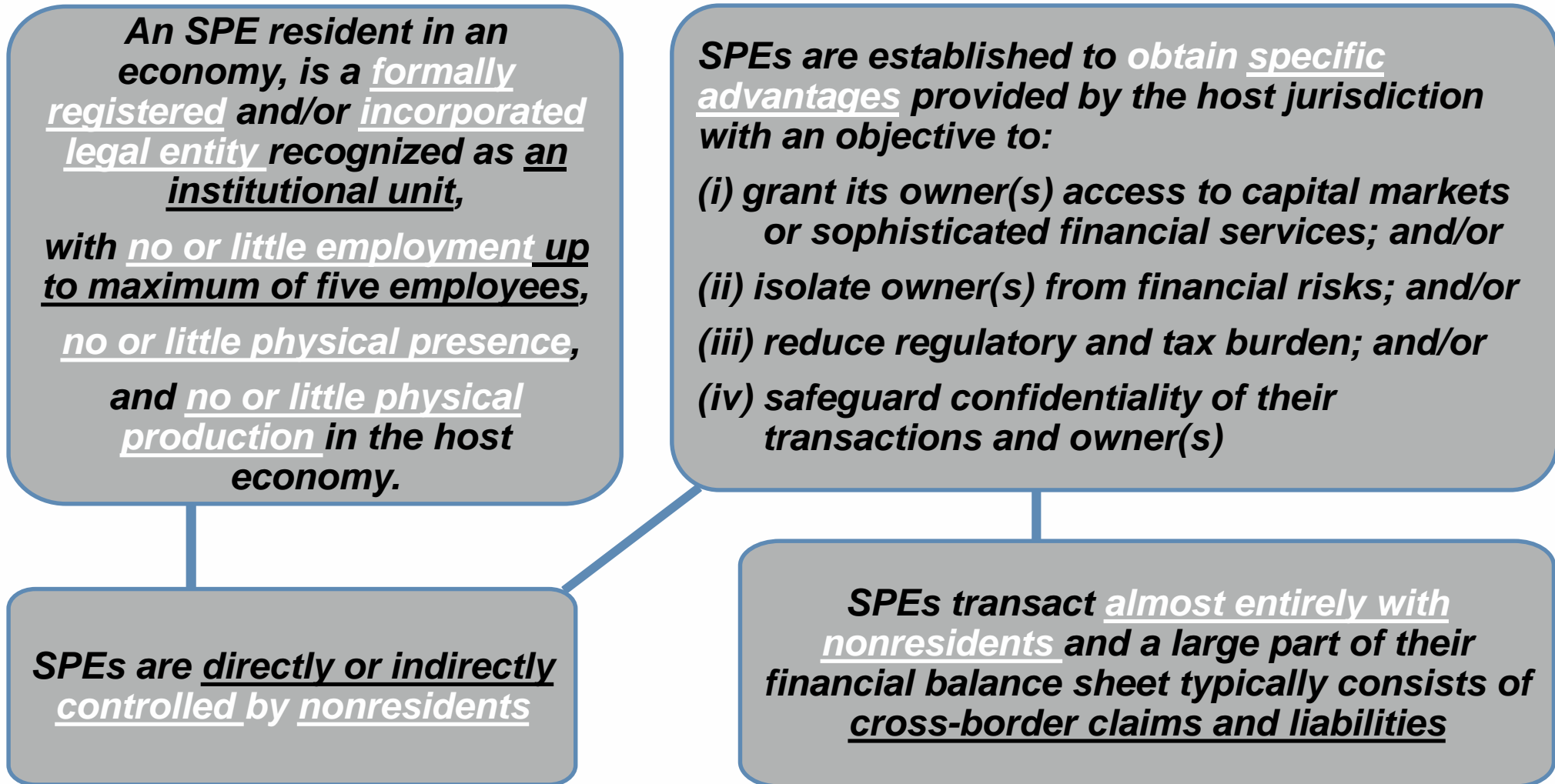
II.

The **data collection framework** and **template**

III.

The **timeline for data collection** targeting 2020 data for *dissemination in 2021*

# TFSPEs: International Definition of SPEs in the Context of External Sector Statistics



# TFSPes: Proposed Reporting Data Template (Selection)

	Total to be drawn from BOP	
Selected Current Account Components	Credit	Debit
Net exports of goods under merchanting by resident SPEs		N/A
<b>Selected services</b>		
Transport		
Financial services		
Charges for the use of intellectual property		
Other business services		
Other services		

 **Minimum**  
 Encouraged

# Outline

BOPCOM website

<https://www.imf.org/external/bopage/stindex.htm>

- **Task Force on SPEs (TFSPE)**
- **The OECD-IMF Working Group on Balance of Payments Statistics Relevant for GVC Analysis**
  - Background
  - Stock Taking Survey
  - The Role of Multinational Enterprises (MNEs) in Current Account Transactions
- **Clarification Note on Merchanting**
- **Framework for Measuring Trade Finance**
- **Intellectual Property Products**
- **Clarification Note on Crypto Assets**

# OECD-IMF Working Group on BOP Statistics Relevant for GVC Analysis (WGGVC)

## Background

**Objective:** Identifying components in current balance of payments framework for developing indicators on GVCs and examining how to better identify the role of MNEs in the current account

<https://www.imf.org/external/pubs/ft/bop/2018/pdf/18-04.pdf>

## Motivation: growing policy demand for statistical information on GVCs

**With increasingly complex global production systems, traditional trade statistics are not sufficient to describe the full chain of international production**

- Indicators on GVCs—including Trade in Value Added (TiVA) indicators—aim to fill this gap
- typically derived from **Inter-Country Input-Output tables**
  - ▶ Which combine National SUT / IO tables + bilateral trade (merchandise + services)

**BOP Statistics are of particular relevance** for the development of indicators on GVCs and can also contribute to improve the quality of existing measures

# OECD-IMF Working Group on BOP Statistics Relevant for GVC Analysis (WGGVC)

- **Ensure the conceptual and empirical consistency** between on the one hand, NA statistics (the Supply-Use tables and Input-Output tables), and on the other hand, the detailed merchandise trade and services trade statistics.
- Unfortunately, this is not typically the case:

For trade in goods, detailed information on trade by product and partner is available in the form of merchandise trade statistics,

- but **important conceptual differences exist with the NA/BOP frameworks** (Goods for processing and merchanting)

For services, much less information is typically available on products and partners, differences between extended balance of payments services (EBOPS) classification and Classification of Products by Activity / Central Product Classification, notably for services trade classified by transactor, also make aligning trade in services statistics with exports and imports of services in NA a challenge



# OECD-IMF Working Group on BOP Statistics Relevant for GVC Analysis (WGGVC)

## Recommendations

1. Provide all standard BPM6 components for goods, with a **breakdown of the main products**
2. Prepare a **reconciliation table** between merchandise trade and BOP trade in goods
3. **BOP trade in goods consistent with the NA** used for supply and use tables (SUT) tables
4. Provide supplementary breakdown of the **travel** item
5. Provide **geographical breakdowns** for trade in services statistics with main EBOPS categories

## Phase II Work Program

- OECD and IMF to conduct a **stocktaking survey** of current GVC data availability and potential feasibility
- Develop a **GVC reporting template**
- Identify the **role of MNEs in the current account transactions**, to develop trade by enterprise characteristics for both goods and services
- Develop additional guidance to help identify **merchants and factoryless producers**

# WG-GVC: OECD-IMF Stock-taking Survey of Current GVC Data Availability/ Potential Feasibility

## Overall Summary of Results of Survey

Some details in supplementary slides

- At an **aggregate level**, quite some data available (and to some extent published).
- At a more granular level (yet critical for analysis), **data less available** for
  - goods under merchanting
  - adjustment components IMTS/BOP (goods under processing)
  - breakdown of travel by goods and main services components (tourism).
- Several countries noted **ongoing research projects or plans to compile more detail**, but not likely in 2 years

## BOP-GVC reporting template

- The WG is currently developing a reporting template to collect the indicators identified in phase I
- To ease data collection, **two implementation stages** to be proposed to BOPCOM: first, only a minimum set of indicators; in the longer term, other encouraged items

# The Role of Multinational Enterprises (MNEs) in current Account Transactions

Identifying the role of MNEs in current account transactions will

- allow for a better understanding of the **relationship between trade, income and investment**
- highlight the role that MNEs play in the **delivery of goods and services** internationally through:
  - ▶ Tracking intrafirm
    - ◆ overall
    - ◆ its composition between goods and services
    - ◆ between domestic MNEs and their foreign operations
    - ◆ and foreign MNEs and their domestic operations
  - ▶ Showing DI income receipts and payments as a result of substantial sales of goods and services as well as of purchases of labor and other inputs.
  - ▶ Recognize that significant part of DI income results from MNEs active role in selling goods and services to international markets through affiliates

# The Role of Multinational Enterprises (MNEs) in current Account Transactions

The WG is exploring **different experiences and initiatives** to build a supplementary presentation to be used for analyzing the role of MNEs in current account transactions:

- ▶ the U.S. experience **disaggregating the current account for US owned multinationals**
- ▶ the Finland experience in **producing BOP trade in goods and services by firm characteristics**
- ▶ Current national efforts to develop **Trade by Enterprise Characteristics (for goods and services) with a foreign ownership breakdown**
- ▶ OECD Expert Group on **Extended Supply-Use tables**, (exploring foreign ownership breakdowns, including for trade statistics, according to BOP/NA definitions)

The **BOP framework** provides significant scope to improve and develop such statistics

- ▶ but further and **more granular details may require special surveys**

# Outline

BOPCOM website

<https://www.imf.org/external/bopage/stindex.htm>

- **Task Force on SPEs (TFSPE)**
- **The OECD-IMF Working Group on Balance of Payments Statistics Relevant for GVC Analysis**
  - Background
  - Stock Taking Survey
  - The Role of Multinational Enterprises (MNEs) in Current Account Transactions
- **Clarification Note on Merchanting**
- **Framework for Measuring Trade Finance**
- **Intellectual Property Products**
- **Clarification Note on Crypto Assets**

# Treatment of Freight and Insurance Associated to Merchanting and the Geographical Allocation of Net Merchanting

Increased **globalization** and **global production arrangements**: demand for more geographical granularity of cross-border statistics to compile international input/output tables: **need to clarify the geographical allocation of net merchanting**

- freight transport and insurance cost at transaction prices as agreed between parties (not FOB)

- country allocation of “net exports of goods under merchanting” should be done by adding all credit and debit entries of goods under merchanting for each partner country.

Table 1. Comparison of Merchandise Trade and Trade in Goods for Merchanting

	IMTS (movement of goods)			Balance of payments – trade in goods (change of ownership)		
	Partner economy			Partner economy		
	A	B	C	A	B	C
Economy A (merchant's) records	....	....	....	....	Negative export	Export
Economy B records	....	....	Export	Export	....	....
Economy C records	....	Import	....	Import	....	....

# Outline

BOPCOM website

<https://www.imf.org/external/bopage/stindex.htm>

- **Task Force on SPEs (TFSPE)**
- **The OECD-IMF Working Group on Balance of Payments Statistics Relevant for GVC Analysis**
  - Background
  - Stock Taking Survey
  - The Role of Multinational Enterprises (MNEs) in Current Account Transactions
- **Clarification Note on Merchanting**
- **Framework for Measuring Trade Finance**
- **Intellectual Property Products**
- **Clarification Note on Crypto Assets**

# Framework for Measuring Trade Finance

- Trade finance refers to **all means used in financing trade** in goods and services
- Encompasses a wide range of financial instruments

*new instruments*, created by *new suppliers* through *new digitalized channels* extended the range of creditors and instruments **beyond traditional financing**

- There is **lack of a comprehensive dataset** that measures trade finance magnitude, composition, and dynamics
- **Proposal** for collecting trade finance information
  - A single satellite table that would bridge the current data gaps



# Framework for Measuring Trade Finance

The BOPCOM agreed on the analytical usefulness of a framework for collecting data on trade finance

## Challenges:

- need for granular data that go beyond external sector statistics
- collection would entail the joint efforts of many agencies
- conceptual issues generated by mixing contingent trade finance with existing instruments

Broad support for the pilot test to assess the viability of trade finance data collection

## Next Steps:

Launch the pilot test of the single satellite table in volunteer countries (Brazil, China and Germany)

Report at the 2019 BOPCOM meeting on the pilot test results

# Measuring Trade Finance: Satellite Table

## One-off Data Collection to Test the Framework

Instrument	Finance Providers (FCs or Fintechs)		Nonfinancial Corporations (NFCs)			
	Domestic	Cross-border	Domestic		Cross-border	
			Affiliated	Non-Affiliated	Affiliated	Non-Affiliated
<b>1. Open account inter/intra-firm trade financing</b>						
Trade Credit						
Trade Advances						
<b>2. Supply Chain Financing (SCF) or other working capital related financing</b>						
A. Receivables Purchasing						
B. Loan or Advanced Based Financing						
<b>3. Traditional Bank-Intermediate Financing (including financing provided by export credit agencies)</b>						
Loans						
Off-balance sheet items						

- Data both for **flows** and **stocks**
- Acquisition of **assets** and incurrence of **liabilities**

# Outline

BOPCOM website

<https://www.imf.org/external/bopage/stindex.htm>

- **Task Force on SPEs (TFSPE)**
- **The OECD-IMF Working Group on Balance of Payments Statistics Relevant for GVC Analysis**
  - Background
  - Stock Taking Survey
  - The Role of Multinational Enterprises (MNEs) in Current Account Transactions
- **Clarification Note on Merchanting**
- **Framework for Measuring Trade Finance**
- **Intellectual Property Products**
- **Clarification Note on Crypto Assets Classification**

# Intellectual Property Products

- The magnitude and growth in time of international trade in Intellectual property products (IPP)-related services, highlights asymmetries and points to measurement issues
- Measurement Challenges Associated to Trade in Intellectual Property Products in the European Union: Report by Eurostat ([BOPCOM 18/22](#)), highlights two aspects:
  - ▶ **the important role played by tax minimization and profit shifting strategies of MNEs**, most notable in the case of Ireland and the Netherlands, and related current initiatives undertaken by the EU community (e.g., implementation of BEPS Article 13) to address the issue;
  - ▶ **major findings from a stocktaking survey by EU/OECD on data sources and methods to estimate the output of IPP-related services.**
- There is ongoing work by an OECD/Eurostat task force on this item: **OECD and Eurostat agreed to prepare a BOPCOM paper reporting on the progress achieved and Russia to report on its compilation practices.**

# Outline

BOPCOM website

<https://www.imf.org/external/bopage/stindex.htm>

- **Task Force on SPEs (TFSPE)**
- **The OECD-IMF Working Group on Balance of Payments Statistics Relevant for GVC Analysis**
  - Background
  - Stock Taking Survey
  - The Role of Multinational Enterprises (MNEs) in Current Account Transactions
- **Clarification Note on Merchanting**
- **Framework for Measuring Trade Finance**
- **Intellectual Property Products**
- **Clarification Note on Crypto Assets**

# Crypto Assets: Classification

## Implications on Current Account, International Trade...

### “Digital merchandise”!

Classify Bitcoin Like Crypto Assets (BLCAs) and digital tokens without counterpart liabilities as

- nonfinancial assets

- produced nonfinancial assets
- come into existence as outputs of production process (through mining and/or project development of cryptocurrencies)
- resulting output owned by an institutional unit and is transferable
- asset holders do not have claims on other institutional units

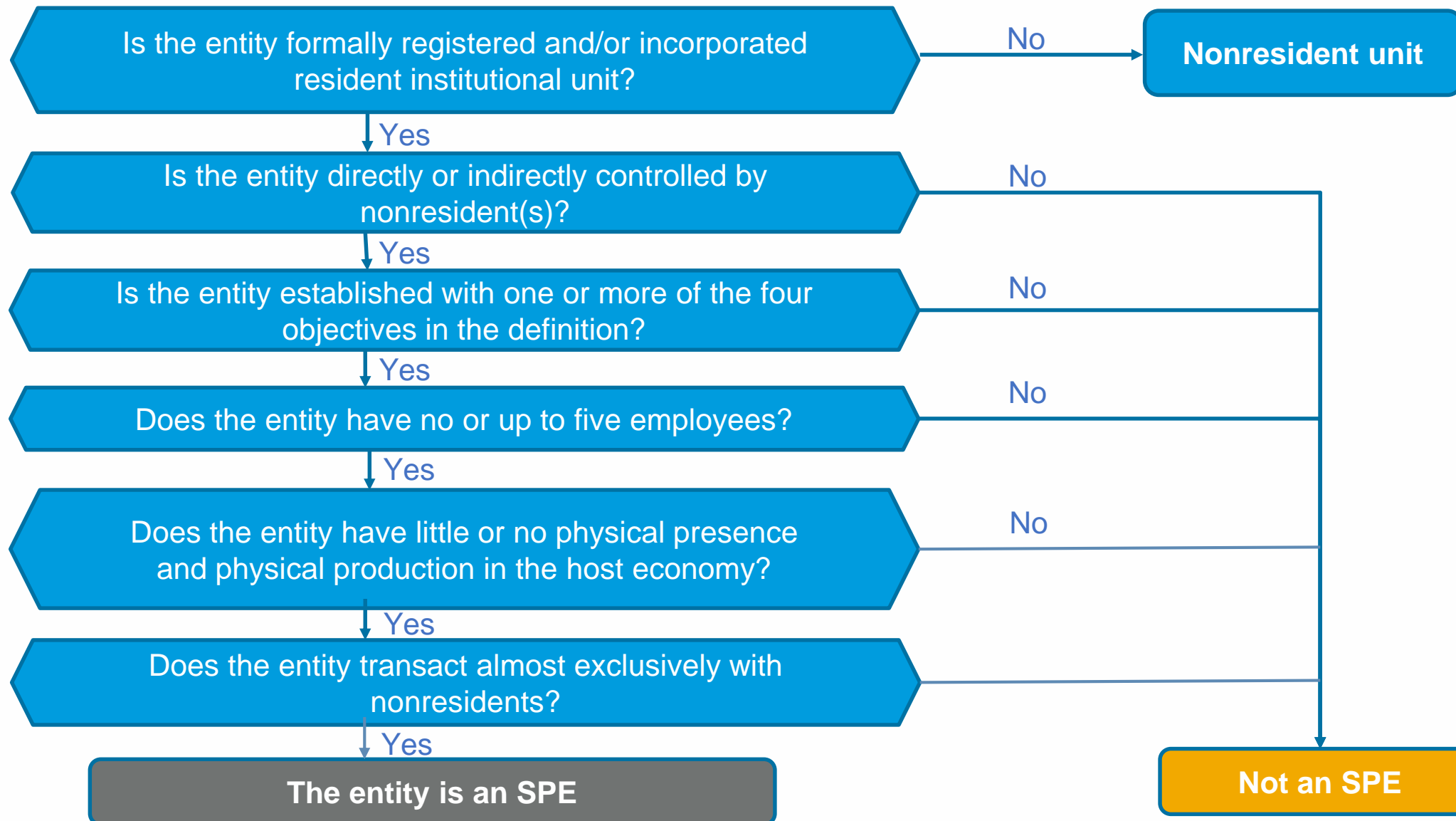
under the subcategory: valuables – distinct subcategory – “digital valuables”

- treat transaction fees as **Services**
- measure **Output** as the *sum of transaction fee and newly mined BLCAs*
- separate identification of the impact of BLCAs transactions

# Supplementary Slides

- **TFSPes - Decision Tree: Practical Implementation of the Definition**
- **WG-GVC: OECD-IMF Stock-taking Survey of Current GVC Data Availability/ Potential Feasibility**

# TFSPes - Decision Tree: Practical Implementation of the Definition



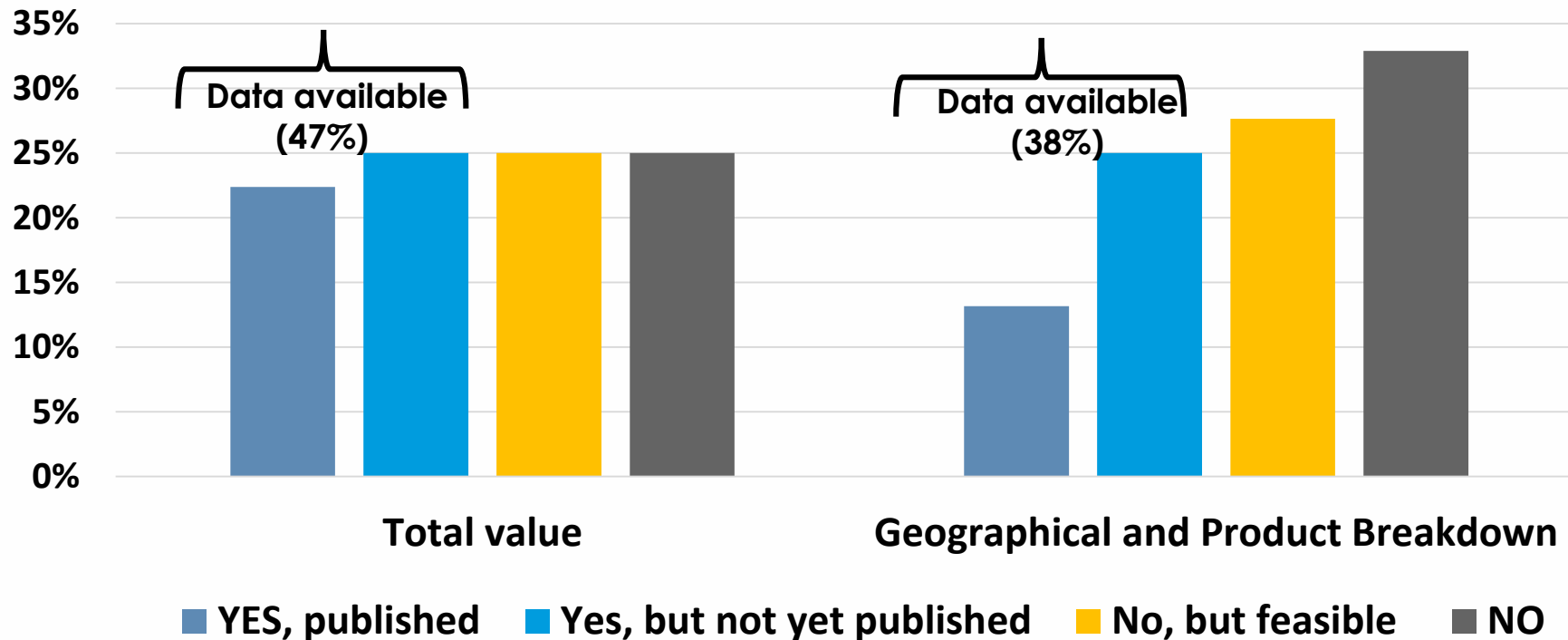


# WG-GVC: OECD-IMF Stock-taking Survey of Current GVC Data Availability/ Potential Feasibility

To BOP and NA compilers from OECD and a selection of non-OECD members (36 and 65 respectively) 76 responses (75 % response rate)

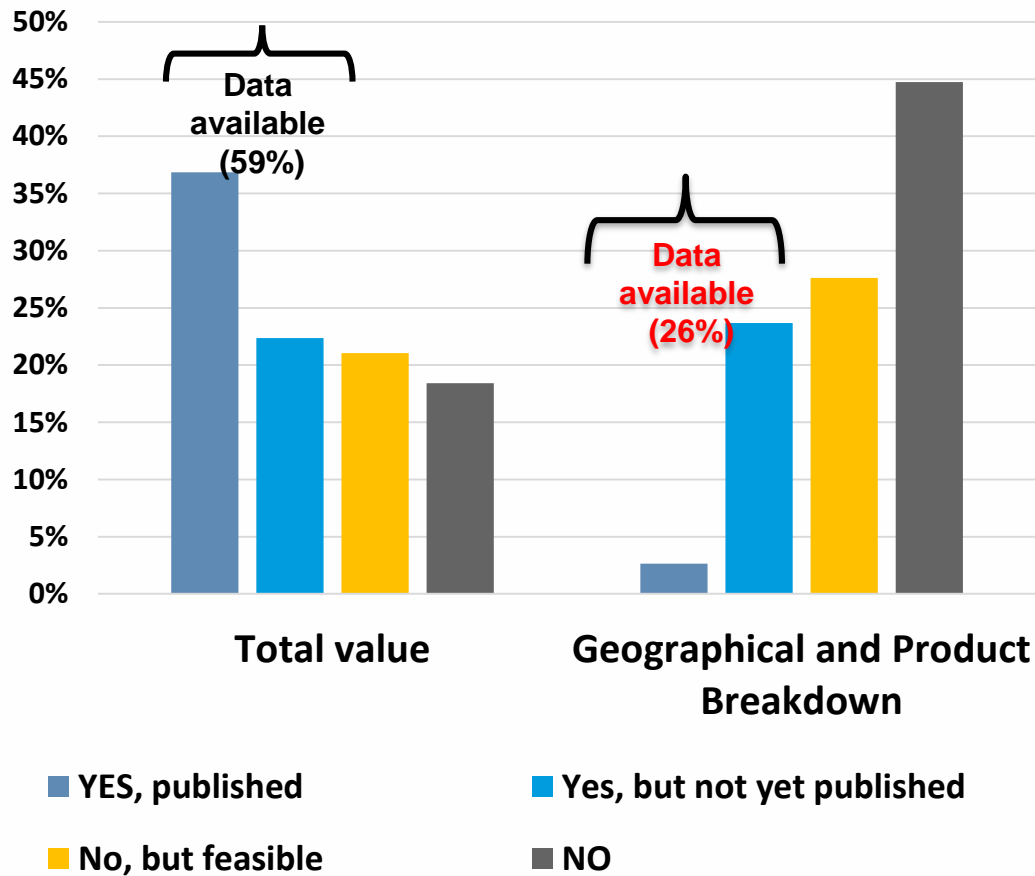
During January-February 2019

- **Re-exports:** information on the total value of re-exports and breakdown by main products and/or trading partners

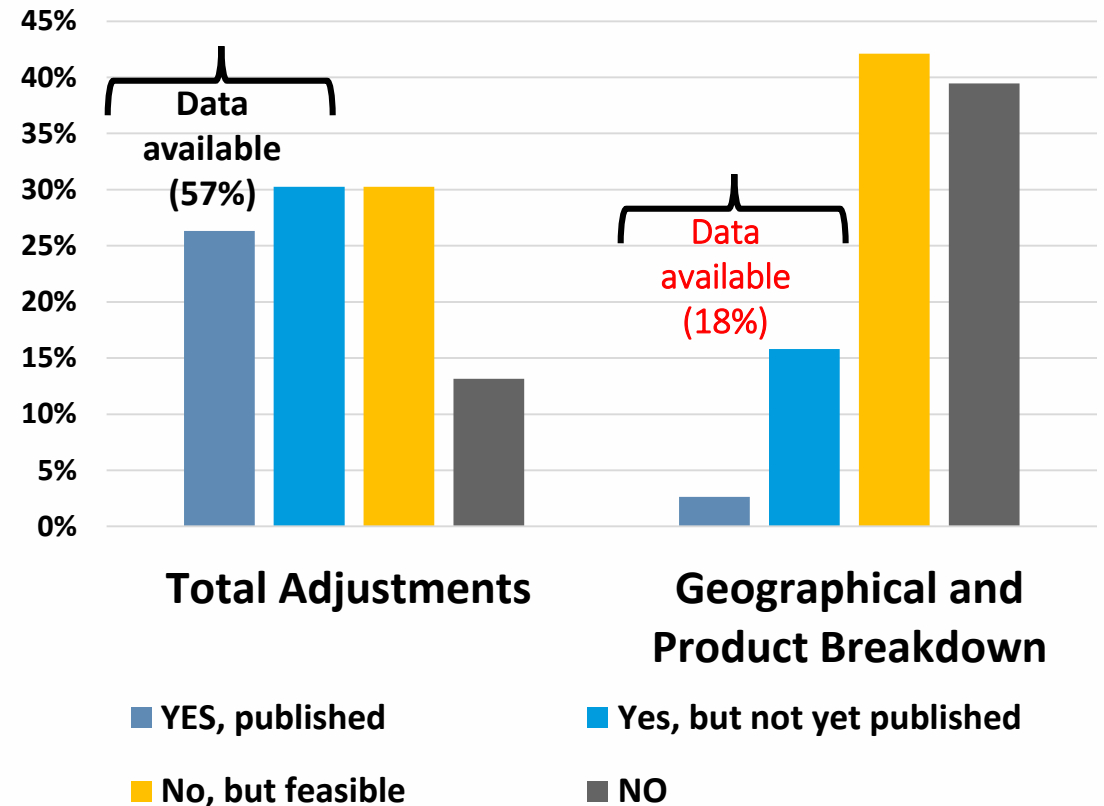


# WG-GVC: OECD-IMF Stock-taking Survey of Current GVC Data Availability/ Potential Feasibility

## Goods acquired/sold under Merchanting

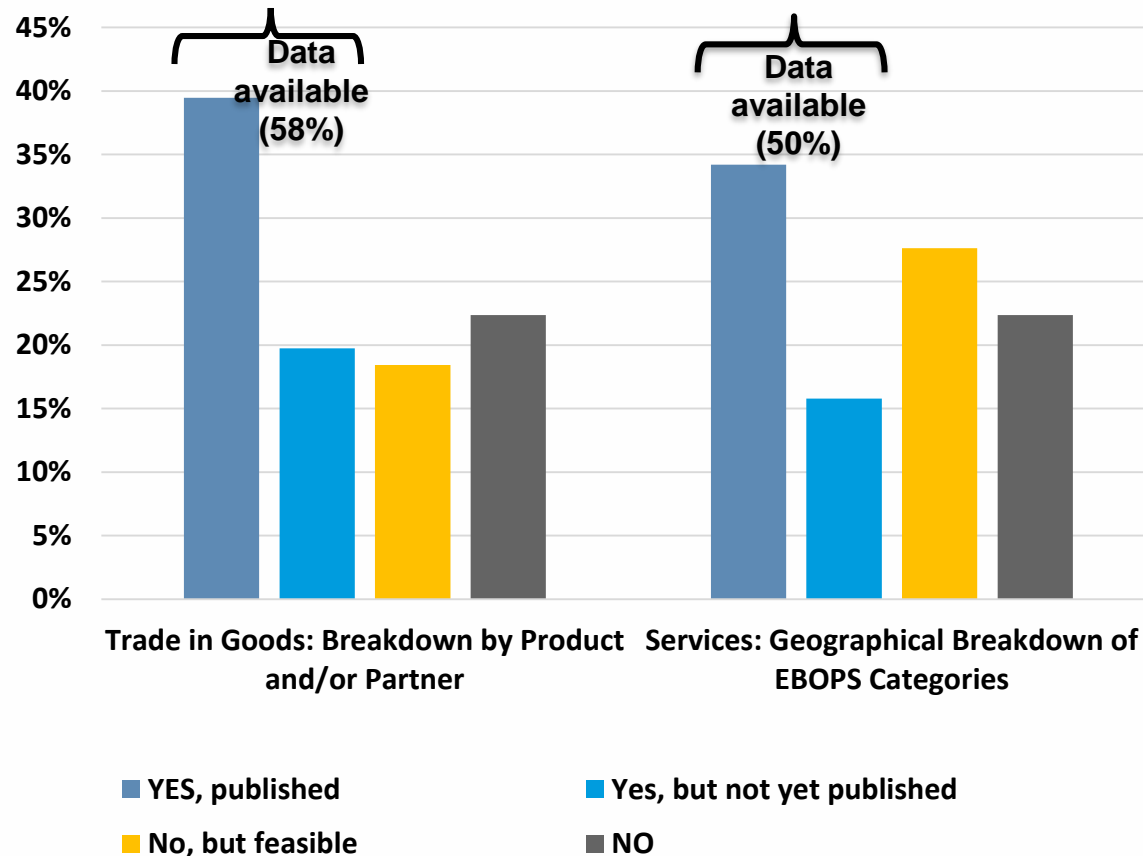


## Reconciliation Table IMTS/BOP (BPM6 Table 10.2)

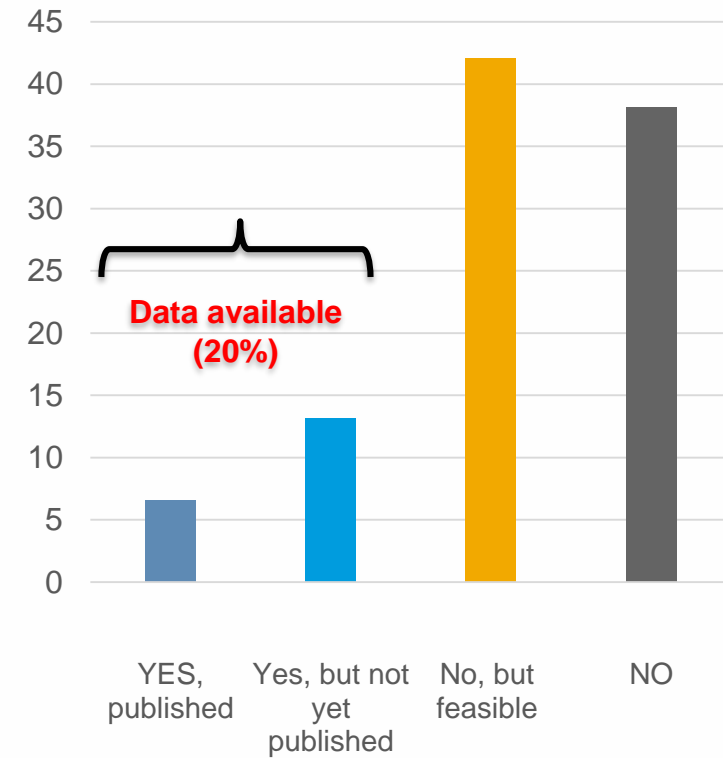


# WG-GVC: OECD-IMF Stock-taking Survey of Current GVC Data Availability/ Potential Feasibility

## Trade in Goods: Breakdown by Product/Partner, and Geographical Breakdown of EBOPS Categories



## Travel: Supplementary breakdown



Thank you!