



Joint Thirty-Seventh Meeting of the
IMF Committee on Balance of Payments Statistics
and Seventeenth Meeting of the Advisory Expert
Group on National Accounts

Inter-secretariat
Working Group on
National Accounts

Remote Meeting
October 26, 29, and
November 1, 2021

BOPCOM—21/01b
SNA/M3.21/01

Agenda

<u>Tuesday, October 26 (Joint AEG/BOPCOM session)</u>			
7:00–10:00/13:00–16:00 (EDT/CEST)			
Chair: Louis Marc Ducharme, BOPCOM Chair			
7:00–7:15 a.m.	<p>Opening remarks:</p> <p>Louis Marc Ducharme, Director, Statistics Department, IMF and Chair of the BOPCOM</p> <p>Stefan Schweinfest, Director of UNSD and Chair of the ISWGNA</p> <p>Administrative matters</p> <p>BOPCOM/AEG secretariats</p> <p><i>Proposed time allotment for all GNs:</i></p> <ul style="list-style-type: none"> • <i>Presentation (presenter): 10 minutes</i> • <i>Discussion (Committee and AEG/ISWGNA members): 30 minutes</i> • <i>Wrap up/Summarizing the outcome of the discussion (Chair): 5 minutes</i> 		
Globalization Task Team (GZTT)			
7:15–8:00 a.m.	<p>1. Valuation of Imports and Exports of Goods in the International Standards CIF to FOB adjustment (G.1)</p>	<p><i>GZTT co-chair</i></p>	<p><i>Paper for discussion (BOPCOM—21/02) (SNA/M3.21/02)</i></p>
<p><i>The paper puts forward the consideration of a conceptual change of the SNA recommendation for the valuation of imports and exports of goods to the observed transaction value. To evaluate the practical feasibility of this proposed change, the paper was subject to a two-stage global consultation testing to assess the extent merchandise trade data at observed transaction values are available, and if the benefits of the change outweigh the costs.</i></p>			
8:00–8:45 a.m.	<p>2. Treatment of MNE and Intra-MNE Flows (G.2)</p>	<p><i>GZTT co-chair</i></p>	<p><i>Paper for discussion (BOPCOM—21/03) (SNA/M3.21/03)</i></p>
<p><i>This paper discusses additional key indicators within the national accounts (NAs) to better highlight the activities of MNEs. It emphasizes several methods, of which existing net indicators less sensitive to the effects of globalization than GDP, additional granularity through the institutional sector accounts framework or using extended supply and use tables. To appropriately record MNEs' activities, and readily identify units within the MNE group, it proposes a statistical definition of MNEs that emphasizes "control" as outlined in the BPM6 and BD4, as well as a decision tree, extending Figure 4.1 of the 2008 SNA to include the proposed classification of MNE and SPE units.</i></p>			

8:45–9:00 am	Break		
Current Account Task Team (CATT)			
9:00–9:45 a.m.	3. Merchating and Factoryless Producers; Clarifying Negative Exports in Merchating; Merchating of Services (C.4)	IMF	Paper for discussion (BOPCOM—21/04 and 21/04.1) (SNA/M3.21/04 and SNA/M3.21/04.1)
<p><i>The paper discusses a range of aspects related to global production arrangements and on their recording in the National Accounts (NA) and the balance of payments. In particular, the paper made proposals on (A) disentangling the transactions related with global manufacturing arrangements and factoryless goods producers (FGPs); (B) the treatment of merchating transactions and the rationale behind the recording of transactions exclusively on the exports side in the economy of the merchant; and (C) the definition and treatment of “merchating of services”. Further, the paper clarifies the related issue of bundling of services.</i></p>			
Financial and Payment Systems Task Team (FITT)			
9:45–10:30 a.m.	4. Valuation of Loans (Fair Value) (F.9)	FITT	Paper for discussion (BOPCOM—21/05 and 21/05.1) (SNA/M3.21/05 and SNA/M3.21/05.1)
<p><i>This paper discusses and examines the option of maintaining the current nominal valuation principle for loans, distinguishing between the status-quo (Option 1a) and an improved version (Option 1b) that proposes strengthening the existing framework. Under Option 1b, loans would still be recorded at nominal value, with, however, a clear shift to a creditor perspective, allowing for a clearer depiction of some specific operations (e.g., bank resolutions) and foreseeing loan value change beyond cases of bankruptcy and liquidation, when there is public evidence of loan deterioration.</i></p>			
10:30 a.m.	Close of the day		

<u>Friday, October 29 (Joint AEG/BOPCOM session)¹</u>			
7:00–10:15/13:00–16:15 (EDT/CEST)			
Chair: Stefan Schweinfest, ISWGNA Chair			
<i>Direct Investment Task Team (DITT)</i>			
7:00–7:45 a.m.	5. Valuation of Unlisted Equity (D.2)	Canada/IMF	<i>Paper for discussion (BOPCOM—21/15 and 21/15.1) (SNA/M3.21/06 and SNA/M3.21/06.1)</i>
<i>This paper recognizes that the current guidance on multiple methods to value unlisted equity has led to several practical implementation challenges, including bilateral symmetry. This paper analyzes the pros and cons of the current recommended methods and discusses the possibility of identifying some as preferred and/or even eliminating some. As a possible way of ordering the different methods, a decision tree is proposed with a view to facilitating compilers' decision-making. The paper also raises the issue of negative equity, and treatment of provisions.</i>			
7:45–8:30 a.m.	6. Treatment of Retained Earnings (D.16)	IMF	<i>Paper for discussion (BOPCOM—21/16 and 21/16.1) (SNA/M3.21/07 and SNA/M3.21/07.1)</i>
<i>This paper presents and discusses the different methodological and practical challenges currently faced by compilers and analysts when dealing with reinvestment of earnings (RIE) in direct investment enterprises (DIEs), on account of the divergence between accounting and statistical definitions of income (net operating surplus). It also discusses the need to impute RIE generated along the direct investment (DI) ownership chain and addresses the implementation of the investment income attributable to investment fund shareholders.</i>			
8:30–8:45 am	Break		

¹ Co-Chairs may propose extending the meeting for some time to finalize the discussion. If it is not possible to discuss all GNs, the possibility of finalizing the discussion on November 1 could also be considered.

Financial and Payment Systems Task Team (FITT)			
8:45–9:30 a.m.	7. Covering Hybrid Insurance and Pension Products (F.12)	<i>FITT</i>	<i>Paper for discussion (BOPCOM—21/17 and 21/07.1) (SNA/M3.21/08 and SNA/M3.21/08.1)</i>
<i>This paper examines possible alternatives to the classification of (i) hybrid insurance products, and (ii) employer-independent pensions in macroeconomic statistics. On the former, three options are considered including the possibility of maintaining the current categories of life and nonlife insurance and allocating hybrid products to one category or the other depending on which features are predominant (Option 2). On the employer-independent pensions provided by the autonomous pension schemes or funds, the GN suggests three options to amend the classification of pensions in social insurance to incorporate the core features, thereby extending the scope of autonomous pension fund sub-sector (S129) to include employer-independent schemes/funds.</i>			
9:30 a.m.	Close of the day		

<u>Monday, November 1 (Joint AEG/BOPCOM session)</u>			
8:00–9:00/13:00–14:00 (EDT/CET)			
Co-Chairs: Louis Marc Ducharme, BOPCOM Chair and Stefan Schweinfest, Chair of ISWGNA			
<i>Draft Summary of Discussions</i>			
8:00 a.m.	8. Draft Summary of Discussions of joint AEG/BOPCOM session		<i>Paper for discussion (BOPCOM—21/18b) (SNA/M3.21/09)</i>
9:00 a.m.	Close of the day		