 **STATISTICS**

Outcomes of the Holistic Review Survey of *BPM6* Update Priorities (BOPCOM 22/02)

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

October 18–20, 2022

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Outline

- **Introduction**
- **Survey Responses**
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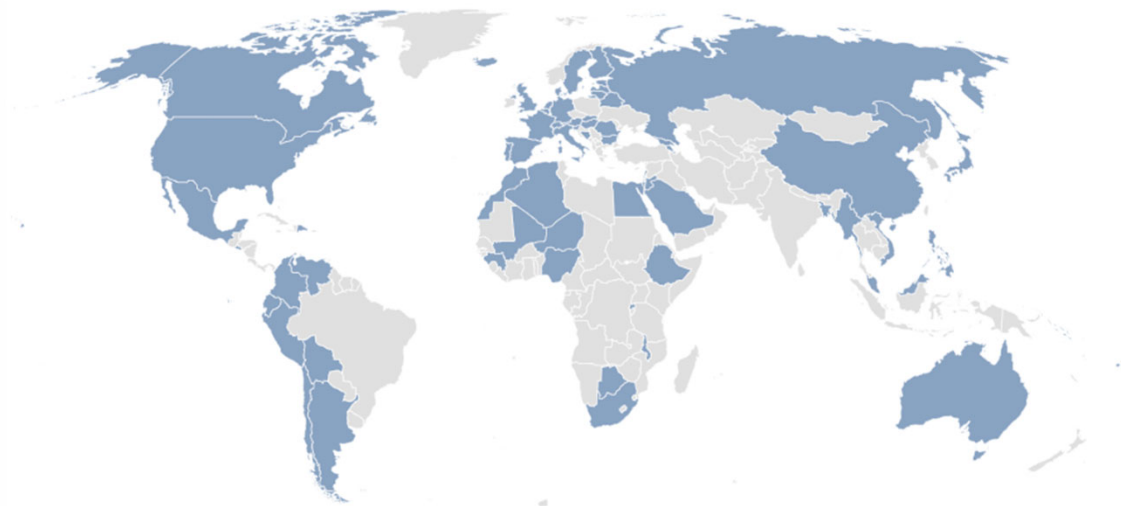
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Introduction

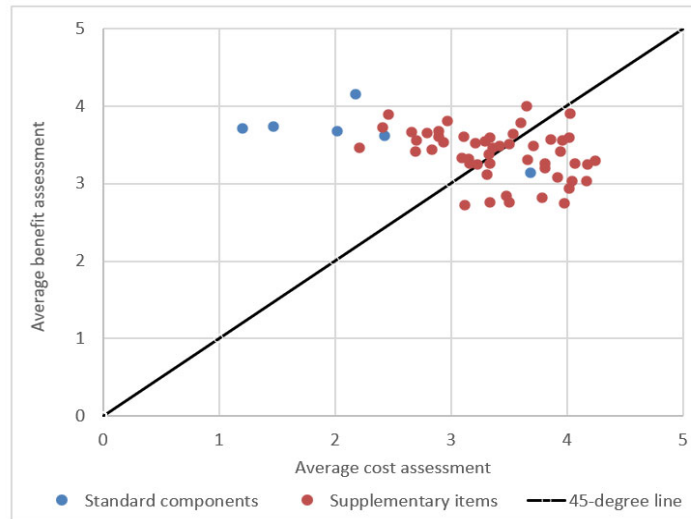
- Holistic discussion of recommendations previously endorsed by the Committee on an individual basis (clarification notes, reports, and guidance notes)
- Committee agreed on the review process in October 2021
- Global survey of compilers and users, with a focus on new data breakdowns
- Questionnaire shared with the Committee and AEG
- Recommendations divided into three buckets
 - i. Will be included in *BPM7*
 - ii. Will remain on the Committee's research agenda for future work and be mentioned as such in *BPM7*
 - iii. Will not be included in *BPM7* and will be dropped from the research agenda

Survey Responses – Broad Participation



Note: Responses received from the 71 economies shown in blue.

Survey Responses – Cost/Benefit Assessments



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Preliminary Assessments – Standard Components

- High bar for including new standard components in *BPM7*
- Propose to include all recommended new standard components except breakdown of financial derivatives by market risk category (supplementary item instead)

GN	Description	Benefits	Costs	Difference
C.6	Split <i>telecommunications, computer, and information services</i>	3.7	1.2	2.5
	Split <i>other business services</i>	3.7	1.5	2.3
D.7	Sectoral breakdown of direct investment	3.7	2.0	1.7
F.1	Split nonfinancial corporations, and households and nonprofit institutions serving households	3.6	2.4	1.2
F.4	<i>Financial derivatives by market risk category</i>	3.1	3.7	-0.5
B.4	Produce an integrated international investment position statement	4.2	2.2	2.0

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Preliminary Assessments – Supplementary Items (I)

- Lower bar for including new supplementary items than for standard components
- New supplementary items will allow economies with high capacity to move forward according to internationally agreed standards
- But the inclusion of many new supplementary items may overburden compilers
- Important to balance these tradeoffs and establish an order of priorities
- Cost/benefits assessments from the global survey used to guide decisions
- Propose to include recommendations when the average benefit assessment minus the average cost assessment is not below -0.5
- Individual assessment when the benefit-cost score is lower (14 recommendations)

Benefit-cost score	Number of recommended new supplementary items
Higher than 0	27
Between 0 and -0.5	10
Lower than -0.5	14
Total	51

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Preliminary Assessments – Supplementary Items (II)

GN	Description	Benefits	Costs	Difference
C.1	Add <i>constructions</i>	2.8	3.5	-0.7
	Add <i>construction services</i>	2.8	3.3	-0.6
C.3	Breakdown of <i>services</i> by currency	3.3	3.8	-0.6
C.4	Add item under <i>net exports of goods under merchanting</i> to identify material inputs procured by the principal in a global manufacturing arrangement from third parties and sold to the contractor	3.2	4.2	-0.9
C.7	Add <i>travel packages</i>	2.8	3.5	-0.6
D.1	Greenfield DI (<i>excluding pass-through funds</i>)	3.3	4.1	-0.8
D.4	Provide statistics on corporate inversions	3.2	3.8	-0.6
D.12	Include "of which: between affiliates" item under financial derivatives	2.9	4.0	-1.1
F.2	Reinvested earnings for portfolio investment	3.1	3.9	-0.8
F.3	Reverse transactions by type of (lent/borrowed) assets	2.8	3.8	-1.0
F.4	Financial derivatives by <i>trading venue</i>	2.8	4.0	-1.2
F.7	Introduce "of which" category for fintech companies within the subsector classification	3.0	4.0	-1.0
	Introduce "of which" category for instruments or services classifications where necessary to separate out fintech-related instruments and services	3.0	4.2	-1.1
G.4	Nationality-based SPE statistics	3.3	4.2	-1.0

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Proposed Way Forward

- Need to make decisions to guide the next phase of the drafting process
- But not all guidance notes are finalized, and no holistic assessment made by the national accounts community
- Therefore, the following way forward is proposed:
 - ▶ Make tentative decisions now (could be revisited later if there is a compelling case for it, for instance to ensure consistency with the national accounts)
 - ▶ Include all conceptual recommendations that were not part of the global survey
 - ▶ As the remaining recommendations are finalized, they will be approved by the Committee on an ad-hoc basis

Initial Feedback

Committee members expressed broad support for the preliminary assessments and the proposed way forward. In addition:

- One member suggested including more GN recommendations in *BPM7* while two members suggested dropping more recommendations
- Three members proposed a prioritization of supplementary items
 - ▶ Suggested prioritization sent to the Committee
 - ▶ The prioritization list could be used in the bilateral engagement with compilers
- Three members raised the need for compilation guidance/capacity development
- Specific drafting suggestions will be incorporated into the final version of the paper along with the conclusions of the Committee discussion

Questions for the Committee

- *Do Committee members agree with the preliminary assessment of the treatment of BPM6 update recommendations?*
- *Do Committee members agree on the preliminary prioritization of supplementary items?*
- *Do Committee members agree on the proposed way forward?*