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Draft post-2025 SNA/BPM7 Research Agenda

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A. Introduction

1. The Advisory Expert Group (AEG) on national accounts, at its 24th meeting in October 2023, reviewed an initial list of 13 issues to be considered for the post-2025 SNA research agenda. These issues were identified through the assessment of the progress with resolving issues on the agreed Research Agenda for the update of the 2008 SNA as well as issues identified by the AEG in its deliberation on some issues. In the process of drafting the 2025 SNA chapters and reflecting on the comments received of the global consultation of the 2025 SNA additional issues for the post-2025 SNA research agenda were identified. At the same time a number of issues were identified for the post-BPM7 research agenda, of which some items are also included in the research agenda of the *OECD Benchmark Definition of Foreign Direct Investment, fifth edition*. Continuing with the excellent cooperation between the SNA and BPM update teams it was proposed to develop a joint SNA/BPM research agenda. This note presents the first draft of the joint SNA/BPM research agenda.

2. The AEG/BOPCOM is invited to comment on the list of issues for the post-2025 SNA/BPM7 Research Agenda, and to suggest other items that could be added. Section B presents the joint SNA/BPM issues, Section C presents the SNA only issues and Section D presents the BPM only issues.

B. List of joint SNA/BPM issues

1. Valuation of imports and exports

3. The System of National Accounts 2008 (2008 SNA) recommends recording of imports and exports of goods at free-on-board (FOB) values. This recommendation is consistent with the valuation principles of trade in goods in the Balance of Payments and International Investment Position Manual, sixth edition (BPM6). However, the FOB recording is not fully reconciled with the principle of output valuation at basic prices used for domestic transactions in the 2008 SNA.

4. While the AEG on National Accounts and the IMF Committee on Balance of Payments Statistics (BOPCOM) agreed that using invoice values is conceptually sound, they also agreed to maintain the status quo for the current BPM6 and 2008 SNA update, given that the limited results obtained during the second stage of the global consultation, did not yet support the feasibility of introducing the valuation of imports and exports at invoice values.

5. However, in BPM7 and 2025 SNA reference is made to using invoice values as the new principle for valuing imports and exports in the future after further research on the feasibility of implementing this principle in practice.

2. Crypto-assets

6. The national accounts and balance of payments communities agreed to monitor developments relating to crypto assets without a corresponding liability designed to act as a

[1] Prepared by Herman Smith (United Nations Statistics Division) and Jannick Damgaard (Statistics Department, IMF), in consultation with the SNA/BPM editorial teams.

medium of exchange, and to review the recommendation in case there are significant market, regulatory and/or accounting changes that may justify a revision after the release of the updated macroeconomic statistical standards in 2025.

3. The treatment of cross-border social transfers in kind

7. In the SNA, social transfers in kind only take place between government units, NPISHs and households. Paragraph 9.153 of the 2025 SNA explains that it is assumed that the amount of social transfers in kind payable to the rest of the world are probably negligible and, in any case, can be assumed to be offset by similar benefits receivable from the rest of the world. In some cases, these assumptions may be inappropriate and an explicit way of recording these could be elaborated. Such an elaboration would have to consider the consequences of having a difference between total final consumption expenditure and total actual consumption. It would also result in two concepts of imports and exports, i.e., excluding and including social transfers in kind.

4. The inclusion of international organizations in the SNA and BPM

8. In the SNA and BPM, international organizations are treated as units that are resident in an economic territory of their own, and not of the economy in which they are physically located (2025 SNA paragraph 5.284). It would in principle be possible to treat international organizations as a standard subset of the rest of the world sector and indeed to compile a full set of accounts for them.

Treatment of the output of international institutions

9. International institutions, such as IMF, the World Bank and the United Nations, are public corporations (and, by implication, institutional units) which are, as a rule, non-residents vis-à-vis countries, residing, as these institutions do, in the "international economic territory".

10. Like other corporations, they use inputs to produce services, which may have a directly measured component (a fee) and an indirectly measured one. They are jointly owned by the governments of their member countries under cooperative arrangements, such as the Charter of the United Nations, or the IMF Articles of Agreement. The characterization and compilation of their output, and the use of that output by their member countries, require elaboration under the current SNA guidelines.

11. The AEG considered this issue at its 9th meeting and acknowledged that it requires further work, taking into consideration the cost-of-funds approach and the valuation using the sum of costs method.

5. Clarification of the income concept in the SNA and the BPM

12. As discussed in paragraph 9.25 of the 2025 SNA, the concept of income in the SNA and BPM differs from the one generally understood in economics. In particular, holding gains and losses are not considered part of income in the SNA and BPM. It is not only economic theory that treats holding gains and losses as income, but also business accounting standards. The SNA excludes holding gains and losses from the production of goods and services, and then extends this to an exclusion from most income flows. A thorough review of the concept of income in the SNA and BPM, including the implications for all property income flows would be beneficial.

Reinvested earnings and asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships.

13. Guidance note F.2 on "Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships" contains a discussion on the extension of retained earnings to all investments in equity. Inclusion in the sequence of economic accounts and extension beyond direct investment in the external accounts did not yet receive much support for the current update process, so it was recommended to only include such information in supplementary tables. This issue has a direct relationship with the discussion on Guidance Note D.17 on "Identifying super dividends and establishing the borderline between dividends and withdrawal of equity".

6. Accruing interest in the SNA and BPM

14. Through the 1990s and into the 2000s a vigorous discussion was conducted among the international statistical community about the appropriate way to record interest on securities such as bonds. Two general approaches were identified in the discussion: the debtor approach and the creditor approach.

15. The ISWGNA established an Electronic Discussion Group (EDG) in 1999 to obtain the views of a broad group of users and compilers on how macroeconomic statistics should record the accrual of interest on bonds and other tradable debt securities. The moderator of the EDG provided a report in October 2002 that concluded that while the participants to the EDG were strongly divided, the majority were in favour of the debtor approach. The ISWGNA subsequently considered the report and supported its conclusion. It then made a recommendation to the UNSC proposing that the SNA should recommend the debtor approach and the UNSC agreed.

16. The recommendation and descriptions of the two approaches can be found in paragraphs 17.252 to 17.254 of the 2008 SNA.

17. Discussion of certain update issues, including the treatment of concessional loans, non-performing loans, interest on index-linked debt securities and interest in arrears, showed that the debtor/creditor debate has implications beyond the recording of interest on securities. A full consideration of the definition of income in the SNA and BPM would have to reconsider this issue.

7. Calculation of implicit financial services on loans and deposits

18. The AEG identified the following topics for further research in the implicit financial services on loans and deposits:

a) Developing more clarity regarding the calculation of implicit financial services on loans and deposits (-related) references in the SNA and BPM, especially in relation to the treatment of risk and the definition of financial services;

b) Further develop the conceptual arguments to either include or exclude credit default risk (CDR) in the calculation of implicit financial services on loans and deposits and in the case of excluding CDR to develop methods and data that could support a possible exclusion of CDR in the future;

c) Consider possible hybrid approaches to price and volume measurement;

d) Further develop the 'costs of funds' approach to determine the reference rate, and further develop possible alternative approaches (vintage reference rate);

e) Consider the financial instruments and units scope of the implicit financial services on loans and deposits; and

f) The connection between the recommendations on implementing the implicit financial services on loans and deposits and the definition of income.

8. Climate offset permits

19. There is no discussion of climate offset permits, despite significant use and issuance by government and private sectors, in the SNA (particularly relevant for chapters 11, 12 and 25) or in BPM. Even if issued by governments, recording these instruments as non-produced non-financial assets seems most appropriate. That said, the issue of climate offset permits should be added to the research agenda for further investigation.

9. Recording of unallocated gold accounts

20. In paragraph 12.65 of the 2025 SNA, it is stated that unallocated gold accounts should be classified as deposits on the liability side, while paragraph 12.45 says that they should be classified as monetary gold if held by the central bank (and also classified as reserve assets). A similar treatment is described in the Draft BPM7. According to one global consultation respondent, this is an obvious inconsistency. Moreover, the respondent states that, also as a result of this, the instrument classification of unallocated gold accounts as an asset depends on its functional classification, which should never be the case; the instrument and functional classification should be totally orthogonal. It is suggested to classify unallocated gold accounts always as deposits. They should also be classified as reserve assets if held by the central bank, but without affecting their instrument classification as deposits.

21. An argument for treating unallocated gold accounts held by central banks as monetary gold is that they give title to claim delivery of gold and therefore would be similar to gold bullion in practice. Conversely, as mentioned in paragraph 6.79 of BPM7, accounts held by the central bank that are only linked to the price of gold are classified as deposits. The 2025 SNA and BPM7 editorial teams note that there is also an asymmetry for gold bullion held as reserve assets, which is only recorded as financial assets but not as liabilities, reflecting the fact that monetary gold is a special category. Since the editorial teams are not in favour of changing the current practice without further discussion (which could delay the update process), it is proposed adding the topic to the research agenda if a significant number of AEG and BOPCOM members see merit in the above suggestion.

10. Transactor vs creditor/debtor approach in the SNA and the BPM

22. The application of the transactor vs debtor-creditor approach to identifying the counterpart to transactions has been raised in the context of consistency between the SNA and BPM. This need for clarification has become particularly important in the context of from-whom-to-whom matrices, which have emerged as a key analytical element in macroeconomic analysis, a development that was not present in 2008. While the 2025 SNA and BPM7 continue to use the transactor approach as the fundamental principle in macroeconomic statistics, more research needs to be conducted to explore the options and to arrive at guidance that balances conceptual and practical considerations.

11. Emissions permits

23. The topic of emission permits remains on the *SNA* and *BPM* research agendas with a view to providing further guidance for emission permits issued freely by governments, multi-country

emission permit schemes, and the typology of emission permits. There was a proposal to allow for additional flexibility for economies that have much more developed emission trading schemes. However, it was argued that these exemptions may create inconsistencies and would introduce among other issues, implications for government debt liabilities. More importantly, the recording of emission permits need to be reconsidered as emissions trading schemes evolve over time, including in new ways that further impact the proposed treatment emission permits.

12. Negative equity positions

24. The 2025 SNA and BPM7 provide conceptual guidance on the treatment of negative equity positions by allowing the recording of negative equity positions as the default option and only zeroing out negative positions in specific cases where liability is strictly limited.

25. It was agreed to add the topic to the research agenda. As a specific topic of research beyond the release of the updated manuals, it would also be helpful to obtain global empirical evidence on domestic equity relationships.

13. Marketing assets

26. In the process leading to the 2025 SNA and BPM7, it was proposed to recognize marketing assets as produced assets thus significantly extending the asset (or production) boundary with assets produced for own final use. This recommendation was not endorsed by the 55th session of the United Nations Statistical Commission in 2024 mostly because of the changes in key economic variables and the significant practical implications it would entail.

27. It was decided to keep the topic on the research agenda and that the IMF task team on marketing assets should continue the development of compilation guidance before this recommendation can be incorporated to the manuals.

14. Sustainable finance

28. Environment, Social and Governance (ESG) and green financial instruments are reported separately as "of which" lines/supplementary items in the financial accounts and balance sheets in the 2025 SNA and BPM7. The compilation of such data based on relevance and statistical capacity rather than making it a requirement for all is encouraged. Developments in sustainable finance should be monitored, and to review the recommendation in case there are significant changes that may justify a revision of the classifications.

15. Loyalty programmes

29. The AEG, ISWGPS, BOPCOM and other stakeholders were consulted on how to account for loyalty programmes and gift cards in macroeconomic statistics following the conclusions of the 14th AEG meeting which highlighted the need to account for rewards programmes in macroeconomic statistics.

30. While AEG and BOPCOM agreed that the possibility of recording reward and gift cards as financial assets should be considered, it was decided to put the topic on the research agenda allowing time for additional guidance and testing.

16. Treatment of securities lending, gold loans, crypto lending, and similar transactions as well as their related revenues

31. To achieve a conceptually sound and practically feasible treatment, the recording of securities lending, gold loans, crypto lending and similar transactions, including the related

revenues, may require further elaboration. The research on this issue may also cover the recording of lent/borrowed assets in the balance sheets of institutional units involved depending on the agreed treatment of revenue; and treatment of on-selling the lent/borrowed crypto assets and whether negative asset positions of crypto assets without a corresponding liability designed to act as a medium of exchange (i.e., non-produced non-financial assets) can be recorded on balance sheets, as is done with the on-selling of securities temporarily acquired through securities lending/repurchase agreements. Revenues from securities lending and gold loans should also be included in the research agenda to enable a holistic discussion on this type of revenue.

17. Valuation of unlisted equity

32. The own funds at book value (OFBV) method may underestimate the value of intangible assets as some of these intangible assets, such as brands and customer lists, may either not be recognized in business accounting standards or may be valued at historic cost. Moreover, divergent national accounting practices may lead to significant bilateral asymmetries. In addition, real estate may be undervalued if conservative appraisal methods are recommended for use by the business accounting standards. The development of an enhanced OFBV method that would improve the valuation of intangible assets and of real estate would better align the valuation of unlisted equity with market values. On the other hand, the treatment of provisions under the OFBV method needs more research. The OFBV method values unlisted equity based on its value in the financial statements of the enterprise, which would be affected by the recognition of provisions. However, in macroeconomic statistics, provisions should remain in the value of the enterprise because there is no corresponding financial asset held by a counterparty and because they are not subject to the sort of (legal) contract associated with a liability.

18. Statistical units

33. One of the challenges brought about by the rapidly changing nature of production and in particular the ways in which enterprises produce goods and services has cast a spotlight on the SNA's/BPM's preference for the use of the establishment as the preferred unit to compile statistics on the production of goods and services, and in particular in the SNA, supply and use tables. There is a need for investigating this issue, and to take stock of the current SNA/BPM recommendations on statistical units (including institutional units), and to reflect on whether or not the recommendations on statistical units need to be adjusted in the future. A clear view of what needs to be measured in the economy needs to be established in order to identify ways to improve the definitions, if necessary, thereby taking into consideration current country practices; regional accounts as well as productivity measurement.

The treatment of establishments in the SNA/BPM

34. Currently, two reasons are mentioned to have the concept of the establishment, instead of the enterprise, within the SNA/BPM. The first of these is to provide a link to source information when this is collected on an establishment basis. In cases where basic information is collected on an enterprise basis, this reason disappears. The second reason is for use in supply and use tables and input-output tables. Historically, the rationale was to have a unit that related as far as possible to only one activity in only one location so that the link to the physical processes of production was as clear as possible. With the change of emphasis from the physical view of the relationship between inputs and output to an economic view, and from product-by-product matrices to industry-by-industry ones, it is less clear why the concept of establishment should be retained in the SNA/BPM.

Consolidation of enterprise groups

35. Many enterprises operating within an economy are linked with other enterprises by complete or partial common ownership and a shared management structure to form an enterprise group. Enterprises also often share common ownership and management with foreign affiliates. It is common for enterprises within an enterprise group to trade with each other, sometimes exclusively, when they perform an intermediate stage in a vertically integrated production process and share the outputs and costs of ancillary production. They may also share the outputs and costs of research and development activities. Given their close ties it may be sometimes desirable to consider an enterprise group as a single entity and to consolidate the accounts of its members. (This is already the practice in some other statistics such as Activities of multinational enterprises (AMNE), Foreign affiliates statistics (FATS) and Bank for International Settlements (BIS) consolidated presentations.) Members of an enterprise group are usually engaged in different activities and sometimes in more than one sector, and so consolidation could affect results, such as industry value added, and sectoral balance sheets. Therefore the most likely way forward would probably be by way of supplementary tables. Separate consideration needs to be given to the case where some parts of the group are non-resident.

19. Treatment of rent

36. In the 2025 SNA/BPM7, the definition of rent is broadened to cover all payments/receipts related to the use of non-produced non-financial assets (regardless of their life span). This would also include payments related to obtaining observable phenomena.[2] However the current location of the recording of rent is still under discussion. Various options for recording the payments/receipts of rent in the sequence of economic accounts could be considered.

37. Rent is currently included in the allocation of earned income account and therefore impacts on the balance of earned incomes (national income) and all balancing items below. Three options can be distinguished, as follows:

38. Option 1: Keep the current treatment (rent in the allocation of earned income account). If one looks upon rent as a remuneration for the leasing of (specific types of) non-produced non-financial assets, in the same way as a return on financial assets, the current classification would still work.

39. Option 2: Include rent in the generation of income account. If one does not consider the leasing of non-produced non-financial assets as the production and use of a service, but still consider the payments for the use of the relevant assets as a cost of production, it could be opted to include rent in the generation of income account. This would not affect value added (or GDP), but would impact gross operating surplus and mixed income.

40. Option 3: Include rent in the production account. If the remuneration for the use of non-produced non-financial assets would be put on a par with the payments and receipts for the use of fixed assets, the logical consequence is that it would be recorded in the production account, as the provision of a service and as intermediate or final consumption. This would then impact GDP in instances where rent is recorded as final consumption. If this option would be recommended, it also raises the question whether one would prefer to keep payments/receipts for the leasing of non-

2 Observable phenomena are facts or situations, whose characteristics and attributes may be recorded. As such, they are often the objective of collecting data.

produced non-financial assets (and/or for the leasing of natural resources) as a separate item, different from rentals.

20. Distorted transfer pricing between fellow enterprises

41. *BPM7* provide conceptual guidance on the treatment of distorted transfer pricing between a direct investor and its direct investment enterprise. However, there is no guidance on the treatment of distorted transfer between two fellow enterprises. Three different options may be considered.

a. First, the transactions could be rerouted as being conducted with the common direct investor, which would pose practical challenges, particularly when involving a long ownership chain passing through several economies.

b. Second, excessive payments could be treated as an injection of equity, which would involve imputed equity positions that would need to be tracked to the end of life for both fellow enterprises.

c. Third, excessive payments could be treated as dividends although fellow enterprises in most cases do not hold direct mutual equity positions, thereby breaking the usual link between financial positions and related investment income.

42. More research needs to be conducted to explore the pros and cons of these options and to arrive at guidance that balances conceptual and practical considerations.

21. The accounting for the economic activities of non-resident units making use of quota established for fishing in a country's Exclusive Economic Zone (EEZ)

43. Concerns about the recording of these fishing rights were raised in relation to the accounting for depletion in such cases. Even though the issue as such already existed in the 2008 SNA, the accounting for depletion as a cost of production highlights additional complications, amongst others for the recording in the balance of payments, where transactions in the capital account are restricted to capital transfers and acquisitions, less disposals, of non-production non-financial assets. While recording all of these various transactions can be envisaged conceptually following standard SNA and BPM principles, there are likely many practical compilation issues to consider, if only because it may require the international exchange of data on the economic activities of the non-resident operators (unless the national statistical office would be able to collect data from the non-resident operator directly).

44. Alternative conceptual framings to describe the economic ownership of the fishery by a non-resident may also be envisaged but these have not been elaborated at this stage, nor has a complete working through of the wider implications for any approach on balancing items, macroeconomic aggregates and related matters.

45. Taking into account the available time, it is not considered possible to arrive at an agreed resolution of this issue, which appropriately balances all of the ins and outs from a conceptual and a practical perspective, and also provides for an adequate consultation process. Therefore, it is proposed to also put this issue on the 2025 SNA and BPM7 Research Agenda. It is also proposed to refer the topic to the SEEA Central Framework revision process for their consideration of potential recording approaches within a SEEA context.

22. Insurance corporations as policyholders of life insurance policies

46. In the current guidance, it says that the policyholder of a life insurance policy is always an individual. This is questioned by one of the respondents to the global consultation, arguing that pension funds can also buy life policies (other than group life schemes) for its members; they buy annuities from life insurance companies on behalf of the fund. As such, they can also can have claims on the technical reserves of life insurers, including related investment income.

47. It is not clear how to deal with this issue, as it is not clear, for example, whether the pension fund is simply behaving on behalf of its policyholders, or the pension fund's role is more than intermediation. The investigation and resolution of this issue may require some time; it may also have a considerable impact on the current guidance. Therefore, it is proposed to put this issue on the 2025 SNA and BPM7 Research Agenda, subject to getting more clarity about the exact problems.

C. List of SNA only issues

23. Calculating real incomes

48. The issue of calculating real incomes has in the past proven to be contentious, hence the fact that the SNA provide no recommendations in this regard. However, recognizing the interest in this issue it could be added to the research agenda

24. Broadening the fixed asset boundary to include other intellectual property assets

Innovation

49. The fixed asset boundary of the SNA has been expanded to include the output of research and development (R&D) that meets the general definition of an asset. It is evident that R&D captures part, but not all, of the innovation process. It may exclude many expenditures by the production and engineering departments of an enterprise. These same departments may also be responsible for identifying a potential new product and referring it to the R&D department to develop the science behind it. In addition, an enterprise may incur other expenditures before a new product goes to market. These include market research to determine the demand for a new product and marketing expenditures to promote it.

Human capital

50. Apart from any staff training required in bringing a new product to market, innovation expenditures are disembodied from the people undertaking the innovation. Therefore, they exclude to a large extent the "investment in human capital".

51. Human input is the major input in most production processes, and the value of that input is largely dependent on the knowledge that humans bring to the production process. It is well recognized that an educated population is vital to material well-being in most countries. Even though there are major conceptual and practical problems with identifying the value of an educated labour force, there are repeated requests to address this issue within the SNA framework.

52. Following the publication of the Guide on Measuring Human Capital, and experience in some countries in producing human capital measures, the question arises whether the SNA asset boundary should be extended to include human capital as an asset, and how such an extension should be materialized.

25. Final consumption of corporations

53. In the SNA, no final consumption is recorded for corporations (with the exception of the central bank), because corporations are not considered to be final users of consumption goods and services. However, large corporations often undertake, for example, sponsorship of cultural and sporting events. To date, the SNA regards the payments involved as a form of advertising, but it could be argued that they are a form of final consumption and could thus be treated as final consumption expenditure of corporations and social transfers in kind to households. Another example relates to regulations such as environmental standards. By imposing such regulations, the government may achieve the same effect as if they levy taxes and spend the income on environmental protection, which would be treated as collective consumption. There may thus be instances where it would be more appropriate to record some expenditures by corporations as final consumption.

26. The measurement of neutral and real holding gains and losses

54. The SNA recommends that the nominal holding gains and losses recorded in the revaluation account should be decomposed into neutral and real holding gains and losses. In paragraph 13.90 of the 2025 SNA, the use of a comprehensive price index covering as wide a range of goods, services and assets as possible is recommended. Some national accountants have suggested that different price indices should be used for different classes of asset. The full impact of this suggestion requires investigation.

27. Treatment of the atmosphere as an asset

It is considered important to further investigate possible ways of considering the atmosphere as an asset and measuring the value of depleting the atmosphere by using it as a sink. This research may have implications for the recording of emissions and other sinks.

28. Classification of land improvements

55. Land improvements are defined, in paragraph 11.87 of the 2025 SNA, as: "the result of actions that lead to major improvements in the quantity, quality or productivity of land, or prevent its deterioration. Activities such as land clearance, land contouring, creation of wells and watering holes that are integral to the land in question are to be treated as resulting in land improvements".

56. In this context, the question arises whether to classify land improvements as part of natural capital or as produced non-financial assets (excluding natural capital). The AEG deliberated that this topic, including the terminology, requires further investigation.

29. Recording of flows involving the harvest of biological resources by units other than the economic owner or where there is no economic ownership

57. The issue of recording flows involving the harvest of biological resources by units other than the economic owner or where there is no economic ownership has been raised via a number of entry points including the treatment of the household collection of firewood, production of heat and the recording of depletion for illegal fishing.

58. The underlying feature is that the economic unit undertaking the extraction of the resources (timber or fish are good examples but can apply more broadly to, for example, hunting, non-wood forest products, etc.) is different from the economic owner of the resource and/or there is no economic ownership of the resource

59. There are a range of challenges that require further consideration to arrive at a full reconciliation between the entries in the production accounts and the balance sheets, in such a way that where there are economic benefits accruing to the economic unit harvesting the resources (reflected in measures of production and consumption), changes in the balance sheets of the resources also need to be considered.

60. It is considered too late in the process to resolve all issues regarding the recording of flows involving the harvest of biological resources by units other than the economic owner or where there is no economic ownership. Therefore, it is proposed to put it on the 2025 SNA Research Agenda.

30. Recording of the run-down of non-produced non-financial assets other than natural resources

61. It was noted that in relation to depletion, nothing is said about the recording of the decrease in value of non-produced non-financial assets other than non-produced natural resources, similarly to having explanations on the exclusion of valuables in the case of depreciation.

62. In the context of the update of the 2008 SNA, is proposed to add a concise paragraph on the exclusion of depletion of non-produced non-financial assets other than non-produced natural resources. However, this leaves open the question of the conceptually preferred recording of the run-down of these non-produced non-financial assets. The current guidance is in line with the 2008 SNA, which treats the run-down as other changes in the volume of assets. However, it is also clear that this run-down has close parallels to the depletion of natural resources, and could thus be looked upon as costs of production. Having said that, there is no category for this run-down, unless one considers it as either depreciation or depletion. Given time constraints, it is proposed to put this issue on the 2025 SNA Research Agenda.

31. Valuables used in production

63. It has been suggested to add guidance to the effect that “valuables” which are primarily used in production, for example by renting them out, should be classified as fixed assets. However, the current guidance clearly states that, for example, museum exhibits should be classified as valuables.

64. It is not clear whether, in addition to museum exhibits, many “valuables” are indeed primarily used in production. For reasons of immateriality, it is proposed to refrain from adding new guidance in the 2025 SNA. In addition, and perhaps more importantly, it can be argued that the issue was not considered in the update process, as a consequence of which there is no mandate for changing the guidance in this respect. Instead, it is proposed to add this issue to the 2025 SNA Research Agenda

D. BPM only issues

32. Ultimate host economy

65. While *BPM7* and the *OECD Benchmark Definition of Foreign Direct Investment, fifth edition (BD5),* further develop the concept and methods to compile outward direct investment position statistics by the ultimate host economy (UHE), they recognize that more research is needed. Therefore, these manuals encourage compilers to explore the different concepts of UHE, the different methods for reallocating positions from the immediate to ultimate host economies, and the different populations to be covered (e.g., all direct investors, only resident direct investors

that are ultimate controlling parents, or excluding special purpose entities (SPEs)) that produce the most meaningful statistics for their economies.

33. Pass-through funds

66. While the adoption of an internationally agreed definition and typology of SPEs assist compilers in their identification and promote cross-country comparability, it is important to monitor the evolution of these entities given the changing nature of financing patterns of multinational enterprises (MNEs) and to update the definition and typology of SPEs if needed.

67. In addition to SPEs, MNEs also invest via their operational subsidiaries abroad. 2025 SNA, BPM7 and BD5 propose a method to identify funds passing through the enterprise from its other business based on the residency of the ultimate controlling parent (UCP). However, more research is needed. This research could focus on a few areas. First, the development of a decision tree to identify “near-SPEs”, which are entities that do not meet the definition of SPEs but that display SPE-like behaviors, such as serving as financial intermediators within the MNE group, would help compilers identify additional entities involved in pass-through activities. A second focus should be on methods to remove the ‘inflation’ in direct investment statistics caused by pass-through funds. This includes the interpretation of the breakdown of outward positions by residency of the UCP. Another possibility would be the development of the ‘ultimate directional principle’ (UDP), which would net out all pass-through funding and enable the presentation of direct investment statistics on an ultimate counterparty basis. The calculation of direct investment according to the UDP begins by determining the direction of control/influence (inward or outward) in the direct investment relationship, but this direction is determined based on the residency of the ultimate controlling parent of the immediate direct investor rather than on the residency of the immediate direct investor. It also applies to all direct investment relationships and not just to fellow enterprises. Moreover, it could be interesting for an economy to know the magnitude of its outward investment that ultimately originates from resident ultimate investors or from non-resident ultimate investors.

34. Foreign Direct Investment statistics based on control (instead of both control and influence)

68. A set of direct investment statistics based on control relationships, rather than on both control and influence relationships, should be developed. Such statistics would help with analysis of the role of direct investment in globalization given the emphasis put on control in *BPM7* and the *2025 SNA*. For example, the recommendation to increase the granularity of the institutional sector accounts and external accounts by identifying foreign-controlled non-financial corporations. Such statistics could also help with the reconciliation of direct investment statistics with activities of multinational enterprise (AMNE) statistics and foreign affiliate statistics (FATS).