

***BPM7* Chapter 10. Goods Account: Annotated
Outline**

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(New BPM chapter, split from existing Chapter 10: Goods and Services Account)

Changes from BPM6 highlighted yellow

I. Introduction

- As in *BPM6* Chapter 10, this chapter will introduce the two outcomes of production—goods and services—but then the chapter will be split, with services discussed in the next chapter.
- The chapter will have separate sections on the major components of the goods account—general merchandise (Section II), goods under merchanting (Section III), and nonmonetary gold (Section IV)—and then will cover two additional topics—reconciliation of IMTS and BOP goods (Section V) and additional breakdowns and supplemental presentations (Section VI).² See the Schematic Overview for details.
- *BPM6* Table 10.1 will be modified to present an overview of the goods account only (services will be presented in a separate table in Chapter 11). The table will also be expanded to include the new supplementary (“of which”) items related to goods traded as part of global manufacturing arrangements.
- The introduction will include a reference to products ordered through electronic means (e-commerce) but supplied across borders. These and other aspects of the digital economy are covered in more detail in Chapter 16 (Digitalization).
- In addition to the highlighted updates/additions, the consistency of the language with other macroeconomic statistics manuals (e.g., *2025 SNA*, *IMTS*) will be maintained.

II. General Merchandise

- The definition of general merchandise; lists of what is to be included in and excluded from general merchandise; and discussion of other goods-related issues such as general and special trade, time of recording, valuation, and re-exports will be maintained as in *BPM6* with a few updates.
- Under “items to be included in general merchandise” (paragraph 10.17), there will be an addition to clarify that export sales to merchants and import purchases from merchants should be included in general merchandise. It will further be clarified that this should include goods sold to a merchant and purchased from a merchant under a so-called “inverse merchanting” arrangement. Inverse merchanting is when a merchant resident in Country A purchases goods from a resident of Country B and sells the goods without physical transformation to another enterprise resident in Country B without the goods leaving Country B. In this case, the goods should be separately identified and included in the balance of payments of Country B, under *general merchandise*. Because there is no physical cross-border flow, adjustments for exports and imports are needed to reflect that a change

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² Depending on the outcome of GN F.18 on crypto assets, it may be necessary to add a section on crypto assets.

of economic ownership happens twice in B. An enterprise in Country B sells goods to the merchant enterprise resident in A (export for Country B) and another enterprise in B buys goods from the same enterprise in A (import for Country B).

- Following GN C.4, it will be clarified that sales of final goods under an factoryless goods producer (FGP) arrangement will be recorded under general merchandise, not under merchanting. Further, goods traded within a global manufacturing arrangement will be included as a supplemental “of which” item under general merchandise.
- The chapter will retain the current standard for valuing general merchandise using free on board (FOB)-type valuation. However, the chapter will note that the valuation of imports and exports at the observed transaction value is conceptually preferred and, subject to further testing, will be introduced as the standard in the next version of the manuals (per GN G.1).³ In addition, the discussion of valuation of imports and exports, including the CIF-FOB adjustment, will need to be aligned across the SNA and BPM.

III. Goods Under Merchanting

- This section—which defines merchanting and explains the recording of goods under merchanting—will be maintained as in *BPM6* with the following important changes.
- Following GN C.4, the chapter will clarify that the treatment of the acquisition of goods by merchants as negative exports is necessary to assure a global balance of the accounts; if these purchases were considered as imports and exports in the merchant’s economy, the global flows of the traded goods would be double counted.
- A reference will be made in this section to the new discussion of inverse merchanting in Section II.
- Box 10.1 will be modified to cover numerical examples relating to merchanting and re-exports. These examples will then be built on in a new box in Chapter 11 (Services Account) to further describe arrangements that combine merchanting with processing-type arrangements as well as other arrangements. This will help support the definitions and explanations of these different arrangements in the manuals.
- Following GN C.4, net exports of material inputs procured abroad by the principal in an FGP arrangement and sold abroad to the contractor will be recorded as a supplemental “of which” item under net exports of goods under merchanting.
- Following Clarification Note 10, this section will include a clarification that freight transport and insurance costs associated to merchanting are to be recorded at transaction prices as agreed between the parties, and dependent on the agreed delivery terms (that is, not FOB) and that the country allocation of “net exports of goods under merchanting” should be done by adding up all credit and debit entries of goods under merchanting for each partner country.

³ Future changes to the standards will of course be subject to agreement of the parties involved.

IV. Nonmonetary Gold

- The definitions of nonmonetary gold (as contrasted with monetary gold) and discussion of related issues—will be maintained as in *BPM6* with no major changes.

V. Reconciliation of IMTS and Balance of Payments Goods

- The section will emphasize the good practice for compilers to produce and publish a reconciliation table of the differences between merchandise trade statistics and goods on a balance of payments basis, which is important for analysis of global value chains (see GN G.7) and also illustrates the conceptual differences between BOP and IMTS.
- Table 10.2 (reconciliation between IMTS and balance of payments) will be enhanced to cover all goods transactions in the reporting country changing ownership between a resident and a nonresident without crossing the border. For example, not only net exports of merchanting (+) should be mentioned but also needed adjustments for exports and imports of inverse merchanting transactions (+) because by definition IMTS does not capture these transactions. Following GN C.4, there will also be changes to the line items related to goods for processing to also cover FGP activity.

VI. Additional Breakdowns and Supplemental Presentations

- Expanding on the existing discussion in *BPM6* (for example in paragraph 10.15) this section will describe the additional breakdowns of goods that are encouraged (according to the priorities of the compiling economy) to support analysis. More detailed breakdowns could include major products, major product groups, industry of origin, and broad economic categories (links to classification systems), and trade by currency (to be discussed further in Annex 5).
- Following GN C.2 and G.7, further disaggregation of total exports and imports of goods by characteristics of the trading enterprise (ownership and size) is recommended as a supplemental presentation to highlight the role of enterprises with different characteristics in the current account (described further in Chapter 15).

Schematic Overview

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| I | <p>Introduction</p> <p>Outcomes of production</p> <p>Table 10.1, Overview of the Goods Account</p> |
| II | <p>General Merchandise</p> <p>Introduction</p> <p>Items to be included in general merchandise</p> <p>Items to be excluded from general merchandise because there is no international transaction</p> <p>Items to be excluded from general merchandise because they are included elsewhere</p> <p>Deliveries between affiliated enterprises</p> <p>General and special trade</p> <p>Time of recording</p> <p>Valuation</p> <p>Re-exports</p> |
| III | <p>Goods under Merchanting</p> <p>Introduction</p> <p>Difference between merchanting, goods for processing, and FGP arrangements</p> <p>Box 10.1, Examples of Goods under Merchanting and Re-exports</p> <p>Geographic allocation</p> <p>Freight and insurance related to goods under merchanting</p> |
| IV | <p>Nonmonetary Gold</p> <p>Introduction</p> <p>Unallocated gold accounts</p> <p>Distinguishing nonmonetary gold transactions from monetary gold transactions</p> |
| V | <p>Reconciliation of IMTS and BOP Goods</p> <p>Introduction</p> <p>Table 10.2, Reconciliation between Merchandise Trade Statistics and Total Goods on a Balance of Payments Basis</p> <p>Importance for combining datasets</p> |

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| VI | <p>Additional Breakdowns and Supplemental Presentations</p> <ul style="list-style-type: none"> By product By industry By currency By enterprise characteristics |
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References

- GNs G.1, G.7, C.2, C.3, and C.4. These guidance notes are posted at [Update of the sixth edition of the *Balance of Payments and International Investment Position Manual \(BPM6\)* \(imf.org\)](#).
- Clarification Note on [The Treatment of Freight and Insurance Associated to Merchanting and the Geographical Allocation of Net Merchanting](#) (CN.10)
- *International Merchandise Trade Statistics: Concepts and Definitions (IMTS 2010)*
- *Manual on Statistics of International Trade in Services 2010 (MSITS 2010)*
- *Handbook on Measuring Digital Trade*

Key Stakeholders Consulted

- System of National Account and Balance of Payments Manual editors
- CATT Secretariat