

***BPM7* Annex 6. Selected Issues on Direct
Investment: Annotated Outline**

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(Update to *BPM6* Appendix 6a)

Changes from BPM6 highlighted in yellow

I. Introduction

- As in *BPM6* Appendix 6a, this annex will give an overview of direct investment by pulling together relevant information from the main part of the *Manual*, which is organized according to accounts rather than topics. As a new feature, this annex will also go more into depth on certain issues that are only briefly described in the main part of the *Manual*. The annex will have separate sections on overview of direct investment (Section I), ultimate ownership and pass-through funds (Section II), corporate inversions (Section III), public-private partnerships (Section IV), cash pooling (Section V), and greenfield investment and extension of capacity (Section VI). See the Schematic Overview for details.
- In addition to the highlighted updates/additions below, further changes may be made to improve the consistency of the language with other macroeconomic statistics manuals (e.g., *2025 SNA*) as appropriate. There will be references to the fifth edition of the *OECD Benchmark Definition of Foreign Direct Investment* throughout the annex.

II. Overview of Direct Investment

- The references will be updated throughout this section.

III. Ultimate Ownership and Pass-Through Funds

- Per GN D.6, this section will present a supplementary framework for direct investment statistics by the ultimate investing economy (UIE) and the ultimate host economy (UHE) as well as identification of pass-through funds. To support cross-country comparability, the “winner takes all” approach will be recommended as the preferred approach for the UIE, and the reallocation of positions to the first operating unit(s) for the UHE. Per GN G.2, a reference to the concept of ultimate controlling parent will be made. In addition, this section will describe the proportional approach and the IFRS consolidation method to help illustrate the concepts of UIE and UHE as well as to help guide their use and interpretation. It will also include the indicator of pass-through funds based on the residency of the ultimate investor.

IV. Corporate Inversions

- Per GN D.4, this section will contain the official definition of corporate inversions as well as a taxonomy of the most usual cases of corporate actions that involve inversions or other forms of restructuring with similar economic effects. It will also include strengthened guidance on publishing details on corporate inversions. As in the *BPM6*, these presentations would remain supplementary and at the discretion of the reporting economy.

¹ Prepared by Jannick Damgaard (BPM editor) and cleared by Carlos Sánchez-Muñoz (BPM Project Manager).

V. Public-Private Partnerships

- Per GN D.8, this section will provide guidance on the concepts, definitions, scope, and statistical treatment of public-private partnerships (PPPs) under direct investment. In particular, it will provide detailed guidance on the application of the existing guidance on branches and notional units in the case of PPPs arrangements and clarify the role of economic and legal ownership of assets.

VI. Cash Pooling

- Per GN D.18, this section will include a description of the main types of cash pooling arrangements (single legal account, physical cash pool, and notional cash pool) and their different statistical treatments.

VII. Greenfield Investment and Extension of Capacity

- Per GN D.1, this section will include guidance on the definition and collection of supplementary data on greenfield investment and extension of capacity. Data collection should cover both equity (other than reinvestment of earnings) and debt instruments, excluding the “pass-through” funds, if possible, and the recording should be on net inward direct investment.

Schematic Overview

I	Overview of Direct Investment
II	Ultimate Ownership and Pass-Through Funds
III	Corporate Inversions
IV	Public-Private Partnerships
V	Cash Pooling
VI	Greenfield Investment and Extension of Capacity

References

- GNs D.1, D.4, D.6, D.8, D.18, and G.2. These guidance notes are posted at [Update of the sixth edition of the *Balance of Payments and International Investment Position Manual \(BPM6\)* \(imf.org\)](#).
- *BPM6*, Appendix 6a.

Key Stakeholders Consulted

- Balance of Payments Task Team
- System of National Accounts Lead Editor
- Global Consultation of the External Sector Statistics Community