



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

March 10, 2020

BOPCOM VM—20/01

Summary of Discussions

Prepared by the Statistics Department

INTERNATIONAL MONETARY FUND

Summary of Discussions

Introduction

1. The thirty-third meeting of the IMF Committee on Balance of Payments Statistics (Committee) was conducted via videoconference on March 10, 2020. This summary of discussions includes the action points agreed in the meeting.
2. In his opening remarks, Mr. Louis Marc Ducharme, Director, Chief Statistician and Data Officer (IMF), underscored the importance of organizing this meeting prior to the meeting scheduled for October 2020. He informed the members that the United Nations Statistical Commission (UNSC) at its fifty-first session on March 3, 2020, endorsed the inter-secretariat working group on national accounts (ISWGNA) proposal to update the *System of National Accounts 2008 (2008 SNA)*, targeting a release of the revised standard in March 2025. With a view to ensuring consistency between the international statistical standards for macroeconomic statistics, the IMF has decided to launch a parallel process for updating the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*. Mr. Ducharme suggested that the Committee should focus on important priorities given the short time schedule for the updating process.

BOPCOM VM 20/02 and 20/03 – Process and Timeline for Updating *BPM6* and The Forthcoming Update of International Standards: Organization of the Work Ahead Papers by IMF

Topics Presented for Discussion:

3. The paper *Process and Timeline for Updating BPM6* seeks the endorsement of the Committee for a parallel launch of the process for updating the *BPM6*—also with a target release date of March 2025. This would ensure consistency between two key methodological standards, while leveraging the combined research and consultative processes in key areas such as globalization and digitalization to enhance the policy relevance of national and international accounts statistics.
4. The IMF's Statistics Department (STA) has already initiated work on updating the international statistical standards, including by defining priorities for their update and by presenting to the Committee in 2019 a backbone strategy for updating *BPM6* as well as by advancing research on specific topics relevant for the update.

5. The following updating process and timetable (see Table III of the paper VM 20/02 for a detailed timetable) was proposed:

- No annotated outline (AO) of the *BPM6* update (*BPM7*) will be prepared beforehand;
- The proposed update process is divided into two main phases: (i) finalize (beyond the work conducted in the last three years) detailed research on the issues identified in the research agenda and discuss how they would impact the balance of payments manual (BPM), and, once conclusions are reached, (ii) draft the *BPM7*;
- For the work to be undertaken in Phase I (March 2020–March 2022), technical expert groups (TEGs) will be set up that will research and make recommendations on— (i) general principles and structural issues (Balance of Payments Technical Expert Group, or BOPTEG), (ii) current account issues (Current Account Technical Expert Group, or CATEG), (iii) direct investment (Direct Investment Technical Expert Group, or DITEG), and (iv) issues related to financial and payment systems (Financial Technical Expert Group, or FITEG);
- Joint task forces comprising national accounts and balance of payments experts will also be established to assure full consistency between the system of national accounts (SNA) and BPM methodologies. Two joint groups have been recently formed: (i) Task Force on Intellectual Property Products and (ii) the Committee members joined the UN/ESCWA-UNSD Task Force on Islamic Finance;
- Advisory Expert Group on National Accounts (AEG) subgroups exist covering overlapping areas of work: digitalization (e.g., e-commerce, crypto assets) and globalization. The composition of these groups will be modified into joint national accounts and balance of payments groups;
- The joint groups will also consider the initiatives of the Friends of Chair group on economic statistics aimed at improving coordination, communication, and collaborative responsiveness across the system of economic statistics, reflecting that the most important consideration was having the right links in place between groups to achieve an identified purpose;
- Phase II (March 2022–March 2025) entails finalizing the AO, drafting the chapters and appendixes of *BPM7*, and extensive consultations about the proposed changes;

6. STA made the following proposals for co-chairing with STA the three TEGs: CATEG: Eurostat; DITEG: OECD; and FITEG: ECB or BIS.

Summary of Discussions:

7. The Committee fully supported the proposals for launching the update of *BPM6* with a target release date of March 2025 and agreed on the proposed timetable, creation of TEGs, and strong integration of this process with the 2008 SNA update, including converting the

existing AEG subgroups into joint groups and creating new joint groups. Some members expressed support for pursuing consistency between the two domains to the maximum extent possible, including having the same drafting for areas of common interest.

8. Committee members underscored the risk of overlaps among the proposed areas of research for the proposed four TEGs, the ongoing work for updating the SNA, and the proposed new joint work. The IMF invited Committee members to signal overlapping areas when sending their comments to the TEGs' Terms of Reference (ToR), which will be soon circulated, and highlighted the coordinating role assigned to BOPTEG vis-à-vis the other three TEGs and with the existing SNA groups (whose composition will be turned into joint national accounts and balance of payments groups), which should avoid any duplication of work and contradictory recommendation on related topics. Given the tight timeline and the aim at achieving full consistency, having the same discussion in more than one group should be avoided. Moreover, the ToR of the TEGs to be circulated for comments to the Committee will clearly identify high and lower priority items, consistent with the main priorities identified in the Backbone paper adopted by the Committee at its previous meeting ([BOPCOM 19/10](#)).

9. To ensure consistency with other areas of macroeconomic statistics (government finance statistics and monetary and financial statistics), the relevant divisions of STA will be involved during the update process on topics of their interest. Throughout the update process, STA will actively communicate with the participants of various groups, user community, and relevant IMF departments to bring their perspective into the discussions, inviting some users to participate in some of the expert groups.

10. Some Committee members proposed establishing a mechanism for resolving possible issues of disagreement between ISWGNA/AEG and the Committee with a view to achieving full integration between the *BPM6* and *2008 SNA* updates. Given that the process of updating both manuals relies on joint groups and on participating in each other's expert groups, as well as the strong wish of both communities to fully harmonize their standards, the Chair considered the possibility of disagreements on technical/conceptual issues as very low. Nonetheless, in the unlikely case of any disagreement, the Chairs of the Committee and of the ISWGNA Management Team will jointly decide how to move forward.

11. The Committee strongly supported the harmonization of terminology as part of the update process. As an example, the notes to be prepared as part of the *BPM6* review process will be called guidance notes going forward. The IMF will prepare a proposal for harmonization of terminology soon.

12. The IMF reported on its plans to set up electronic platforms for the TEGs, not only to share documentation within the group and with the Committee members, but also to open guidance notes to public consultation. The IMF also reported plans for digitalizing the current and the next versions of the manual and related compilation guides and some Committee members highlighted the importance of doing it jointly with SNA to improve the serviceability of the manuals (e.g., discussions in the sub-group on communication). To ensure that the recommendations for the updated manual remain practical, compilers will have the possibility to test the proposals put forward in the guidance notes, thus contributing to a more gradual uptake of the changes. This is envisaged to be done by posting various guidance notes for public consultation before incorporating them in the draft chapters of the *BPM7*. In addition, the Committee agreed that the composition of the TEGs and joint groups should bring in the best experts and compilers representing different degrees of statistical capacity to ensure they take into account the feasibility and relevance of the agreed changes.

13. Committee members will have the opportunity to convey their interest to co-chair/participate in the TEGs as well as in the AEG groups when the TORs for the TEGs are sent for their comments. The Committee members' interest in participating in AEG groups will be communicated to the ISWGNA.

Actions:

The IMF to:

- send draft TORs of the four TEGs (BOPTEG, CATEG, DITEG, and FITEG) for written comments to Committee members and to seek their interest to lead or participate in some of these groups, as well as to propose compilers in countries beyond the Committee composition;
- update the paper *Process and Timeline for Updating BPM6 (VM 20/02)* and circulate to the Committee for final written comments before its publication;¹
- follow up with the Committee and the ISWGNA on a proposal for harmonization of terminology across BPM and SNA throughout the update process.

¹ In view of the reprioritization of work in the existing circumstances, and given that a number of likely updates to the paper link to issues that would be addressed in either the TORs of TEGs or through further consultations, the paper would be published as presented. Developments on the *BPM6* update process and timeline would be reported to the next Committee meeting in October 2020.