

**REVISING THE INTERNATIONAL STANDARDS:
BALANCE OF PAYMENTS**
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Many issues relevant to the updating of the *SNA* are equally applicable to the IMF *Balance of Payments Manual*, due to the consistency of the framework. Issues that may be of special interest to the BEA Advisory Committee and that are primarily of concern to BOP compilers include:

- a. How should cross-border claims and liabilities be measured in the absence of market prices?

More specifically, should face values or historical costs be used, or should methodologies be developed to revalue positions to prices of the current period? Major categories of assets that generally are not traded—and therefore for which there are no market prices—include direct investment equity and nontraded loans (including nonperforming loans).

- b. For balance of payments purposes, who should be considered a resident?

A number of borderline cases will be considered. For example, what is the country of residence of shell corporations? Should they be considered residents in the economies in which they operate or residents of the economies in which they are legally incorporated? Or would it be better to look through them altogether?

With regard to individuals, what is the residency of persons who work abroad for a year or more? Current guidelines call for them to be regarded as resident in the country where they work if they intend to remain there for more than one year, but some countries would prefer to avoid recognizing a change in residency until a longer period had elapsed, provided there is an intention to return eventually to their original country of residence.

How should students who reside abroad for more than one year for study purposes be regarded? Currently, there is an exception to the one-year rule for students, and they are treated as residents of their country of citizenship. Should this exception be retained?

Timeline:

To issue the revised *Manual* by the end of 2008, the list of issues for consideration must be finalized almost immediately. Several expert groups have been formed and will complete papers on every identified issue by June 2005. Their recommendations then progress to higher level groups, including the IMF Committee on Balance of Payments Statistics and, for issues that involve national accounts issues, the Advisory Expert Group on the *SNA*, for review and approval.

Questions for the Advisory Committee:

1. What issues would you like to see considered during the updating process?
2. What are your views on the issues discussed above?