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**Implementation of IMF's Balance of Payments (BOP) and International Investment Position (IIP) Manual, Sixth Edition (BPM6) Compilation Framework**

The Bank is releasing the first quarter of 2018 balance of payments statistics in conformity with the requirements of the IMF's sixth edition of the Balance of Payments and International Investment Position Manual (BPM6). This follows years of effort by the Bank with regard to the broadening of the coverage of the statistics required, which occurred through changes brought to the International Transactions Reporting System (ITRS), notably banking returns and the conduct of a number of additional surveys. BPM6<sup>1</sup> reflects global economic changes, which arose from heightened globalization with greater cross-border activities and financial flows resulting from greater international capital markets dynamism together with the increasingly complex international corporate structures.

Conceptually, the overall framework of BPM6 remains somewhat similar to that of the previous manual (fifth) edition of the Manual (BPM5) and maintains the structure of the accounts, notably the Current, Capital and Financial account, as well as their main components. The classification of institutional sectors also remains unchanged, except for the renaming of a few items. The various terms that have been changed pertain to the BPM6 requirements, alignment with international standards or harmonization with the terminology of other manuals, and better description of/link with other data categories.

In line with past dissemination practices, the transactions of global business entities continue to be separately identified in Mauritius' balance of payments.

The following provides a review of the main changes brought about by BPM6 reporting compared to BPM5.

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<sup>1</sup> The BPM6 is consistent with other international manuals and statistical guides, notably the IMF's System of National Accounts 2008 (2008 SNA) and the OECD's Benchmark Definition of Foreign Direct Investment (BD4).

## Major Changes

- In BPM6, the Current Transfers Account has been renamed Secondary Income Account, which is sub-divided between *General Government* and *Financial corporations, nonfinancial corporations, households, and NPISHs*<sup>2</sup>, within which personal transfers have been separately identified.
- Migrant Transfers, which are personal effects, financial assets and liabilities of individuals changing residence, which used to be recorded in the Capital Account in BPM5, are no longer recorded as balance of payments transactions in BPM6.
- A new functional data category 'Financial Derivatives and Employee Stock Options' has been introduced in BPM6 besides Direct Investment, Portfolio Investment and Other Investment. Previously, Financial Derivatives were being reported under Other Investment.

### 1. New sign conventions

Transaction	New	Old
Current account, receipts	Credit	+
Current account, expenses	Debit	-
Current account balance, net	Receipts – Expenses = Credit/Debit	Receipts + Expenses = +/-
Net acquisition of financial assets (capital outflows)	Credit	-
Net incurrence of liabilities (capital inflows)	Debit	+
Financial account, net	Net acquisition of financial assets – Net incurrence of liabilities	Capital outflows + Capital inflows = +/-
Calculation of the statistical difference	Financial account, net	(Current account, net + Capital transfers, net + Financial account, net) * (-1) = Residual item
	– Current account net	
	– Capital transfers, net	
	= Statistical difference	

<sup>2</sup> Nonprofit institutions serving households.

## 2. New terms

<b>New term</b>	<b>Old term</b>
Manufacturing services	Processing
Primary income	Income
Secondary income	Current transfers
Net lending/net borrowing	Current account and capital transfers
Net incurrence of liabilities	Capital inflow
Net acquisition of financial assets	Capital outflow
Direct investment, net acquisition of financial assets	Direct investment abroad
Direct investment, net incurrence of liabilities	Direct investment in Mauritius
Long-term debt securities	Bonds and notes
Short-term debt securities	Money market instruments

## 3. Classification changes

<b>Category</b>	<b>New classification</b>	<b>Old classification</b>
Merchanting	Goods	Services
Manufacturing services	Services	Goods
Repairs	Services	Goods
Postal and courier services	Transport sub-account under Services	Postal, courier and telecommunication sub-account under Services
Telecommunications services	Telecommunications, computer and information sub-account in Services	Services/Postal, courier and telecommunications sub-account under Services
Outcomes of research and development (e.g. patents)	Research and development sub-account under Services	Capital transfers
Changes in claims against pension funds	Secondary income	Primary income
Insurance technical reserves	Direct investment	Other investment

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