

## Summary of new terms

<u>New term</u>	<u>Old term</u>	<u>Reason for change</u>
Manufacturing services	Processing	The new term describes this category more accurately
Primary income	Income	Harmonisation with system of national accounts (SNA)
Secondary income	Current transfers	Harmonisation with SNA
Reinvestment of earnings (in financial account only)	Reinvested earnings (financial account)	Shows link with other categories in the financial account more clearly
Net lending/net borrowing	Financial and capital account transfers	Harmonisation with SNA
Net incurrence of liabilities	Capital inflow (credits in financial account)	Highlights link to changes in international investment position
Net acquisition of financial assets	Capital outflow (debits in financial account)	Highlights link to changes in international investment position
Direct investment, net acquisition of financial assets	Direct investment abroad	BPM6: Transition from directional to asset/liability principle
Direct investment, net incurrence of liabilities	Direct investment in the reporting country	BPM6: Transition from directional to asset/liability principle
Long-term debt securities	Bonds and notes	BPM6
Short-term debt securities	Money market instruments	BPM6

## Summary of new sign conventions

<u>Transaction</u>	<u>New</u>	<u>Old</u>
Current account, receipts	+	+
Current account, expenses	+	+(for ECB)
Net current account	Receipts – Expenses = +/-	Receipts - Expenses = +/-
Capital transfers receipts	+	+
Capital transfers, expenses	+	-
Net capital transfers	Receipts – Expenses = +/-	Receipts + Expenses = +/-
Net acquisition of financial assets (outflows)	+	-
Net incurrence of liabilities (inflows)	+	+
Net financial account	Net acquisition of financial assets – Net incurrence of liabilities = +/-	Outflows + Inflows = +/-
Calculation of the statistical difference	Financial account, net – Current account net – Capital transfers, net = Statistical difference	(Current account, net + Capital transfers, net + Financial account, net) * (-1) = Residual item

## Summary of main classification changes

<u>Category</u>	<u>New classification</u>	<u>Old classification</u>	<u>Reason for change</u>
Trade in precious metals as raw materials (gold ingots)	Goods	Other investment	Alignment with international standards
Merchanting	Goods	Services	BPM6
Manufacturing services	Services	Goods	BPM6
Repairs	Services	Goods	BPM6
Postal and courier services	Services / Transport	Services / Postal, courier and telecommunication services	BPM6
Telecommunications services	Services / Telecommunications, computer and information services	Services / Postal, courier and telecommunications services	BPM6
Outcomes of research and development (e.g. patents)	Services / Research and development services	Capital transfers	BPM6
Changes in claims against pension funds	Secondary income	Primary income	BPM6
Insurance technical reserves	Direct investment	Other investment	BPM6

**BPM6**

Loans with equity character granted to direct investment enterprises	Direct investment / Intragroup lending	Direct investment / Equity capital	BPM6
Exceptional dividend payments (super-dividends)	Direct investment / Equity capital	Investment income / Direct investment income	BPM6
Contributions to cover losses made to direct investment enterprises	Direct investment / Equity capital	Investment income / Negative direct investment income	BPM6
Structured products	Portfolio investment / Debt securities	Derivative financial instruments	Improvement of data sources

## Summary of main methodological changes

<u>Change</u>	<u>Impact</u>
Asset/liability presentation of FDI, including a distinction of reverse transactions and fellow enterprises.	Data collection and presentational change.
Valuation of unlisted shares at market value.	Data collection.
Strict application of 10% criterion for the inclusion of investment funds in direct investment.	Data collection and presentational change.
Permanent debt no longer identified (all non-equity positions/transactions between financial intermediaries are now excluded from FDI).	Data collection.
Clarification of the residence on entities without a physical presence.	Already implemented in the euro area b.o.p./i.i.p.
Imputations for standardised guarantees and SPEs.	Expected to be minor.
Financial assets and liabilities of entities changing residence are included as other changes in volume.	Impact on net lending/net borrowing.
Recording of employers' unfunded pension liabilities.	Limited impact.
Goods for processing (from goods to services).	Presentation and data collection.

Merchanting (from services to goods).	Presentation and data collection.
Treatment of buy-sell spread as services.	Data collection.
Financial Intermediation Services Indirectly Measured (FISIM).	Presentation and data collection.
Amendments to the calculation of insurance companies and pension services.	Data collection.
Recording of retained earnings for investment funds.	Already implemented in the euro area b.o.p.