



Appendix 9. Main Changes From the 2003 *External Debt Statistics Guide*

A detailed list of changes made in the *External Debt Guide (Guide)* is provided below, focusing on the conceptual framework (Part I of the *Guide*). The comparison is with the 2003 *External Debt Statistics Guide*. The conceptual framework is fully consistent with *BPM6*, allowing comparability of external debt, IIP, and other macroeconomic statistics.

Chapter 2. The Measurement of External Debt: Definition and Core Accounting Principles

The definition of external debt is such that it includes all liabilities recognized by the 2008 *SNA*—except for equity (both equity shares and other equity) and investment fund shares, and financial derivatives and employee stock options (ESOs)—that are owed by residents to nonresidents. These liabilities are known as debt liabilities (paragraph 2.11).

The concepts of flows and positions are clarified (paragraphs 2.13 and 2.14).

Residence is determined by where the debtor and creditor have their center of predominant economic interest. The terms “economy,” “economic territory,” and “center of predominant economic interest” are defined (paragraphs 2.9 and 2.15–2.16).

The inclusion of currency or economic unions as another type of economic territory is clarified (paragraph 2.16).

The requirements for recognizing a branch as a separate unit are discussed (paragraph 2.18).

Special features and treatment of special purpose entities (SPEs) and other similar structures are discussed (paragraph 2.20 and Appendix 3).

The definition of multiterritory enterprises is provided, and the treatment of their gross external debt position is discussed (paragraph 2.20 and Appendix 1, Part 2).

The concept “economic ownership” is introduced to determine the time of recording (paragraph 2.25).

The time of recording of dividends is defined as when the stocks or shares go ex dividend (paragraph 2.27), rather than when dividends were declared payable.

When arrears on principal and/or interest payments occur, they should continue to be shown in the same debt instrument until the liability is extinguished (paragraph 2.31) rather than recording arrears under other debt liabilities—short-term.

A comparison matrix of the valuation of debt instruments is presented (Box 2.2).

Valuation of nonperforming loans and deposits at deposit-taking corporations in liquidation is discussed (paragraphs 2.41 and 2.42, and Appendix 3).

Valuation of new debt instrument category “insurance, pension funds, and standardized guarantee schemes” is discussed (paragraph 2.45).

Emphasis on the maturity attribution of external debt on a remaining maturity basis (long- and short-term) is made (paragraph 2.61).

The method of calculation of positions of index-linked debt instruments is clarified (paragraphs 2.92–2.96).

Guidance on the accrual of interest costs on instruments with grace periods of interest is provided (paragraphs 2.97 and 2.99, and Box 2.4 and 2.5).

Chapter 3. Identification of Institutional Sectors and Financial Instruments

The institutional sector classification is amended to be consistent with the *BPM6* in the cases of the central bank, and of deposit-taking corporations, except the central bank (paragraphs 3.2, 3.5, and 3.6).

“Banks” are renamed “other deposit-taking corporations,” but the substance of this institutional sector remains unaffected (paragraph 3.6).

The “nonbank financial corporations” subsector is renamed “other financial corporations” (paragraphs 3.8–3.9).

Direct investment is broken down into three categories—investment by a direct investor in its direct investment enterprise, by a direct investment enterprise in its own direct investor, and investment between fellow enterprises; the final category is added (paragraph 3.15).

The exclusion of debt positions between affiliated financial corporations is specified as being for deposit-taking corporations, investment funds, and other financial intermediaries except insurance companies and pension funds (paragraph 3.20).

Permanent debt between affiliated financial intermediaries is treated in the same way as nonpermanent debt. Previously, permanent debt between affiliated financial intermediaries was included in the debt position recorded under direct investment (paragraph 3.20).

The *Guide* recommends that borrowing for fiscal purposes through a nonresident entity owned or controlled by the government should be included in general government and not in Direct investment: Intercompany lending (paragraph 3.17 and Appendix 1, Part 2).

On the classification of financial instruments, the *Guide* gives prominence to six categories of instruments in particular: debt securities, loans, currency and deposits, trade credit and advances, special drawing rights (SDRs), and other debt liabilities; previously five categories were recognized—SDRs were not recognized as liabilities (paragraph 3.3).

“Bonds and notes” and “money market instruments” are replaced as terms by long-term and short-term debt securities, respectively (paragraphs 3.22–3.23).

The functional category “financial derivatives” is renamed. “(Other than reserves)” is added to distinguish it from the instrument classification financial derivatives and ESOs, which has different coverage. ESOs are also included (paragraphs 3.26, 3.45, and Appendix 1, Part 1).

“Other equity” included in other investment in the IIP, is equity that is not in the form of securities, nor included in direct investment or reserve assets. “Other equity” is not a debt instrument (paragraph 3.29).

In line with *BPM6*, unallocated gold accounts liabilities are classified as deposits (paragraph 3.30 and Appendix 1, Part 1).

As a convention, to assure symmetry, all interbank positions (other than securities and accounts receivable/payable) are classified under deposits (paragraph 3.32 and Appendix 3).

The measurement of overnight deposits positions is clarified (paragraph 3.30 and Appendix 1, Part 2).

Repayable margins in cash are a debt liability and should be classified as “deposits” (particularly, if the debtor’s liabilities are included in broad money); otherwise, in “other debt liabilities” (Appendix 1, Part I).

The allocation of bank accounts jointly held by residents of different economies is discussed (paragraph 3.33 and Appendix 1, part 2).

The treatment of loans involved in repos and gold swaps is clarified. Gold swaps can be classified as a loan or a deposit (paragraph 3.37 and Appendix 1, Part 1).

“Insurance, pension, and standardized guarantee schemes” has been identified as a new debt instrument category under other investment in the IIP. These reserves, entitlements, and provisions represent debt liabilities of the insurer, pension fund, or issuer of standardized guarantees, and a corresponding financial asset of the policyholders or beneficiaries. Guidance on the maturity attribution of these debt liabilities is provided (paragraph 3.40).

“Trade credit and advances” replaces the term “trade credits” (paragraph 3.41).

Imputed liabilities for “trade credit and advances” required by the imputed flows for goods for processing are eliminated (as an implication of removing the previous imputation of change of ownership) (Appendix 1, Part 2, Processing of Goods).

External debt liabilities may arise from the external financing of goods under merchanting (paragraph 3.41 and Appendix 1, Part 2, Merchanting of Goods).

Progress payments (or stage payments) on high-value capital goods do not give rise to “trade credit and advances” unless there is a difference in timing between the change in ownership of these high value goods and the payments. Previously, it was assumed that the change of ownership occurs at completion; therefore, progress payments were recorded as “trade credits” debt of the exporter (paragraph 3.41 and Appendix 1, Part 2).

Classification of arrears arising from the late payment of debt instruments (principal and interest) as well as from the late payment of other instruments and transactions is discussed (paragraph 3.43 and Appendix 7).

The concept of reserve-related liabilities is introduced (paragraph 3.47).

Chapter 4. Presentation of the Gross External Debt Position

Emphasis on reporting data on debt securities at both nominal and market value is made (paragraph 4.5 and Tables 4.1, 4.3, 5.1, 5.2, and 7.1).

Debt securities, separately identified by sector and original maturity, are valued in memorandum items to Table 4.1 either at market value if they are presented at nominal value in the table or at nominal value if they are presented at market value in the table (paragraph 4.5 and Table 4.1).

The instrument classification of the gross external debt position includes the extension of “currency and deposits” and “trade credit and advances” to all sectors and subsectors (paragraph 3.30 and Table 4.1).

SDR allocations are separately identified as long-term external debt liabilities under general government and central bank (Table 4.1).

Debt securities are classified as short-term and long-term rather than money market instruments and bonds and notes, respectively (Table 4.1).

“Other debt liabilities” comprise “insurance, pension, and standardized guarantee schemes,” and “other accounts payable–other” (Table 4.1 and paragraph 3.3).

“Insurance reserves, pension entitlements, and standardized guarantee provisions” can potentially be classified by the maturity; however, if data are not available, a convention that they are all long-term can be adopted (paragraph 3.40 and Table 4.1).

Table 4.1 separately presents Direct investment: Inter-company lending broken down into three categories (paragraph 4.3 and Table 4.1).

Arrears are separately identified by sector in a memorandum item to Table 4.1 (paragraph 4.4 and Table 4.1).

Memorandum Table 4.2 has been added to provide information on external debt arrears of the total economy by sector and broken down by principal and interest (paragraphs 4.9–4.10).

Memorandum Table 4.3 has been added for the presentation of gross external debt position data on a short-term remaining maturity basis for the total economy (paragraphs 4.11–4.13). Arrears are always short-term remaining maturity obligations but the original maturity of the instrument could be short or long term.

Memorandum Table 4.7 has been added to provide information on the total guaranteed external debt position by sector of the guarantor and residency of the debtor (paragraph 4.20).

Chapter 5. Public and Publicly Guaranteed External Debt

Specific guidance on the classification of a corporation as a public sector unit is provided (paragraph 5.5).

Arrears are separately identified in a memorandum item to Tables 5.1 and 5.2 (paragraph 5.8).

Debt securities, separately identified by original maturity, are valued in memorandum items to Tables 5.1 and 5.2, either at market value if they are presented at nominal value in the table or at nominal value if they are presented at market value in the table (paragraph 5.8, and Tables 5.1 and 5.2).

Table 5.3 has been added to present the gross external debt position separately identifying the public sector debt, publicly guaranteed private sector debt, and private sector debt not publicly guaranteed broken down by original maturity (paragraph 5.11).

Chapter 6. Further External Debt Accounting Principles

Box 6.1 on trade-related credit has been added (Box 6.1).

The terms “currency of denomination” and “currency of settlement” are introduced and discussed (paragraph 6.13 and Appendix 3).

SDRs are considered to be foreign currency in all cases (paragraph 6.12).

Unallocated gold accounts and other unallocated accounts in other precious metals giving title to claim the delivery of gold or other precious metals are treated as debt denominated in foreign currency (paragraph 6.13).

“Foreign” issued securities are renamed “internationally” issued securities (paragraph 6.21).

Factors to take into account to classify external debt as concessional or nonconcessional are discussed (paragraphs 6.22–6.24).

The concept of FISIM is introduced in *BPM6*. FISIM, when applicable, is to be included with interest in the debt-service payment schedule. Thus, the generation of FISIM does not affect the gross external debt position (paragraph 6.34 and Appendix 1, Part 2).

Chapter 7. Further Presentation Tables of External Debt

Table 7.4 has been added to present a debt service payment schedule for public and publicly guaranteed private sector external debt with a more detailed time frame (paragraph 7.15).

Guidance on the recording of SDRs in debt-service payment schedule tables is discussed (paragraph 7.16).

Table 7.5 has been added to present the principal and interest payments due in one year or less on the outstanding external debt, consistent with the encouraged SDDS external debt table (paragraph 7.20).

Table 7.7 has been added to present further disaggregation of foreign and domestic currency external debt by institutional sectors and instruments (paragraph 7.25).

Table 7.13 has been added to present the public and publicly-guaranteed private sector external debt position data by creditor sector based on an alternative creditor sector classification. Paris Club creditors’ data are separately identified in a memorandum item of the table (paragraph 7.46).

Table 7.14 separately identifies unallocated gold accounts included in monetary gold as their counter-

part liabilities are classified as deposits (paragraphs 7.49 and 7.51, and Appendix 1, Part 1).

Emphasis on how changes in the external debt position result from transactions, valuation changes, and other changes in volume during the reference period is given (paragraph 7.53 and Table 7.15).

Chapter 8. Debt Reorganization

Debt assumption is included as one of the four main types of debt reorganization. The order of presentation of the four main types of debt reorganization follows *BPM6*, Appendix 2 (paragraphs 8.8 and 8.41–8.45).

“Debt service moratorium extended by creditors” and “debt service falling due between Paris Club agreed minute date and specified implementation date” are discussed as special cases of debt rescheduling (paragraphs 8.20–8.21).

Table 8.1 for the presentation of data on debt reduction has been extended to include position data before and after debt reorganization (Table 8.1).

The content of Box 8.1 has been extended to cover sovereign debt restructuring with private creditors by type of creditor (Box 8.1).

The treatment of “debt payments on behalf of others” is clarified (paragraphs 8.55–8.56).

The effect of debt defeasance on the gross external debt position and its classification by debtor sector is discussed (paragraph 8.57 and Appendix 1, Part 2).

Other Changes

Appendix 4 has been extended to further explain the relationship between external debt and IIP statistics.

The Data Quality Assessment Framework (DQAF) for external debt statistics is introduced as new Appendix 6.

Appendix 7 has been added to summarize the treatment of arrears in the gross external debt position and the way they are classified and presented.

Appendix 8 has been added to bring together private sector external debt issues that cut across different chapters. It seeks to give an overview of this topic.

The former Part IV on the work of international agencies was removed from the *Guide*. Revised text has been posted on the TFFS website and will be updated as necessary.