

**GDDS IN CHINA
A MILESTONE IN THE TECHNICAL COOPERATION
BETWEEN CHINA AND THE IMF**

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I. INTRODUCTION

Since 1978 when China adopted the policy of reform and opening to the outside world, profound changes have taken place in the country's economic and social structures. In response to these changes, China's official statistical agencies have made remarkable progress in pushing forward the reforms of the statistical system. Among these achievements, China's participation in the IMF's General Data Dissemination System (GDDS) beginning in April 2002 stands out as one of the most significant steps forward in the development of China's statistical system.

In the process of China's statistical reforms and developments, technical cooperation (TC) between China and a number of bilateral and international providers has played an important role in exchanging expertise and technology, as well as in providing training and equipment. The IMF's Statistics Department (STA) has been actively involved in TC in macroeconomic statistics, and its program with China has been one of the largest programs that STA has had with any member country.

STA's TC program with China started in the early 1980s after China rejoined the IMF in April 1980. It initially focused on familiarizing the Chinese agencies with internationally accepted methodologies and practices. Throughout the 1980s, TC mainly took the form of large-scale training seminars in specific areas of macroeconomic statistics, including money and banking, government finance, and balance of payments statistics. In conducting these TC activities, STA worked closely with the National Bureau of Statistics (NBS), the People's Bank of China (PBC), the Ministry of Finance (MOF), and the State Administration of Foreign Exchange (SAFE). During the 1990s, in response to the rapid economic changes and reforms in China, STA's TC activities in China were expanded to include more short-term technical assistance missions aimed at problem-solving in specific areas of statistics. The intention was to help the Chinese agencies produce data using internationally accepted methodologies and practices, both for the authorities' use and for the IMF's operational purposes.

The IMF's TC activities in statistics with China entered a new stage when an IMF multisector statistics mission led by Mrs. Carson, Director of the Statistics Department, visited China in September 1998. The mission, after conducting a comprehensive review of China's statistical system and STA's past TC activities with China, recognized the need for more focused and coordinated TC activities among TC providers in order to provide continued support to China's statistical reforms. The mission also agreed with the Chinese authorities that the GDDS could be used as a framework for China's long-term statistical development and as a tool for coordinating TC activities, thus setting the stage for a new level of TC with China within the GDDS framework.

The main focus of this paper is to review the IMF's TC in statistics with China in the context of the GDDS initiative since the 1998 multisector mission. The following sections of the paper will provide a brief overview of the GDDS (Section II), review IMF's cooperation with China on the GDDS initiative (Section III), summarize the contribution of the GDDS to the development of China's statistical system (Section IV), and provide some insights gained from China's experience in the GDDS initiative (Section V).

II. BRIEF OVERVIEW OF THE IMF'S GENERAL DATA DISSEMINATION SYSTEM

During the 1990s, particularly after the several severe international financial crises that began in 1994, there was increasing recognition worldwide of the importance of high-quality statistics and the need for internationally recognized standards to assess the quality of statistics in a country. Against this background, the Interim Committee of the IMF's Board of Governors endorsed, in October 1995, the establishment of a two-tier data standard—the Special Data Dissemination Standard (SDDS) and the GDDS. The SDDS was established in 1996, and is designed for all countries with access to, or expecting shortly to have access to, international capital markets. Subscription to the SDDS is voluntary, but adherence to certain requirements is mandatory for all subscribers. The GDDS was established in 1997, and is available to all countries.

The GDDS was designed as a comprehensive framework for statistical development to assist member countries in developing statistical systems in an economic environment that increasingly requires accurate and timely statistics for policy-making and analysis. Participating countries voluntarily commit to adhering to sound statistical practices in developing their statistical systems. Responsibility for implementation of the GDDS rests at the individual country level; both the pace and method of implementation can be selected in a flexible way. The international statistical community, including the IMF, plays a supporting role principally through the provision of technical assistance and the redissemination of participating countries' metadata on the GDDS site of the IMF's Dissemination Standards Bulletin Board (<http://dsbb.imf.org/>) as a service to its members and the user community at large. National agencies are also encouraged to disseminate metadata on their own websites and/or in hard copy (perhaps in the national languages).

Participation in the GDDS will not only benefit the participating country, but also benefit the international and users' communities. Among the main beneficiaries of the GDDS are national statistical agencies, the users of data, and the providers of technical assistance. National statistical agencies can benefit by adopting the GDDS framework to evaluate and improve their statistical systems in a comprehensive and prioritized way, across a broad range of data and statistical agencies. From the perspective of the user community, the GDDS can provide a valuable body of information regarding the state of statistical development and plans for improvement of participating countries. The detailed metadata also provide users with a tool to better assess the usefulness of the data for their own particular purposes. The GDDS will also be a valuable resource of information for bilateral and multilateral providers of technical assistance, and it can be a tool to enhance cooperation between such providers.

The IMF's member countries are encouraged to participate in the GDDS on a voluntary basis. Participation in the GDDS involves three actions, and participation depends on the completion of these actions: (1) commitment to using the GDDS as a framework for the development of national systems for the production and dissemination of economic, financial, and socio-demographic data, (2) designation of a country coordinator to work with IMF staff, and (3) preparation of metadata (i.e., descriptions of current statistical production and dissemination practices and of short- and medium-term plans for improvement for economic, financial, and socio-demographic data, as well as needs for technical assistance and training), to be disseminated by the IMF. As of end-April 2004, there are 74 countries that participate in the GDDS.

III. THE IMF'S COOPERATION WITH CHINA ON THE GDDS INITIATIVE

The IMF began its cooperation with China on the GDDS initiative in the late 1990s, and since then the cooperation has been on an on-going basis. This section will summarize, in chronological order, the main activities and initiatives taken by China and the IMF regarding China's participation in the GDDS.

Following the IMF's Executive Board's approval of the establishment of the GDDS in December 1997, a letter from the IMF's Managing Director was sent to all IMF members and Governors in February 1998 informing them of the GDDS initiative. A follow-up letter was also sent to relevant member countries, including China, formally inviting them to consider their participation in the GDDS.

In September 1998, the IMF multisector statistics mission, led by Mrs. Carson, conducted the initial GDDS seminar at the People's Bank of China. Officials representing the NBS, the PBC, the MOF, the SAFE, the Labor and Social Security Ministry, and Customs attended the seminar. At the end of the seminar, the Chinese authorities expressed an interest in using the GDDS as a framework for their long-term statistical development and it was agreed that further discussion would be held regarding China's possible participation in the GDDS. The mission also recommended to the authorities that further consideration could be given to holding a meeting with TC providers to review recent progress, identify new priorities, and identify gaps and unintended duplication. The mission also expressed willingness to convene such a meeting, especially if it were viewed as helpful in assisting the Chinese statistical agencies in working within the GDDS framework.

In May 2000, the NBS and STA co-organized the *International Meeting on Technical Cooperation: A Look to the Future for Chinese Statistics*. The meeting was attended by senior officials from 7 Chinese agencies and representatives of 12 national organizations and 8 international organizations actively involved in TC in statistics with China. At the meeting and follow-up discussions, several Chinese agencies requested TC to support their efforts toward participation in the GDDS.

In April 2001, an IMF GDDS initiative/technical assistance review mission led by Mrs. Carson visited China and undertook a number of activities to facilitate China's participation in the GDDS. A GDDS seminar that focused on recent developments in the GDDS initiative and metadata preparation was jointly organized by the NBS and the mission, and was attended by five Chinese agencies. Mr. Qiu Xiaohua, Deputy Commissioner of the NBS, presented an overview on "New Progress Made Towards the GDDS in China," which summarized the findings of the GDDS Working Group. The presentation provided an overview of the gaps between China's current statistics and the recommendations of the GDDS with detailed comparison tables for all the datasets. It also proposed detailed schedules for implementing the GDDS initiative in China. Mrs. Carson gave a presentation on recent developments in the GDDS and confirmed that the nature of the GDDS as a process for statistical capacity building, rather than, like the SDDS, a bar to be reached. Pilot metadata for several data categories were prepared after the seminar. It was agreed that following the seminar, the GDDS Working Group would send a proposal to the State Council seeking its approval to send a letter to the IMF stating China's intention to participate in the GDDS.

On January 1, 2002, following up on the NBS's announcement of China's intention to participate in the GDDS, Mr. Dai Xianglong, former Governor of the People's Bank of China, sent a letter to the IMF Managing Director formally stating China's intention to participate in the GDDS in 2002. The letter also designated Mr. Qiu Xiaohua, Deputy Commissioner of the NBS, as China's GDDS coordinator. In his reply to the Governor, the Managing Director welcomed China's decision and expressed the IMF's support of China's initiative.

In February–March 2002, in response to China's decision to participate in the GDDS, a GDDS metadata development mission (which included members from the World Bank, the OECD, and the IMF) visited Beijing. The mission assisted seven Chinese agencies in completing a full set of draft metadata both in Chinese and English for the authorities' approval. At the end of mission, a GDDS seminar was jointly organized by the NBS and the mission, and was attended by all the agencies involved in preparing the metadata. Mr. Qiu Xiaohua gave a presentation summarizing the recent progress and developments that led to China's decision to participate in the GDDS. Mrs. Carson gave a presentation entitled "GDDS: Looking Ahead," which was followed by speeches by representatives of all the agencies involved.

On April 8, 2002, Mr. Qiu Xiaohua, GDDS Coordinator for China, wrote a letter to Mrs. Carson, giving formal approval for the IMF to post China's GDDS metadata on the IMF's Dissemination Standards Bulletin Board, thus completing the process of China's participation in the GDDS. During the IMF 2002 Spring Meetings in Washington D.C., the IMF Managing Director met with former Governor Dai, congratulating China on this important move to further improve its statistical system and enhance the transparency of its statistical practices. After the meeting a Public Information Notice entitled "China Formally Begins Participation in the IMF's GDDS" was issued by the IMF.

In December 2003, a STA GDDS progress and technical assistance review mission led by Mrs. Carson visited Beijing. The mission worked with officials from all the agencies involved to document recent progress, plans for improvement, and needs for technical assistance, as well as assisted them in updating the GDDS metadata. At the mission's concluding meeting, which was hosted by the NBS and attended by representatives from all the agencies involved, the NBS presented a GDDS Development Report for China summarizing the progress made by all the Chinese agencies over the past year and a half since China began participation in the GDDS. Representatives from each of the participating agencies also discussed their progress and plans for further improvements. Mrs. Carson presented closing remarks, which summarized the main achievements made by the Chinese agencies and expressed the IMF's support to their continued efforts in implementing the plans for further improvements.

IV. CONTRIBUTION OF THE GDDS TO CHINA'S STATISTICAL DEVELOPMENT

China's participation in the GDDS marked a major step forward in the development of its statistical system, and has produced profound positive impacts both within and outside China. It has been widely recognized that China's participation in the GDDS is another important move towards its further integration with the world economy after China's accession to the WTO. In a remark by Mr. Zhu Zhixin, former commissioner of the NBS, Mr. Zhu likened China's participation in the GDDS in the area of statistics to China's accession to the WTO in the wider realm. The contribution of the GDDS to China's statistical development has been evidenced in the following areas.

1) The GDDS has provided a framework to further develop China's statistical systems and helped increase international recognition of China's commitment to better statistics. Since China began participation in the GDDS two years ago, the Chinese agencies have made considerable progress in improving the production and dissemination of economic and socio-demographic data, most notably in the following areas: (1) introduction of more features of internationally agreed methodologies (e.g., more use of survey techniques, coverage of social security in fiscal data, coverage of data on foreign currency accounts and accounts of foreign-owned banks in monetary statistics, and improved trade indices), (2) more advance schedules for release of data, (3) wider dissemination of statistical products, including through internet sites, and (4) faster and more frequent release of several sets of data.

2) The GDDS has raised national awareness of better statistics and raised the profile of statistical agencies. Seldom before has there been such a great interest in statistics by the general public. Issues relating to China's participation in the GDDS have been discussed in the major national newspapers, and the announcement of China's participation in the GDDS was covered by all major news agencies both inside and outside China. A large number of studies and discussion papers have been published in various channels. The NBS also published a book on the GDDS, which included the Chinese GDDS metadata, and issued it to all the agencies involved and to the public.

3) The GDDS metadata for China posted on the IMF's Dissemination Standards Bulletin Board have provided, in one place for the first time, the most comprehensive description of China's current statistical production and dissemination practices for macroeconomic and socio-demographic data, as well as plans for improvements and technical assistance needs in English. The detailed metadata also provide users with information necessary to assess effectively the usefulness of the data for their own particular purpose. The GDDS webpage for China on the IMF's website has been frequently visited and referred to, and has received favorable comments by users. The GDDS metadata disseminated by the Chinese agencies on their websites and through other channels, such as annual statistical reports, have also greatly benefited the Chinese users. In addition, the annual GDDS update has provided a mechanism for updating the statistical practices, reviewing progress made during the year, and for setting up new plans for statistical improvements and identifying needs for technical assistance and training, which ensures the currentness and continued usefulness of the metadata.

4) The GDDS has been a stimulus for enhanced coordination and collaboration among the Chinese agencies that produce and disseminate statistics. The designation of a Deputy Commissioner of the NBS as China's overall GDDS coordinator has ensured and continued to strengthen coordination and collaboration at the senior level. The various meetings and seminars organized by the NBS also provided a forum for these agencies to exchange information and resolve cross-sector issues.

5) The GDDS has set a new platform for TC between China and TC providers and among TC providers. The description of China's current statistical production and dissemination practices for macroeconomic and socio-demographic data, as well as plans for improvements and technical assistance needs provided the international community with a useful framework to develop and coordinate their TC projects with China. It has been increasingly recognized as a valuable source of information and used by TC providers in their discussion and planning for TC with China. In fact, when the metadata were first developed and posted by the IMF, a letter was sent by Mrs. Carson to all the TC providers that were actively involved with China informing them of the availability of the GDDS metadata. The Chinese agencies were also encouraged to share these metadata when discussing technical assistance needs with TC providers.

V. SOME INSIGHTS GAINED FROM CHINA'S EXPERIENCE IN THE GDDS INITIATIVE

The successful implementation of the GDDS in a country like China, which has a diverse and changing economy and multiple data-producing agencies each having layers of responsibility for data collection, could provide some insights to other countries. The insights gained from China's experience can be summarized as follows.

1) A successful implementation of the GDDS requires the commitment and the support of senior officials. In the case of China, the senior officials from all agencies concerned, in particular the NBS, have been actively involved in and supportive of the GDDS initiative. The designation of a deputy commissioner as China's GDDS coordinator has demonstrated

the importance that the Chinese government had attached to the GDDS work. The IMF has also placed great importance on the GDDS work in China.

2) An effective functioning of the GDDS could benefit from a systematic approach, which may include establishment of a coordinating mechanism, well-defined work arrangements, and work procedure. In order to implement the GDDS project effectively, China has taken several initiatives and measures: (1) establishing a coordinating mechanism with the NBS taking the lead, (2) designating a GDDS contact person for each agency involved, (3) setting up an inter-agency GDDS working group, which was headed by the Deputy Commissioner of the NBS and comprised of contact persons from all agencies involved, (4) creating a GDDS office within the NBS to coordinate the work on the GDDS with all the agencies involved and with the IMF. It also has the responsibility, among others, to organize the annual update of the GDDS metadata and prepare the annual GDDS development report for China, and (5) issuing work procedures for implementing GDDS in China.

3) The usefulness of the GDDS metadata could be further enhanced by wide and timely dissemination of the GDDS metadata through various channels. In this connection, it is very important to conduct the annual update of the GDDS metadata, including the update of the contact persons for each agency. When updating the GDDS metadata, it is also useful to review the other methodological notes that agencies disseminate in order to achieve consistency. The updated GDDS metadata should be announced on the agency's website as well in other relevant publications to alert users. It is also helpful to share the updated GDDS metadata with TC providers.

4) At the initial stage of introducing the GDDS in a country, it is useful to give more publicity and resources to the GDDS in order to inform the users and the general public. In the case of China, the NBS together with other agencies organized a national campaign, which includes publication of a series of articles on the GDDS in major newspapers and magazines in China, publication of a book on the GDDS, coverage of the GDDS news on TV and radio, and the dissemination of GDDS metadata through agencies' websites and publications. It is also useful to conduct GDDS seminars that are participated by all the agencies involved.

5) Looking ahead, the GDDS can be used as a stepping-stone towards the SDDS as China makes progress to meet the requirements of this higher standard. It is gratifying to note that two years after China began participation in the GDDS, some Chinese agencies have already indicated their aspiration and readiness for subscribing to the SDDS while others have been making steady progress to meet the requirements of the SDDS. On the occasion of marking China's participation in the GDDS in 2002, former Governor Dai quoted a Chinese poem, which says, "if you want to see far away, you must move up one story in the pagoda." In view of the progress made so far, there is no doubt that the Chinese statistics will move up to another level in the not too distant future.