

DITT Inaugural Meeting (June 9, 2020)— Summary of Discussions

I. OVERVIEW OF THE DITT TERMS OF REFERENCE (TOR)

1. The DITT mandate spans until March 2022. The DITT will produce Guidance Notes (GNs) on research issues as identified in the Compendium adjoining the ToR. In drafting the GNs, the DITT will consider all available relevant materials and prior work done. The DITT will coordinate closely with the OECD Working Group on International Investment Statistics (WGIIS) as the outcomes are expected to inform the update of the *OECD Benchmark Definition of Foreign Direct Investment, fourth edition (BD4)*.
2. The Balance of Payments Task Team (BPTT) and the OECD WGIIS will review all GNs before posted for public consultation. A second round of review may be organized if the public consultation results in significant comments. The GNs, via the BPTT, will then be sent for the IMF's Balance of Payments Statistics Committee (Committee) for approval.
3. For issues impacting the System of National Accounts (SNA), the Advisory Expert Group (AEG) will also review the GNs, and the Inter-Secretariat Working Group on National Accounts (ISWGNA) will approve too. To ensure overall consistency and avoid duplication on cross-cutting issues, DITT will also coordinate its work with the other TTs (via BPTT if necessary), in particular with the Globalization Task Team (GZTT). In the event of diverging views on cross-cutting issues, the Committee and ISWGNA Chairs will proceed as per the ToR.
4. The IMF will host a dedicated web page related to *BPM6* update. The DITT, like the other TTs, will have a separate page—one publicly accessible website where all relevant documents can be consulted, including public feedback, and another one restricted for members only with a login/password for collaboration. Email exchanges remain, however, the preferred communication method for written consultations within DITT.

SUMMARY OF DISCUSSIONS

- Once all GNs are approved by the Committee—the first phase of the update process—no TTs will be involved in drafting of the *BPM7*—the second phase. The TTs may be consulted on specific topics if further clarification or additional expertise is needed. An editor will produce an annotated outline and draft the *BPM7* chapters using the GNs.
- The *BPM7* will not be a complete rewrite but rather an update with supplementary breakdowns or concepts and more precise guidance on certain aspects. The core *BPM6* framework is expected to remain unchanged.

II. RESEARCH ISSUES ASSIGNED TO DITT

5. The research issues come from the research agenda, as has been discussed at the Committee.

SUMMARY OF DISCUSSIONS

- The different treatment of reinvested earnings between the BOP and the SNA was raised.
- The reconciliation between the NA and the BOP: a report, which highlighted the existing differences that should be resolved was mentioned. The report seemingly focused mostly on instruments and sectors and not so much on DI. The report will be circulated within the group.
- It was clarified that the recommendation made in the GN could lead to revisions, which can include any new proposal or no-revision.
- Sub-national breakdown DI, while being an important topic, will not be relevant to the *BPM6* but can be included in the update of the *BD4*.
- The issue D16 refers only to investment funds, it was proposed to have a broader coverage for reinvested earnings, including considering the practical difficulties in calculating this component especially beyond DI.
- One member proposed adding a new issue—remove debt securities from direct investment. This proposal will be considered along with other new issues collected from the other TTs.

III. PREPARATION OF GUIDANCE NOTES

6. The detailed approval process for the GNs and a tentative timeline for producing the GNs were presented. There are two key target dates to produce the GNs: (i) the October 2020 and (ii) the October 2021 Committee meetings. It will not be possible to present all the GNs at the Committee meetings, some of them will be approved by written procedure.

7. The overall cycle for producing one GN covers 17 weeks, assuming one GN starts from June 15 through the end of September 2020. However, the timeline can be flexible depending on the complexity of the issue and the availability of previous research outcomes. Some members have already expressed interest in contributing to specific GNs prior to the meeting, while some indicated their preferences during the meeting. The remaining members were invited to express interest within two days of the meeting.

SUMMARY OF DISCUSSIONS

- It was further clarified that not all GNs could be ready for October 2020 Committee meeting. It will be a staged process. The GNs will be a team's work, with a lead author. The issues, for which enough background research materials exist, can be the ones with a faster drafting process. Members were invited to share with the DITT Secretariat any existing materials, which could support the drafting of the GNs, even if they themselves do not contribute to the drafting.
- Concerns were raised over the three-week timeline to draft the GN, which can be hard on account of workload, and difficulty of some issues. DITT Co-chairs indicated that in light of the complexity of some

issues, the timeline can be flexible. The flexibility in producing GNs was not foreseen as preventing members from volunteering.

- It was difficult to assign volunteers at the meeting, such that the expression of interest was extended until Thursday, June 11, 2020. DITT members from countries that raised a specific issue have been invited to be the lead author.
- Importance of SPEs and MNEs for DI: these topics are being addressed by the AEG GZTT. The GNs, when produced, will be circulated for consultation within the DITT at some stage. The GN on SPEs will draw largely from the Committee's work on the topic.

IV. MEETING SUMMARY AND CONCLUDING REMARKS

- The DITT will coordinate with the GZTT for topics of common interest—MNEs and SPEs.
- The co-chairs will consider the possibility of broadening the treatment of retained earnings (issue D16) beyond investment funds.
- The report on reconciliation between BOP and NA will be circulated within the DITT – ECB.
- Any proposed new topics will be discussed by the Co-chairs in light of all additions suggested by other TT members.
- GNs would be written in teams with a lead author. They have to be concise, as per the ToR, despite the extensive underlying research.
- In case of proposing alternative GN assignments, the affected volunteers will be consulted bilaterally.
- DITT will agree on topics that will be targeted or this year's Committee meeting while the remaining ones will be considered before or at next year's meeting. The work on all GNs will start, once all the assignments are agreed.
- DITT mandate ends when all GNs are finalized although selected consultation can happen with authors or teams during the *BPM7* drafting phase.
- DITT members are encouraged to send any additional questions or comments.

DITT Secretariat

June 11, 2020.

IN ATTENDANCE:

Co-chairs: Mr. Artak Harutyunyan, IMF
Mr. Krzysztof Makowski, OECD-National Bank of Poland

Secretariat: Ms. Padma Hurree-Gobin, IMF
Ms. Maria Borga/ Ms. Emilie Kothe, OECD

Mr. Paul Roberts, Australian Bureau of Statistics

Mr. Fernando Lemos, Banco Central do Brasil

Ms. Jennifer Withington/Mr. Eric Simard, Statistics Canada

Mr. Bertrand Pluyaud, Banque de France

Mr. Mirco Lattwein, Deutsche Bundesbank

Ms. Sakiko Ohtsuka, Bank of Japan

Mr. Paul Feuvrier, Banque Centrale du Luxembourg

Mr. Fedor Kharlashin, Central Bank of the Russian Federation

Mr. Fernando Nieto, Banco de Espana

Mr. Lee Mallet, UK Office of National Statistics

Mr. Ray Mataloni, US Bureau of Economic Analysis

Mr. Piet Swart, South African Reserve Bank

Mr. Wilson Phiri, Bank of Zambia

Ms. Carmen Picón Aguilar, European Central Bank

Ms. Irene Madsen, European Commission, Eurostat

Mr. Astrit Sulstarova, UNCTAD

Ms. Emma Angulo IMF

Mr. Thomas Elkjaer IMF

Ms. Fadhila Alfaraj IMF

Mr. Carlos Sánchez-Muñoz IMF

Absent:

Ms. Yang Can, State Administration of Foreign Exchange (SAFE)