Direct Investment Task Team (DITT) Inaugural Meeting

June 9, 2020
Outline

- Updating the *BPM6*: Timeline and Process
- DITT Terms of Reference
  - Working Procedures with the BPTT
  - Life Cycle & Governance of TEG Guidance Notes (GNs)
- Timeline: Preparation of the GNs
- Direct Investment Task Team (DITT) Research Topics: Proposed Assignments
BPM6 Update: Timeline

Phase 1
Launch BPM6 Update Process
Develop TORs for—and convene TTs
TTs produce GNs, seek worldwide feedback
Committee decides on changes to BPM6
Produce Annotated Outline of BPM7

Phase 2

Draft BPM7 Chapters and Appendixes

2020
Q1
Q2
Q3
Q4

2021
Q1
Q2
Q3
Q4

2022
Q1

2023
Q2
Q3
Q4

2024
Q1
Q2
Q3
Q4

2025
Q1

Preliminary Draft BPM7 to Committee
Revised Draft for review
Final Draft Delivered

Worldwide consultations, including through regional outreach seminars

TTs: Task Teams; TORs: Terms of Reference
Process for Updating the BPM6

Chair/Secretariat: IMF

Balance of Payments Committee

Balance of Payments Task Team (BPTT)
- Chair: IMF
- Secretariat: IMF

Current Account Task Team (CATT)
- Co-chairs: IMF and Eurostat
- Secretariat: IMF and Eurostat

Direct Investment Task Team (DITT)
- Co-chairs: IMF and Poland
- Secretariat: IMF and OECD
Working Procedures with the BPTT

BPTT has an oversight/coordinating role.

Working Procedure:

- To attain objective and avoid duplication, DITT will:
  - Take into account current or completed work on certain direct investment topics.
  - Coordinate with other Task Forces or Working Groups (including with the AEG Task Team on Globalization) on cross-cutting issues.

Reporting:

- Periodic reports to the Committee
  - Key report: Committee’s annual meeting progress reports: will include both the outcomes and recommendations on the issues considered through the Guidance Notes.

- The Committee will make the final decisions on DITTs conclusion and proposals in consultation with ISWGNA on issues of common interest.
1. In its oversight/coordinating role, BPTT reviews the draft GNs to ensure overall consistency of the proposals. Only those GNs that impact SNA, the AEG will be asked to review.

2. After the second round review by BPTT in case of major changes out of public consultation, the DITT will send the GNs to the Committee. For issues impacting SNA, the DITT will send to both the Committee and ISWGNA.

3. For cross-cutting SNA and BP issues, in case of joint endorsement the Committee will decide. If divergent views emerge, Committee and ISWGNA Chairs request SNA/BPM editors’ views. If the editors’ views also diverge, the Committee and the ISWGNA may consider adopting their respective positions, with transparent documentation of the points of departure.

4. Final endorsement of recommendations on the BPM6 Update resides with the Committee; and should take account any new perspectives/considerations raised in the editors’ views. Should the Committee have reservations about the DITT’s proposal, it may also seek the editors’ views. In this regard, the Committee should also carefully consider retaining the status quo (i.e., no change) and placing the issue on a future research agenda.
Organization and Communication within DITT

• A public webpage related to the DITT work program.

Key Features:
• Terms of Reference and CRI would be available, soon.
• Link for a separate Guidance Note page.
• Link to provide feedback on GNs.
• Link to a collaboration site (restricted) for comments. DITT members will be provided a login/password for access.
Approval Process for Guidance Notes

- **Step 1**: First draft of the GN by authors, including summary of recommendations
- **Step 2**: Review by Secretariat and Co-chairs
- **Step 3**: Written consultations within DITT (via VC, if necessary)
- **Step 4**: Finalize GN based on consultation
- **Step 5**: Submit for review to BPTT (AEG consultation for issues impacting SNA)
- **Step 6**: Incorporate comments and circulate within DITT
- **Step 7**: Release of draft Guidance Note for wider public consultation
- **Step 8**: Second review by BPTT *only* if there are significant changes (AEG second review for issues that impact SNA)
- **Step 9**: Presentation to the Committee (to the ISWGNA as well, for cross-cutting SNA issues) for endorsement
Key Targets along the Timeline

June 2020

Committee Meeting October 27-29, 2020

Committee Meeting October 2021
# Timeline for the GNs

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Number of weeks</th>
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</thead>
<tbody>
<tr>
<td>Drafting of the GN</td>
<td>3</td>
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<tr>
<td>Consultation within the TT members</td>
<td>2</td>
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<tr>
<td>Draft Finalized</td>
<td>1</td>
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<tr>
<td>Draft GN submitted for review to BPTT (and AEG/WGIIS) by TT Chairs</td>
<td>1</td>
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<tr>
<td>Incorporate comments and circulate within TT</td>
<td>1</td>
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<tr>
<td>Posting for public consultation</td>
<td>4</td>
</tr>
<tr>
<td>Incorporation of comments, discussion within TT and finalization by co-chairs</td>
<td>1</td>
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<tr>
<td>If significant changes, only, second round of review to BPTT/AEG/WGIIS/other stakeholders</td>
<td>1</td>
</tr>
<tr>
<td>GN final version including recommendations completed and sent to BOPCOM (via BPTT)</td>
<td>1</td>
</tr>
<tr>
<td>BOPCOM Discussion/Decision*</td>
<td>2</td>
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* GNs to be discussed at BOPCOM meetings should be sent at least 2 weeks in advance of meeting date; for written consultations, two weeks timeline suggested
## Direct Investment Task Team (DITT) Research Topics: High-priority items

<table>
<thead>
<tr>
<th>Issue No.</th>
<th>Research Topic</th>
<th>Links to other TTs</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.1</td>
<td>Compiling statistics of greenfield investments and extension of capacity</td>
<td></td>
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<tr>
<td>D.2</td>
<td>Valuation of unlisted equity in direct investment</td>
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<tr>
<td>D.3</td>
<td>Treatment of collective investment institutions</td>
<td>FITT</td>
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<td>D.4</td>
<td>Corporate inversion</td>
<td></td>
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<tr>
<td>D.5</td>
<td>Eliminating imputations for an entity owned or controlled by general government that is used for fiscal purposes</td>
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<tr>
<td>D.6</td>
<td>Ultimate investing economy and ultimate host economy in direct investment (including identifying capital in transit)</td>
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<tr>
<td>D.7</td>
<td>Sectoral breakdown of direct investment</td>
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## Direct Investment Task Team (DITT) Research Topics: Medium-priority items

<table>
<thead>
<tr>
<th>Issue No.</th>
<th>Research Topic</th>
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<tbody>
<tr>
<td>D.8</td>
<td>Public-private partnerships (PPPs)</td>
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<tr>
<td>D.9</td>
<td>Reconciling BPM-based direct investment and FATS/AMNE statistics</td>
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<td>Defining the boundaries of direct investment, including whether direct investment relationships can be achieved other than by economic ownership of equity</td>
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<tr>
<td>D.10</td>
<td>Removing debt between affiliated insurance corporations and pension funds from direct investment</td>
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<tr>
<td>D.11</td>
<td>Including intra-concern [between affiliates] derivatives in direct investment</td>
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<td>D.12</td>
<td>Treatment of large construction financed by government</td>
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<tr>
<td>D.13</td>
<td>Financial conduits</td>
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<tr>
<td>D.14</td>
<td>Treatment of payments made by nonresident affiliated enterprises on behalf of DI enterprises</td>
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<tr>
<td>D.15</td>
<td>Treatment of retained earnings:</td>
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<td></td>
<td>• in the case of investment pools whose assets are not readily available to their investors;</td>
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<td></td>
<td>• whether gross or net of financial assets management services charges (for investment funds); and</td>
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<td>• whether it should more clearly differentiate between when the investment fund or institutional unit that provides financial assets legally and economically owns the financial assets</td>
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<tr>
<td>D.16</td>
<td>Identifying superdividends and establishing the borderline between dividends and withdrawal of equity</td>
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