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DIRECT INVESTMENT TASK TEAM (DITT)

[BACK TO BPM6 HOMEPAGE](#)

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- [Terms of Reference](#)
- [Compendium of Research Issues](#)

Additional Resources

- [IMF's Committee on Balance of Payments Statistics](#)
- [Inter-secretariat Working Group on National Accounts](#)
- [OECD Working Group on International Investment Statistics](#)



Direct Investment Task Team (DITT)

The Direct Investment Task Team (DITT) will advise the IMF's Committee on Balance of Payments Statistics (BOPCOM) in the process of revising the *BPM6*. DITT will provide technical inputs and make recommendations on the methodology of direct investment within the framework of the revision. Given the specificity of this TT, it will also closely coordinate with the OECD Working Group on International Investment Statistics (WGIIS).

DITT will be operational mostly throughout the Phase I of the update process (March 2020–March 2022). However, DITT may also be consulted during Phase II (drafting of the *BPM7* chapters) on an as-needed basis, should any significant issues arise during the worldwide consultation process overseen by BPTT.

Further details on the mandate and operations; guidance notes and working procedures; composition; and key issues to be addressed by DITT are provided in the [Terms of Reference](#).

Direct Investment Task Team (DITT)

November 23, 2020

Outline

- **Welcoming Remarks**
- **Progress on the Work of the DITT**
- **Outcomes of October 2020 BOPCOM Meeting**
- **Current Process: Discussion**
- **Way Forward and AOB**

WELCOME

DITT Membership

- Mr. Eric Simard has replaced Ms. Jennifer Withington, who has taken new responsibilities at **Statistics Canada**.
- Mr. Michael Abbondante has replaced Mr. Paul Roberts, who retired from the **ABS**.
- Mr. Stefano Federico from the **Banca d'Italia** joined the DITT team.

In order to coordinate the work of the DITT with other area of macroeconomic statistics, 3 new members with experience and knowledge of GFS have joined the team:

- Ms. Mei Ling Tjung, from the **Ministry of Finance of Indonesia**
 - Mr. Philippe de Rougement from the **Eurostat**, and
 - Mr. Bruno Rocha from the **Government Finance Division, IMF Statistics Department**.
- Ms. Francesca Spinelli, who replaces Maria Borga at the **OECD**.

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Description of the DITT

Work started in June 2020



**IMF and OECD
WGIIIS co-chair
and share
Secretariat**



**Membership
representing BP
and GFS
communities/
countries with
varying levels of
statistical
development**



**Coordination of
work on cross-
cutting issues
(including with
other TTs)**



**Review of
guidance notes
by WGIIIS, BPTT
and AEG and
GZTT (if
relevant)**



**Public
consultation for
4 weeks**



**To the BOPCOM
for decision**

Global & Collaborative Initiative

<https://www.imf.org/en/Data/Statistics/BPM/DITT>

Overview

Planned preparation of 18 guidance notes (GN), with individual timelines, covering methodological, measurement issues, and supplemental presentations, associated with direct investment

Guidance Notes	Committee Meeting
D.1 Greenfield and extensions of capital	October 2020 (moved to February 2021)
D.6 Ultimate investing country/ultimate host country and removing pass-through capital	October 2020
D.7 Sectoral breakdown of DI	
D.9 Reconciling DI statistics with FATS/AMNE statistics	
D.17 Identifying super dividends and the borderline between dividends and withdrawals of equity	October 2020 (moved to February 2021)
D.3 Treatment of collective investment institutions	February 2021
D.4 Corporate Inversions	
D.5 Eliminating imputations for entities owned or controlled by general government for fiscal purposes	
D.12 Including intra-concern derivatives in DI	
D.14 Financial conduits	

GNs: Planning

Guidance Notes	Committee Meeting
D.8 Public private partnerships	<p data-bbox="1768 611 2020 658">June 2021</p> <p data-bbox="1564 736 2186 775">Added in the CRI as a new issue</p>
D.10 Can DI be achieved other than by ownership of equity?	
D.13 Treatment of large construction financed by government	
D.18 Cash pooling in direct investment	
D.2 Valuation of unlisted equity	<p data-bbox="1727 1005 2061 1052">October 2021</p>
D.15 Treatment of payments made by non-resident affiliates on behalf of DI enterprises	
D.16 Treatment of retained earnings	

Process



Drafting of the GNs within the assigned teams

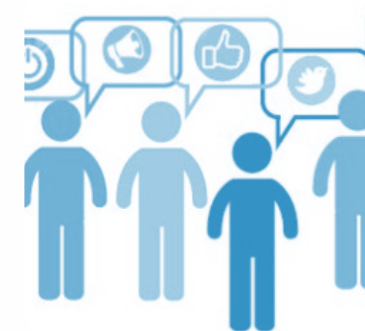
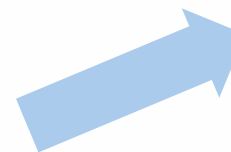
- Collaborative approach.
- Submit to the chairs, who review and propose changes if necessary
- DITT Secretariat shares the draft GN with the TT



DITT review

Timing was short for this round

- DITT comments are addressed to the whole group so that authors can see the comments as they arrive
- The DITT Secretariat shares all comments with the drafting team at the end of the consultation process, for review.
- Revised version includes a summary of DITTs' preferences and opinions
- Revised version is reviewed by the co-chairs. Provide a sense of direction to the GN if there is no consensus (ex: GN D.1)
- Moves to next step



BPTT/WGIIS Review

Comments requested in case of strong objection to the recommendations proposed in the GN and confirm whether fine for moving to BOPCOM.

Public consultation

Comments integrated, if needed, and draft is sent for public consultation, unless major concerns then goes back to drafting team.

Draft circulated for public consultation is usually shared with BOPCOM.

WGIIS Review

- Close cooperation with WGIIS as the GNs will inform the *BD4* update (endorsed by WGIIS at its meeting in November 2020). The *BPM6* and the *BD4* update processes are part of the same efforts and should complement each other.
- **Two rounds of consultation**
- **Simultaneous review of DITT GNs by BPTT and WGIIS (1 week):**
 - Comments requested in case of strong objection to the recommendation, or to raise any major inconsistencies.
 - WGIIS members had shown no strong objection to the content, discussion, and recommendations within the GNs. Most comments provided were thorough responses to the questions posed for discussions and expression of preferences.
 - Due to time constraints of the first round of public consultations before October 2020 BOPCOM, comments from WGIIS were included during the public consultation.
- **During the public consultation, WGIIS Secretariat organized a webinar on October 13 to further discuss the GNs**

WGIIIS Webinar – October 13, 2020

- **Purpose of the webinar:**
 - to provide additional opportunities for WGIIIS to discuss the GNs, to express their preferences and provide inputs on the feasibility of the recommendations;
 - to gauge WGIIIS participants' support (incl. WGIIIS Delegates' who are members of the DITT) as any recommendations would need to be reflected in the update of the *Benchmark Definition* as well.
- **Online questionnaire to support and facilitate the discussions at the webinar:**
 - draws largely from the public consultation questions and from the questions included in the GNs for discussion by BOPCOM
- **GNs on topics D6, D7, D9, and D17 were discussed**
 - presentation of the GN by the lead authors;
 - presentation by the Secretariat on the outcome of the online questionnaire;
 - Discussions.
- **Outcome of WGIIIS consultation transmitted to BOPCOM** as an annex to the note on the outcome of the public consultation, to support the discussions on the GNs at its meeting in October 2020.

Public Consultation

D.6 Ultimate Investing Economy (UIE)/Ultimate Host Economy (UHE) and Pass-through Funds (Survey on this Guidance Note closed on October 19, 2020)

[Draft Guidance Note D.6](#) 

D.7 Sectoral Breakdown of Direct Investment (Survey on this Guidance Note closed on October 19, 2020)

[Draft Guidance Note D.7](#) 

D.9 Reconciling BPM-Based Direct Investment (DI) and Activities of MNEs (AMNE) Statistics (Survey on this Guidance Note closed on October 19, 2020)

[Draft Guidance Note D.9](#) 

- Four-week time span
- STABP informs ESS compiling institutions when the consultation starts
- By way of a questionnaire administered online
- Practical considerations added to the questionnaire to point to feasibility of the proposed recommendations.

Question 5: *From your perspective, what are the practical issues that should be considered when adopting the proposed new presentation as in Annex I? Please specify*

.....

.....

Coordination with other Task Teams

- Submission of DITTs GNs for comments to other TTs as a part of the coordination with ongoing work in other statistical domains.
- D17 was shared with FITT
- DITT also reviewed 2 GNs prepared by the GZTT:
 - Treatment of Special Purpose Entities
 - On MNEs and intra-MNE flows
- For the June and October 2021 rounds, specific timeline is allocated in the process for the consultation with other TTs.

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Acknowledgements

- Collaborative efforts within DITT, while operating within very tight timeline for drafting.
- Team efforts in producing GNs of high quality.
- Struggle to keep within the page limit of GNs.
 - Use the annexes!
- Present proposals and outcome of discussions in a neutral manner.
- Consultative process with the WGIIS.

D.7 Sectoral Breakdown of FDI – Outcome of Public Consultation

- Outcome of public consultation: majority favored as closes a significant gap for analyses, such as balance sheet analysis
- Dissenting opinions stressed sectoral breakdown has lower analytical value for DI; moving current components to memorandum items runs the risk of countries not reporting them
- Support to include sectoral breakdown of DI in the standard components of the BOP and the IIP and moving the current ones as memorandum items.
 - 9 positive responses out of 13, representing 69%
- Some respondents considered that the sectoral breakdown will have less analytical value and moving the current components as memorandum items can ultimately run the risk that countries stop reporting the directional information, important for the CDIS and analyses of recent trends in FDI.
 - maintain the standard components but instead consider **adding the sectoral breakdown as memorandum item.**
- Preference to **keep reinvested earnings** as a standard component in both the financial account and the primary income account.

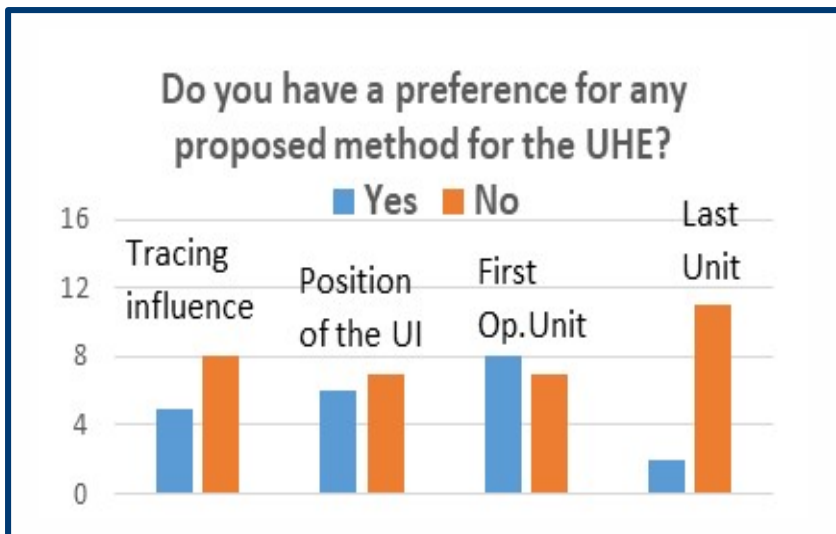
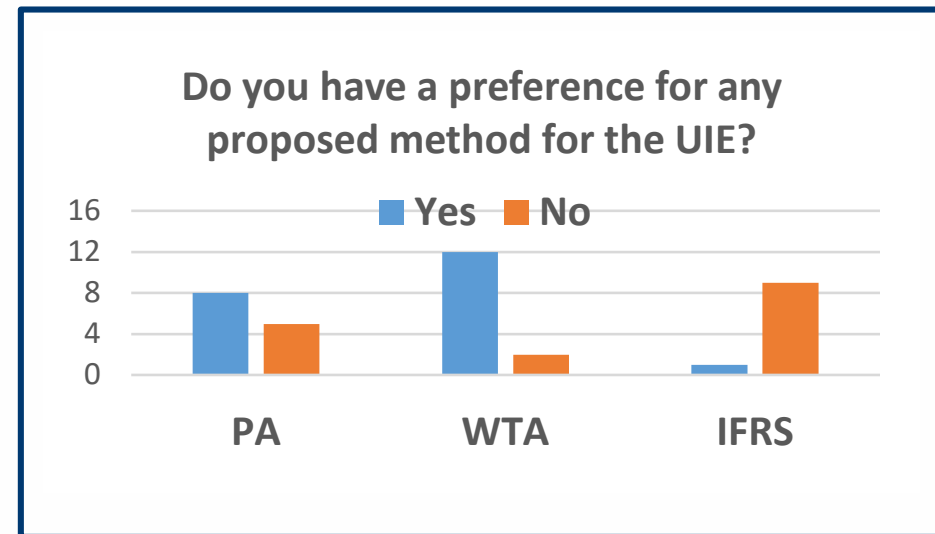
D.7: Outcome of BOPCOM Meeting

- D.7 Recommended including the sectoral breakdown of DI in the standard components and moving the current components needed to convert the A/L presentation to the directional presentation to memorandum items of the standard table.
- Committee strongly supported the recommendation.
- Committee asked the drafting team to finalize the GN by:
 - Revise GN to state final recommendation, incorporating the sectoral classification into the standard table as well as in external debt statistics;
 - Include current components as memorandum items;
 - Simplify the presentation of DI in the primary income account;
 - Revised GN will be considered by the Committee through written procedure.

D.6 UIE/UHE and Identifying Pass-Through Funds – Outcome of Public Consultation

Overall, a majority of respondents support the supplemental presentations by UIE/UHE and pass-through funds, although more practical concerns were expressed for FDI flows and income.

A majority agreed to have all three methods proposed as alternatives for allocating data to the UIE but some indicated that there should be a preferred method proposed for comparability purposes. Most favored the WTA method.



There were more practical concerns for the UHE allocation. A majority agreed to have all four methods proposed as alternatives for allocating data to the UHE but some indicated that there should be a preferred method. Slightly more respondents expressed preference for the First operating unit method.

There was full consensus with the need to streamline the number of concepts for the Ultimate investor.

The breakdown by residency of the ultimate investor was considered by most respondents a good indicator for pass-through funds.

D.6: Outcome of BOPCOM Meeting

- D.6 Recommended a supplemental presentation of FDI positions, flows and income by UIE/UHE and an indicator of pass-through using the residency of the ultimate investor.
- Committee strongly supported the recommendation.
 - Strongly encouraged that a single recommended/preferred method be identified for cross-country comparability and that if further approaches are deemed acceptable, they should be ranked.
 - For practical reasons, most preferred methods were winner takes all (control) approach and first operating unit for UHE.
- Committee asked the drafting team to finalize the GN by:
 - Revise GN to state final recommendation, including selection of a single recommended method and possible ranking of other methods.
 - Should consult with other TTs, especially the GZTT.
 - Revised GN will be considered by the Committee through **written procedure**.

D.9 Reconciling AMNE/FATS Statistics with FDI Statistics – Outcome of Public Consultation

- General support to include a supplemental framework reconciling DI and AMNE statistics in *BPM7* even though it goes beyond the existing BPM framework.
- Focus on control aspect.
- Link with the work of Globalization Task Team – fostering SNA-BPM consistency .
- Conduct a survey aimed at collecting needs, suggestions, operational and implementation issues to support DITT in developing such a framework.
- Practical Challenges:
 - Reconciliation of DI and MNE populations – $DI > 10\%$; $MNE > 50\%$
 - The ultimate partner country for MNE, while DI it's immediate partner country; importance of consistent definitions for MNE, ultimate investing economy, ultimate hosting economy to guide data collection.
 - Data sharing arrangements between national institutions.
 - Advancement on LEI can be of added value.

D.9: Outcome of BOPCOM Meeting

- D.9 recommended to develop a framework to reconcile DI and statistics on MNEs.
- Include identifying specific breakdowns of either sets of statistics, new supplemental presentations, and additional variables to enable the two sets of statistics to be used together.
- Committee expressed strong support for developing such a framework.
- Agreed with suggestion to carry out a stock-taking survey that is clear on the ideas to be tested and aspects of reconciliation to be considered in the framework.
- Asked the drafting team to finalize the GN by:
 - Consulting with other TTs, especially the GZTT and its work on MNEs;
 - GZTT is examining how to better capture activities of MNEs, including breaking down institutional sector accounts and gross value added (GVA) into foreign-controlled corporations, domestic MNEs, and other corporations within the framework of the national accounts
 - Launching stocktaking survey with IMF and OECD WGIIS;
 - Prepare a final version of the GN by adding a definition of MNE, reconcile not only with AMNE/FATS but with work of GZTT, suggesting breakdowns of DI statistics that could be used in the reconciliation methods;
 - Revised GN will be considered by the Committee through **written procedure**.

Other Outcomes of the BOPCOM

- Appreciation for the quality of the DITT GNs.
- Appreciation for the team efforts.
- Appreciation of the consultation with the WGIIS organized by the OECD.
- Many overlapping issues and recommendations.
 - Many supplemental presentations being recommended.
- The Committee took note of the many different, yet often related, proposals and supplemental presentations that the GNs are putting forward.
- The Committee underscored the importance to assess all the recommendations/proposals put forward in a holistic manner at the end of the process so that a comprehensive framework can be proposed for the updated manual that ensures coherence and feasibility on related issues.
- Papers for the meeting, including summaries of the public consultation, can be found at: <https://www.imf.org/external/bopage/stindex.htm>.

DISCUSSION ON THE PROCESS!

- **What are your thoughts and experiences on the current process?**
- **Any proposal to ease the process?**

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- Welcoming remarks
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2021 BOPCOM Meetings

Tentative schedule for 2021 BOPCOM Meetings:

- February 22–24
- June 21–24
- October 26–28 or
October 25–28 if virtual

Proposed Timelines for February and June 2021 BOPCOM

Proposed Timeline for the next set of GNs for discussion at the February 2021 Committee meeting			
Action	Duration	Start Date	End Date
Drafting of the GN for February 2021 Meeting		Whenever	No later than November 16
Consultation within the TT members (<i>GZTT/FITT, inclusive</i>) [‡] and finalization of draft	2 weeks	November 16	November 30
Addressing comments from DITT by drafting teams	1 week	November 30	December 7
Draft GN submitted for review to BPTT and WGIIS	1 week	December 7	December 14
Incorporate comments from BPTT/WGIIS/AEG (because of end of year celebrations)	4 weeks	December 14	January 11
Posting for public consultation	4 weeks	January 11	February 8
Incorporation of comments, discussion within drafting team and finalization by co-chairs (<i>optional</i>)	1 week	February 8	February 15
GN final version including recommendations completed and sent to BOPCOM (via BPTT)	1 week	February 15	
BOPCOM Discussion/Decision		February 22	February 24

This is an exception for this round, given that we are a little pressed by time. GZTT/FITT consultation is only applicable for some specific GNs.

Proposed Timeline for the next set of GNs for discussion at the June 2021 Committee meeting			
Action	Duration	Start Date	End Date
Drafting of the GN for June 2021 Meeting		Whenever	No later than February 21, 2021
Consultation within the TT members and finalization of draft	2 weeks	February 24	March 6
Addressing comments from DITT	1 week	March 9	March 13
Draft GN circulated to GZTT/FITT*	2 weeks	March 16	March 27
Addressing comments from GZTT/FITT by drafting teams	1 week	March 30	April 3
Draft GN submitted for review to BPTT and WGIIS/AEG	1 week	April 6	April 10
Incorporate comments from BPTT/WGIIS/AEG	2+ weeks	April 12	April 27
Posting for public consultation	4 weeks	April 29	May 27
Incorporation of comments, discussion within drafting teams and finalization by co-chairs (<i>optional</i>)	1 week	May 31	June 4
GN final version including recommendations completed and sent to BOPCOM (via BPTT)	1 week	June 7 (earliest)	
BOPCOM Discussion/Decision		June 21	June 24

*GZTT/FITT consultation is applicable only for some specific GNs

Plan

Next set of GNs	Committee meetings
D.1 Greenfield and extensions of capital	February 2021
D.3 Treatment of collective investment institutions	
D.4 Corporate Inversions	
D.5 Eliminating imputations for entities owned or controlled by general government for fiscal purposes	
D.12 Including intra-concern derivatives in DI	
D.14 Financial conduits	
D17 Identifying super dividends and the borderline between dividends and withdrawals of equity	
D.8 Public private partnerships	June 2021
D.10 Can DI be achieved other than by ownership of equity?	
D.13 Treatment of large construction financed by government	
D.18 Cash pooling in direct investment	

WGIIS review of the GNs planned for February 2021 BOPCOM

- **WGIIS/BPTT review:** tentatively planned during the week of December 7–14, 2020
- **WGIIS webinar tentatively planned during the first week of February 2021**
- **Next WGIIS meeting: March 23–25, 2021**

Coordination with other Task Teams, Moving Forward

GZTT	FITT	AEG
D2	D16	D2
D4	D17 (done)	D5
D5		D16
D6 (after BOPCOM Oct 2020)		D17
D9 (after BOPCOM Oct 2020)		
D14		

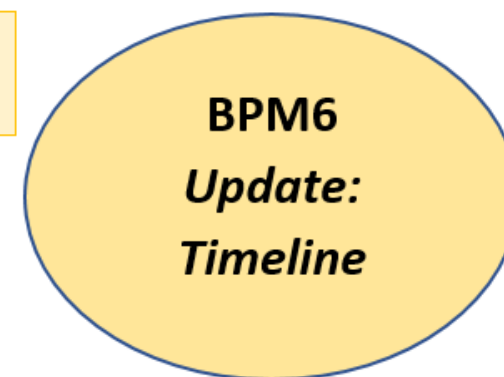
- For the June and October 2021 rounds, specific timeline is allocated in the process for the consultation with other TTs

THANK YOU

Backup slides

2020				2021				2022
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Launch BPM6 Update Process	Develop TORs for—and convene—TTs	<i>TTs produce GNs, seek worldwide feedback</i>				Committee decides on changes to BPM6	Produce Annotated Outline of BPM7	

← Phase 1



Phase 2 ↓

2022			2023				2024				2025
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Draft BPM7 Chapters and Appendixes							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

Task Teams for Updating the Standards (*BPM6 & SNA*)

- Task Teams have been formed to research issues and make recommendations for the update of the Standards—do this through drafting Guidance Notes (GNs)
- Balance of Payments Committee (BOPCOM) Task Teams
 - Current Account Task Team (CATT)
 - Direct Investment Task Team (DITT)
 - Balance of Payments Task Team (BPTT)
- Joint BOPCOM and ISWGNA Task Teams
 - Globalization Task Team (GZTT)
 - Intellectual Property Products Task Team (IPTT)
 - Financial and Payments System Task Team (FITT)
 - Informal Economy Task Team (IETT)
 - Islamic Finance Task Team (IFTT)
 - Communications Task Team (CMTT)