



STATISTICS



OECD

Direct Investment Task Team (DITT)

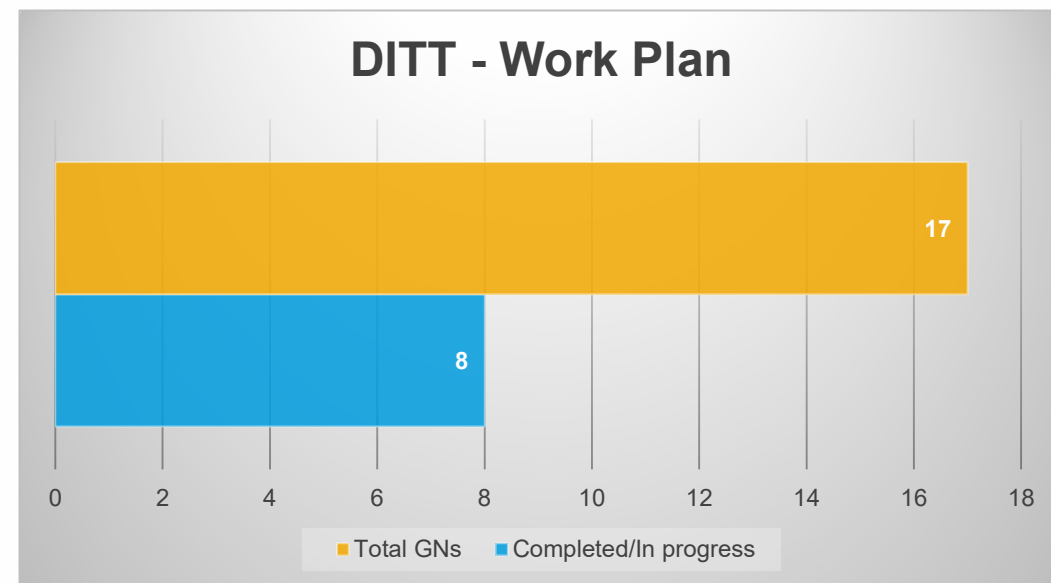
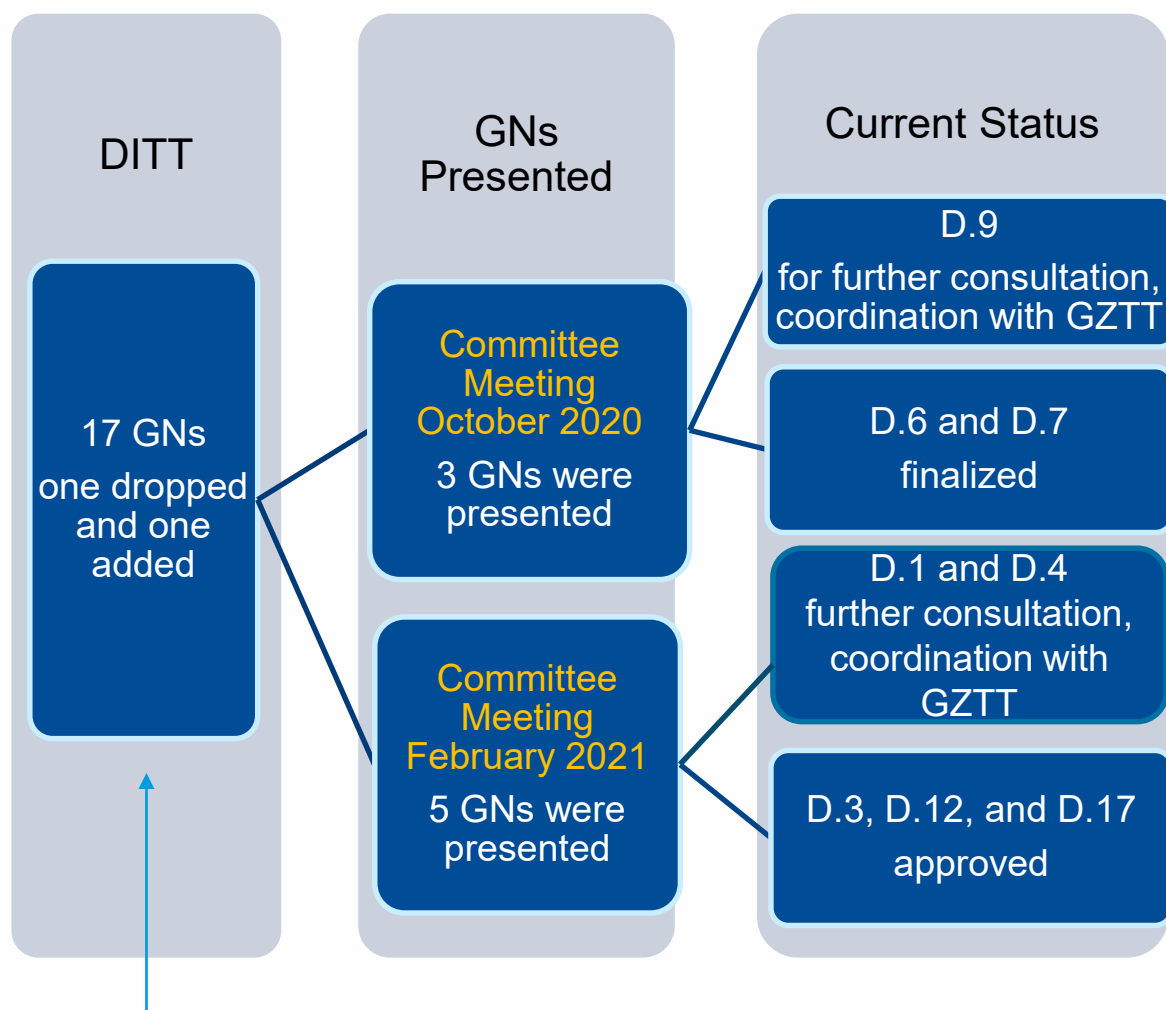
MARCH 30, 2021

DITT Chairs and Secretariats

Outline

- **Welcoming Remarks**
- **Outcome of February 2021 BOPCOM Meeting**
- **Forthcoming Testing and Stock Taking Exercises**
- **Way Forward**
- **Concluding Remarks**

Overview of DITT Work Program



D.13 “*Treatment of Large Construction Financed by Government*” was dropped.
 D.18 “*Cash Pooling*” was added.

Outline

- Welcoming Remarks
- **Outcome of February 2021 BOPCOM Meeting**
- Forthcoming Testing and Stock Taking Exercises
- Way Forward
- Concluding Remarks

February 2021 Committee Meeting: DITT GNs

- In 2021, the Committee will meet three times due to the number of Guidance Notes (GNs) to be discussed

During this meeting, 5 GNs were presented:

- **D.1: Greenfield and Extensions of Capital**
 - **UNCTAD (co-lead), Eurostat (co-lead), Japan, UK, and Zambia**
- **D.3: Treatment of Collective Investment Institutions**
 - **US (lead), Brazil, Luxembourg, South Africa, and ECB**
- **D.4: Corporate Inversions**
 - **US (lead), Italy, and UK**
- **D.12: Including Intra-concern Derivatives in DI**
 - **Poland (lead), Italy**
- **D.17: Identifying Super Dividends and the Borderline Between Dividends and Withdrawals of Equity**
 - **Germany (lead), Australia, Spain, US, and IMFBP**

D.1 Greenfield Investment (GI)

Recommendation

Develop a transactions approach to measuring FDI flows for GI and extensions of capacity

- Supplemental reporting
- Requires definition of GI and extensions of capacity

Outcome of Public Consultation

Strong support for including guidance on the definition and collection of data on GI and extension of capacity in the *BPM7*

- Explore the capital approach through the work on MNEs being carried out with the Globalization Task Team (GZTT).
- Recommended **testing** before developing detailed guidance on the transactions approach.

D.1 Greenfield Investment (GI) (continued...)

Committee Discussion

Almost all Committee members agreed GI data are highly relevant.

Majority supported using the transactions approach (more consistent with the overall BoP framework)

A few members supported the capital approach as closer to user needs and analytically more useful, and stressed it is covered in foreign affiliate statistics

Committee members urged to include:

- *Prepare* a clear definition of GI and extension of capacity
- *Clarify* the scope of its coverage (i.e., equity/debt or both, reinvested earnings?)
- *Clarify* the recording (gross or net basis) to ensure comparability across countries
- *Provide* a practical guidance on its data collection and compilation in the updated Compilation Guide

Committee largely favored the need for **testing** the proposed approaches before including it in the *BPM7*

Actions

Elaborate a GI definition and a plan for the testing exercise (June 2021)

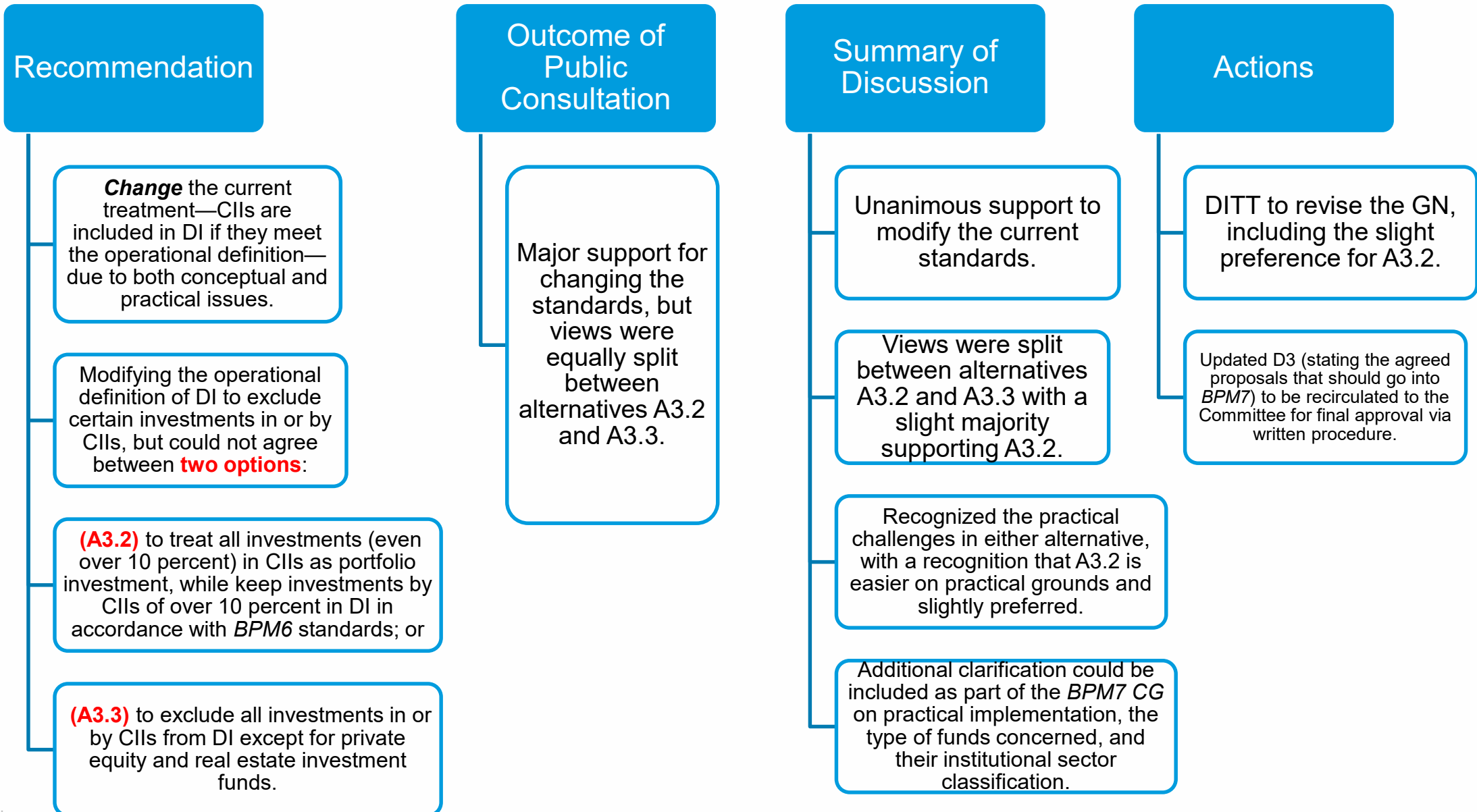
Undertake the testing In collaboration with the WGIIIS, to seek volunteers to undertake testing on the approaches for GI measurement

Present the results of the testing, including the analytical usefulness of the transaction approach (date to be defined–dtbd)

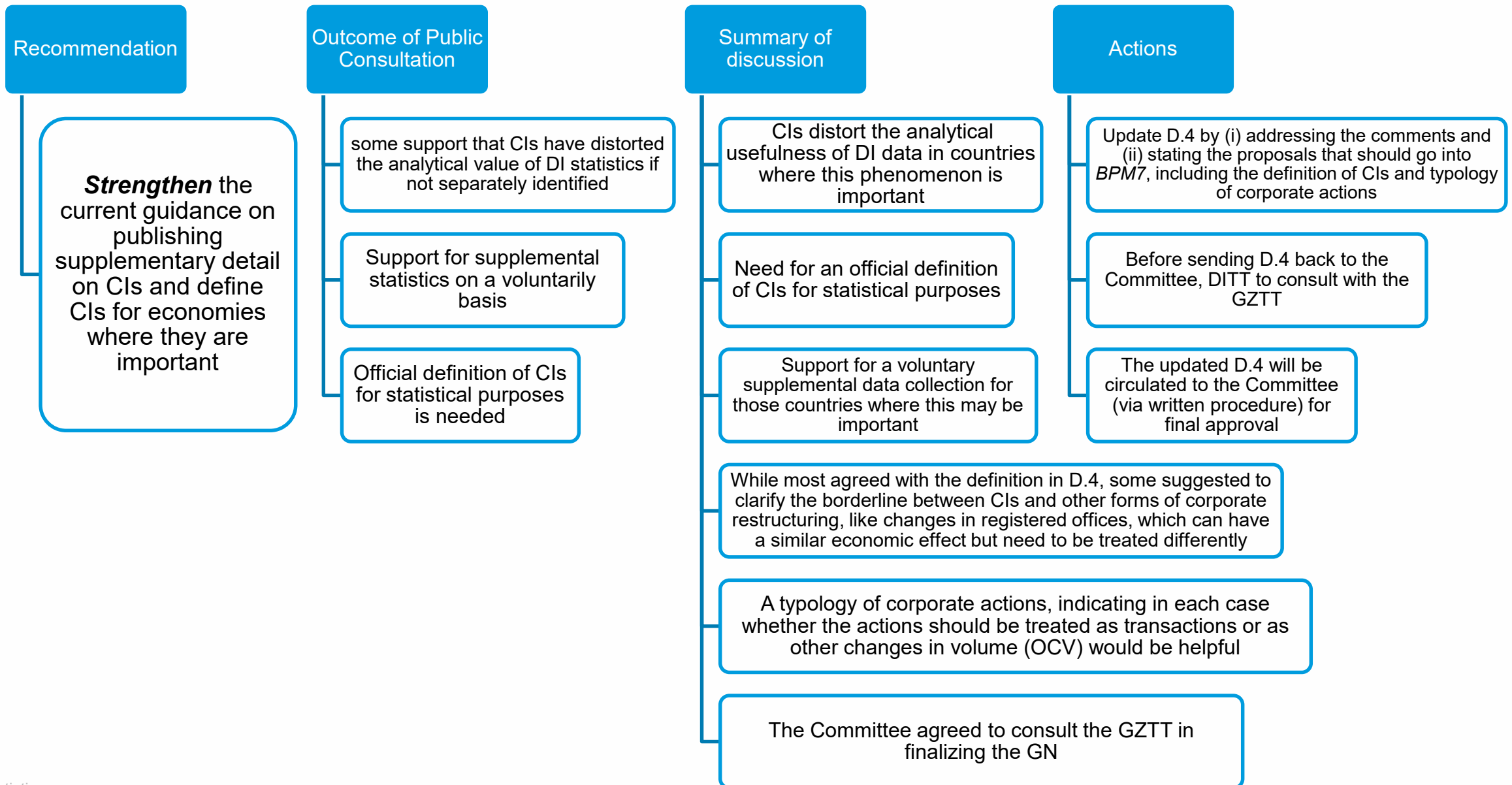
Prepare an updated version of D1 (dtbd)

- (i) incorporating the results of the testing
- (ii) revising the GN, including
 - (a) a proposed definition of GI and extension of capacity,
 - (b) clarifying the scope of their coverage, and
 - (c) clarifying the recording
- The updated D1 will be circulated to the Committee for final approval via written procedure.

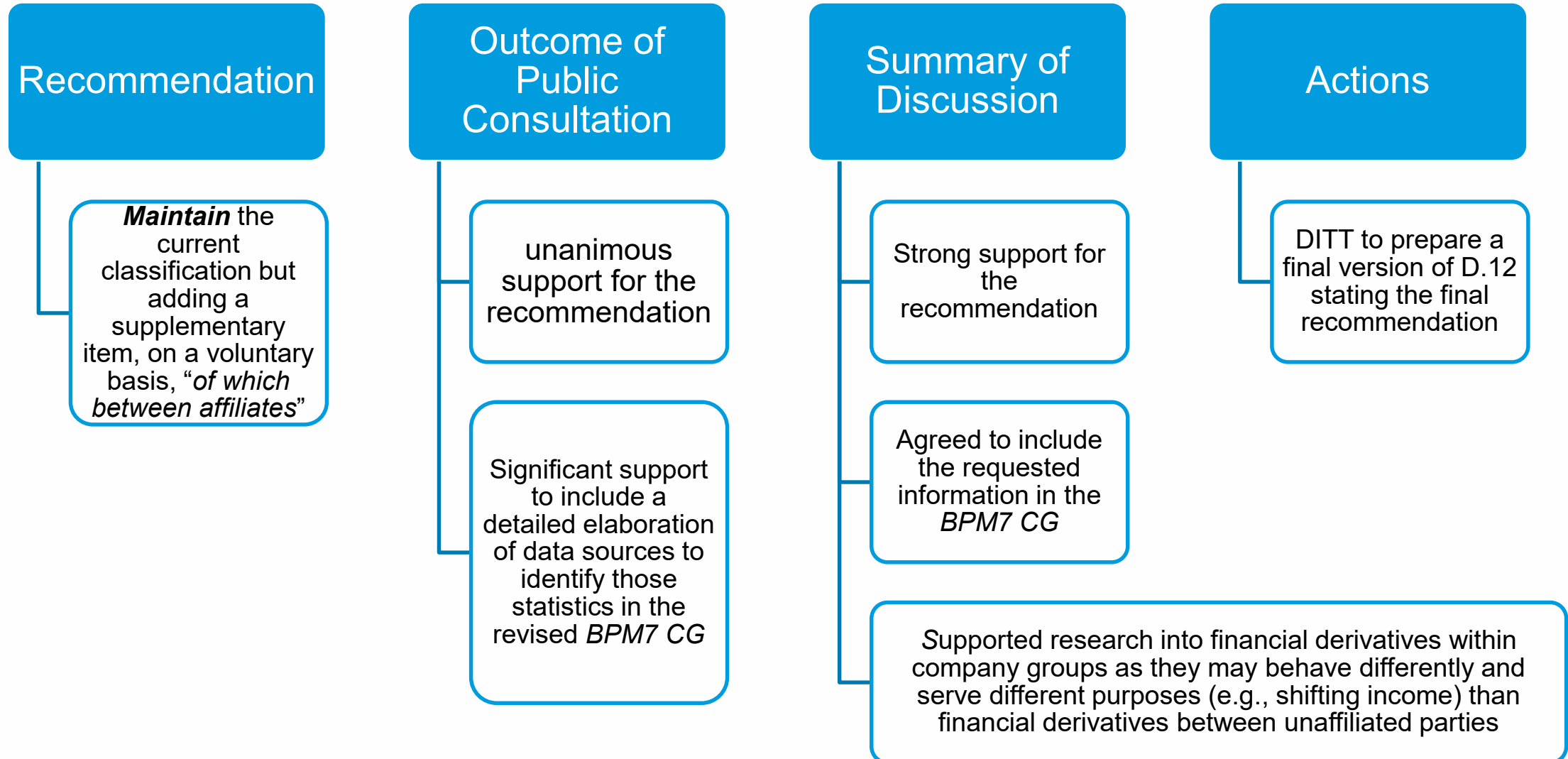
D.3 Treatment of Collective Investment Institutions (CIIs)



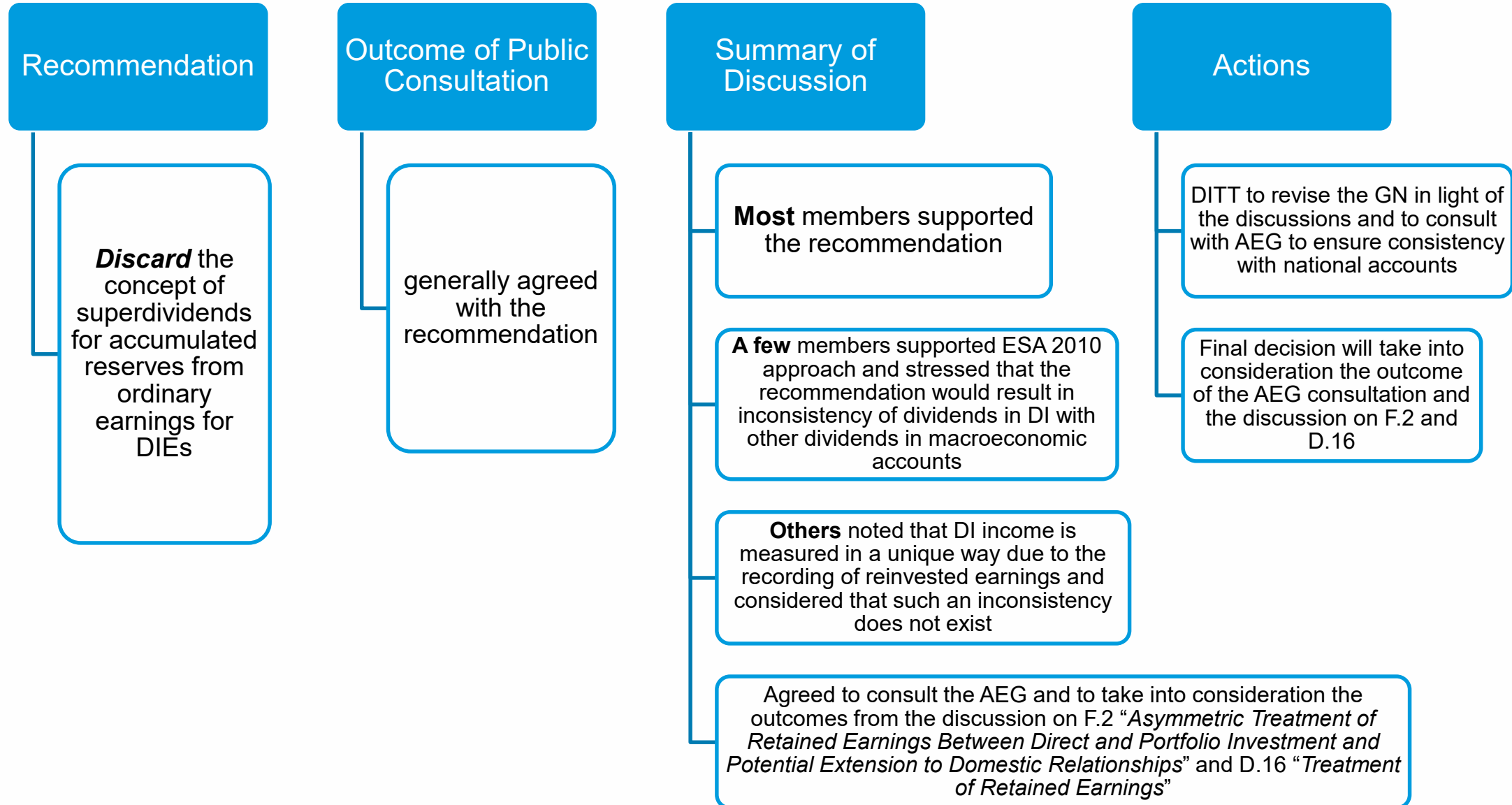
D.4 Corporate Inversions (CIs)



D.12 Including Intra-concern Financial Derivatives in DI



D.17 Superdividends



Outline

- Welcoming Remarks
- Outcome of February 2021 BOPCOM Meeting
- **Forthcoming Testing and Stock Taking Exercises**
- Way Forward
- Concluding Remarks

D.1: Testing Exercise

Why?

- to gather practical guidance on collection and compilation

How?

- A targeted approach to selected countries rather than a general approach through a survey

Who?

- The audience: Which countries? What about an appropriate geographical representation?

The testing strategy

Collaboration from IOs and regional organizations

Questionnaire – shall we re-adapt the one designed by Eurostat?

Any other thoughts?

Stocktaking Survey on MNEs (D.9: Reconciling DI with AMNE Statistics)

Recall **October 2020 BOPCOM discussion:**

- Launch a survey to gather feedback from compilers on such framework.
- Include a definition of MNE [GZTT GN Treatment of MNEs, which was circulated within the DITT for review]
- The framework should not only aim to reconcile DI with AMNE statistics but should also be fully coordinated and ultimately aligned with the work on MNEs by the GZTT.
- Introduce additional breakdowns of DI statistics to better align with the concept of MNEs used in AMNE. Coordinated and aligned with GZTT recommendations

Proposal

Focused approach
(avoid fragmented discussion)

Joint exercise with the OECD-WGIIS and GZTT

Any views on the survey?

Design

Audience

Timeline

D.4: Typology of Corporate Inversions

Motivation

- Full typology (most usual cases)
- Indicate whether treated as transactions, or as
- Other Changes in Volume

What approach do we think of?

Outline

- Welcoming Remarks
- Outcome of February 2021 BOPCOM Meeting
- Forthcoming Testing and Stock Taking Exercises
- **Way Forward**
- Concluding Remarks

Forthcoming GNs: Committee meeting June 2021

Issues	Teams (Lead and Contributors)
High Priority	
D.5 Eliminating Imputations for Entities Owned or Controlled by General Government for Fiscal Purposes	IMFBP (lead) and Eurostat
Medium Priority	
D.8 Public Private Partnerships	Zambia (lead) , IMF, and South Africa
D.11 Removing Debt Between Affiliated Insurance Corporations and Pension Funds	France (lead) , Canada, and Luxembourg
D.14 Financial Conduits	Luxembourg (lead) , Germany, IMFBP, Russia, and OECD [may go via written procedure]
D.18 Cash Pooling in Direct Investment	ECB (lead) , and IMFBP

Forthcoming GNs: Committee meeting October 2021

Issues	Teams (Lead and Contributors)
High Priority	
D.2 Valuation of Unlisted Equity	Spain (lead) , Canada, China, Russia, ECB, and IMFBP
Medium Priority	
D.10 Can DI be Achieved Other than by Ownership of Equity?	Japan (lead) , and Australia
D.15 Treatment of Payments Made by Non-resident Affiliates on Behalf of DI Enterprises	Brazil (lead) , Australia, and China
D.16 Treatment of Retained Earnings	ECB (lead) , Brazil, Eurostat, and IMFBP

WGIIS Activities

- **WGIIS webinar** to support the public consultation of the next round of GNs – end-May (one or two days event)
- WGIIS will support the **Research & Testing phase** foreseen for D.1 and D.9
- **BD4 Update** – creating an Expert Group to support the WGIIS Secretariat in the update of the *Benchmark Definition of FDI, 4th Edition* manual
 - Terms of Reference for the [Benchmark definition Technical Expert Group \(BTEG\)](#)
 - Some WGIIS participants expressed interest in joining the BTEG.
 - We would like to have a [balanced geographical coverage](#) – missing representatives from *North America* and *Asia*.
 - Call for participants to be issued soon – please contact the WGIIS Secretariat.
 - [Your support would be very valuable](#) in the revision of *BD4*, given your expertise and knowledge and your work on the various GNs.

Outline

- Welcoming Remarks
- Outcome of February 2021 BOPCOM Meeting
- Forthcoming Testing and Stock Taking Exercises
- Way Forward
- **Concluding Remarks**

GNs by Theme

What is DI? Boundaries:

D.3
D.10
D.11
D.12

Clarifications:

D.8
D.15
D.18

Measurement
and
Classification:

D.2
D.7

DI income:

D.16
D.17

MNEs and SPEs:

D.5
D.6
D.9
D.14

FDI by type:

D.1
D.4

GZ
TT

BP
TT

FI
TT

Incorporation in the Update

Concern that there are a lot of changes being proposed: that is, supplemental presentations, more granular detail.

No change is a completely acceptable outcome (e.g., D.11, D.12, D.14).

Some changes may be grouped together:

- MNEs and UIE/UHE closely related
- FDI by type: combine greenfield and extensions of capacity with existing guidance on M&A, break out corporate inversions in the residual category
- Focus on compilation guidance rather than changes to the standards (e.g., D.18)

Thank you!

Direct Investment Task Team (DITT)

Chairs:

Ms. Maria Borga (IMF, STA)

Mr. Krzysztof Makowski (OECD WGIIS Chair, National Bank of Poland)

Secretariat:

Ms. Padma Sandhya Hurree Gobin (IMF)

Ms. Francesca Spinelli (OECD)

International Organizations:

Ms. Carmen Picón Aguilar (ECB)

Ms. Irene Madsen (Eurostat)

Mr. Phillippe de Rougemont (Eurostat)

Ms. Emilie Kothe (OECD)

Mr. Astrit Sulstarova (UNCTAD)

Mr. Artak Harutyunyan (IMF, STA)

Ms. Emma Angulo (IMF, STA Balance of Payments)

Mr. Thomas Elkjaer (IMF, STA Balance of Payments)

Ms. Fadhila Alfaraj (IMF, STA Balance of Payments)

Mr. Bruno Rocha (IMF, STA Government Finance)

Countries:

Mr. Michael Abbondante, Australia

Mr. Fernando Lemos, Brazil

Mr. Éric Simard, Canada

Ms. Yang Can, China

Mr. Bertrand Pluyaud, France

Mr. Mirco Lattwein, Germany

Ms. Mei Ling Tjung, Indonesia

Mr. Stefano Federico, Italy

Ms. Sakiko Ohtsuka, Japan

Mr. Paul Feuvrier, Luxembourg

Mr. Fedor Kharlashin, Russia

Mr. Fernando Nieto, Spain

Mr. Lee Mallet, United Kingdom

Mr. Ray Mataloni, United States

Mr. Piet Swart, South Africa

Mr. Wilson Phiri, Zambia