

CURRENCY UNION TECHNICAL EXPERT GROUP (CUTEG)

OUTCOME PAPER (CUTEG) # 6 (July 23, 2004)

(1) Topic: **Residence and Sectorization of Regional Institutions in Overlapping Regional Currency and Other Economic Arrangements**

(2) Issues – see CUTEG Issues Paper # 6

(3) Outcome of the discussion:

1. In the discussion of economic territory in the updated manual, it was agreed that a special reference should be made to the concept of CU economic territory, as a CU BOP (and economic union) statement poses specific issues in terms of CU wide residence. The specific notion of CU residence could cover the economic territory of the member countries plus the regional institutions.
2. The group favored the creation (and definition) of the concept of “Regional Institution.” Such an institution would be a subset of international organizations and would be resident in the currency or economic union of which it is an integral part.
3. The group considered that the CUCB, or any other regional organization that has the same membership, or a subset of the same membership, as the CU, or economic union, is resident of the CU/economic union. Following the same reasoning, it was agreed that regional organizations whose membership is not the same as, or is not a subset of the, currency/economic union should be regarded as nonresident of the CU/economic union. But members agreed to come back at the next CUTEG meeting, following further research, to the treatment of regional organizations whose membership is predominantly the same as the currency/economic union, but included one or two non-union members. These were considered to be borderline cases.
4. The group members agreed that transactions between the residents of a member country of a currency union/economic union and the regional institutions that are part of this currency union/economic union should be always treated as cross-border transactions in the national data.
5. The group considered that the sectorization of international (and now, regional) organization should be reviewed. It was agreed to pass this issue to BOPTEG, as part of the latter’s work on reviewing the definition of the various types of international organizations e.g., monetary and nonmonetary international financial institution. The CUTEG will be kept informed of BOTEG’s discussions.

(4) Rejected Alternatives:

The idea of adding “or zone” whenever “country” is mentioned.

(5) Actions before the next meeting of CUTEG

- Fund staff to draft a definition of economic territory for the currency unions, and a definition of regional organizations (Fund staff).
- ECCB to investigate the treatment of regional institutions with non-members of the union (such as the OECS), based on their experience (ECCB).
- BOPTTEG to consider the sectorization of international institutions.