

**Nineteenth Meeting of the
IMF Committee on Balance of Payments Statistics
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**Coordinated Direct Investment Survey, End-2009 Reference Year
Broad Outline of Timeline and Modalities for Conducting the Survey**

**Prepared by the Statistics Department
International Monetary Fund**

Coordinated Direct Investment Survey, End-2009 Reference Year Broad Outline of Timeline and Modalities for Conducting the Survey

Introduction

1. The Feasibility Study on the Conduct of a Coordinated Direct Investment Survey (CDIS) showed strong country support for the conduct of an internationally coordinated survey of direct investment positions with respect to an end 2009 reference year. With close to unanimous support for the initiative from the IMF Committee on Balance of Payments Statistics (the Committee), it was decided to proceed with a recommendation to IMF management supporting the CDIS, subject to expressions of participation by a critical mass of the large FDI-investing countries and to coordinate with the IMF Statistics Department's (STA) interagency partners.
2. Following the Committee's October 2006 meeting, STA will present the final report of the feasibility study to IMF management for approval, and then table the report for the information of the Executive Board. STA has linked, in its forward work program, the CDIS to one of the key priorities identified in the IMF's Medium-Term Strategy, that of strengthening multilateral surveillance. STA would inform the Committee in writing of the final decision.

Overview of modalities

3. Based on the experience of the first (1997) Coordinated Portfolio Investment Survey, the main elements of a work program for the conduct of an end-2009 CDIS would include:

Development phase: with the involvement of STA's interagency partners, to create a task force of national compilers to write a survey guide to assist compilers to prepare for their participation in a CDIS.

Implementation phase: convening selected regional workshops of national compilers, to review the state of preparation for participation in a CDIS as well as to provide technical and other assistance in support of their participation in a CDIS.

Collection phase: STA and its interagency partners to collect data compiled from national FDI surveys and the associated metadata.

Dissemination phase: to develop a system to process the results of national surveys and associated metadata. A report on the results of the CDIS will be prepared for the Committee with a view to posting the compiled data on the IMF's public website.

4. On the assumption that IMF management approves the CDIS, this note sets out a preliminary timeline for the first two phases of the work program—development and implementation. It also presents the Terms of Reference (see Annex) for an end-2009 CDIS. The Committee will be kept apprised on the outcomes of the major elements of the work program.

Timeline/modalities

4th Qtr 2006

- Committee informed that a CDIS will be recommended to IMF management, subject to expressions of participation by a critical mass of the large FDI-investing countries and a willingness of STA's interagency partners to actively participate in the coordination of the survey. The Committee agrees the Terms of Reference of the survey (see Annex) and establishes a task force whose mandate is to produce a survey guide advising countries on international best practices in the modalities of conducting a CDIS.
- Commitment of STA's interagency partners and preliminary expressions of interest to participate obtained from major FDI-investing countries represented on the Committee;
- Letters sent to international/regional organizations to secure formal agreement on coordination and work sharing, e.g., participating in the CDIS task force, hosting regional workshops, working with member countries to ensure successful participation in CDIS; and collecting data.

1st Qtr 2007

- CDIS task force created, its work program established, and preliminary outline of survey guide prepared for first meeting. In addition to STA's interagency partners, a small number of key countries, with a broad regional balance, to participate.

2nd Qtr 2007

- First meeting of CDIS task force convened. Initial written comments provided on the preliminary outline of the survey guide in writing and meeting convened to consider further modifications in light of these comments;
- Letters inviting participation in CDIS sent to large FDI-investing countries. Intent would be to secure country participation in both inward and outward FDI surveys for end 2009 and agreement to collect and report the mandatory FDI stock series valued at own funds at book value providing for bilateral investor/creditor information. Countries would also be invited to compile the encouraged data series.

3rd Qtr 2007

- Subject to a “critical mass” of countries responding positively to letter sent in 2nd Qtr 2007, letters inviting participation in CDIS sent to other selected countries. Letters would advise, inter alia, that major FDI-investing countries have made commitments to participate, thus providing for bilateral investor/creditor information.

4th Qtr 2007

- Second meeting of CDIS task force to review the draft survey guide.

1st Qtr 2008

- Preparations undertaken for first series of regional workshops.

2nd Qtr 2008

- English version of survey guide is finalized, posted on the web, and sent for translation. Possibly, a third meeting of the task force, if considered necessary.

3rd Qtr 2008

- First series of regional workshops conducted. Bilateral advice would also be provided from Washington and through technical assistance.¹

2nd Qtr 2009

- Second series of regional workshops conducted;
- Translations of survey guide, as available, transmitted to participating countries.

1st Qtr 2010

- Participating countries conduct national FDI surveys. (An assessment of the compiled data would probably take place towards the end of 2011, at the earliest.)

¹ There may be scope to conduct the regional seminars in conjunction with other planned seminars/workshops, such as the *BPM5* manual update.

Issues for discussion

Do Committee members endorse the Terms of Reference for an end-2009 CDIS?

Do Committee members support the creation of a task force whose mandate is to produce a survey guide?

Based on the Terms of Reference, would Committee members be prepared to indicate the willingness of their countries to participate in an end-2009 CDIS?

Is the Committee in broad agreement with the proposed preliminary timeline and modalities for the conduct of an end-2009 CDIS?

Which of the target dates do Committee members consider the most critical to the success of the CDIS?

Draft Terms of Reference for end-2009 Coordinated Direct Investment Survey

The objectives of the Coordinated Direct Investment Survey (CDIS) are:

- Collect comprehensive and harmonized information, with geographic detail, on the stock of inward foreign direct investment (FDI) as at end 2009;
- For the major investing countries, also collect comprehensive and harmonized information, with geographic detail, on the stock of outward FDI; and
- Exchange bilateral data among the participating countries. The data will also be disseminated on the IMF's public website.

By exchanging comparable or harmonized data (subject to confidentiality constraints), participating countries should be able to improve and/or validate their international investment position statistics on the stock of FDI as well as associated financial flows and investment income.

The reporting requirements ("mandatory data") for participation in the CDIS would be:

- Gather and compile comprehensive data on FDI positions as at end 2009, employing enterprise survey(s).
- Collection and reporting of component detail on stocks of FDI equity (including reinvested earnings) and other FDI, each broken down by counterpart country (bilateral data).
- Attribution of country of investment/investee to be based on the immediate host country/immediate investing country system.
- Employment, in enterprise surveys, of a common definition of book value for valuing FDI positions, specifically "own funds at book value."²

Countries can, of course, collect additional information in national FDI surveys to meet user requirements, including requirements of international and regional organizations. Moreover, countries participating in the CDIS will also be encouraged to collect and report a number of supplementary data series. These series will not be mandatory for participation in the CDIS.

² In enterprise surveys, direct investors and direct investment enterprises would both use information drawn from accounts on the liabilities side of the direct investment enterprise's balance sheet to value outward and inward FDI positions, respectively.