

**Twentieth Meeting of the
IMF Committee on Balance of Payments Statistics
Washington, D.C., October 29–November 1, 2007**

**Draft BD4—Decisions Resulting from Written Procedure
(Addendum to BOPCOM-07/04)**

**Prepared by the OECD Secretariat Workshop of International Investment
Statistics**

Unclassified

Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

English - Or. English

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
INVESTMENT COMMITTEE**

Unclassified

Workshop on International Investment Statistics

**DRAFT BENCHMARK DEFINITION OF FOREIGN DIRECT INVESTMENT - 4th edition:
DECISIONS RESULTING FROM WRITTEN PROCEDURE**

**Note prepared by the OECD Secretariat for the
IMF Committee on Balance of Payments Statistics**

29 October - 1 November 2007

The present addendum includes decisions by the Bureau of the OECD Workshop on International Investment Statistics as a result of the written consultation due for 19 October 2007.

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1. As a result of the written procedure, the Bureau¹ of the Workshop on International Investment Statistics (WIIS) took note of concerns for bilateral comparability of standard FDI statistics. In consequence, the Bureau's considered conclusion was to further refine the WIIS decisions of 1-3 October 2007 on the standard and supplemental presentations of FDI statistics.

2. The *Benchmark Definition of Foreign Direct Investment* recommends the following presentations for FDI statistics, which partially overrides Section 3. of the document circulated to the IMF Committee on Balance of Payments Statistics, BOPCOM/07-04.

(i) **Standard presentation - FDI statistics by partner country and by industry classification:**

- 1) Inward/outward FDI transactions/positions by country and by industry based on directional principle excluding resident Special Purpose Entities (SPE);
- 2) Inward/outward FDI transactions/positions based on directional principle on resident SPEs. *This decision is a refinement of the conclusions of 1-3 October 2007 meeting where such data were identified as "supplemental". The change in the importance of data reporting is due to concerns expressed to achieve cross-country reconciliation*

(ii) **Supplemental presentations - FDI statistics by partner country and by industry classification:** [countries are strongly encouraged to provide these supplemental statistics]

- 1) Inward/outward FDI transactions/positions according to the directional principle and looking through both resident and non-resident SPEs;
- 2) Inward/outward FDI transactions/positions by partner country and by industry according to the directional principle including all entities. *This decision is a refinement of the conclusions of 1-3 October 2007 to allow cross-country reconciliation;*
- 3) Inward/outward FDI equity transactions for purchase/sale of existing equity (mergers and acquisitions- M&A);
- 4) Inward FDI equity and debt positions according to ultimate investing country (UIC).

3. Furthermore, the Bureau asked the Secretariat to incorporate additional refinements to the draft Benchmark Definition:

¹ WIIS Bureau: Chairman: Paul Mahoney (Australia); Vice-chairmen: Roger De Boeck (Belgium); John Fitzpatrick (Ireland) and Satoru Hagino (Japan).

- (i) WIIS Bureau maintained the decision by a large majority of WIIS members to extend the directional principle and the methodology adopted. Recognizing the consequences for bilateral comparison of the data, the Bureau agreed that that further research should be conducted in “priority”.
- (ii) Recognising that the *Benchmark Definition* does not provide a definition of SPEs and despite a WIIS decision to continue work to achieve a worldwide definition of SPEs, the Benchmark Definition should include a reference to OECD being attentive to possible work in other fora.
- (iii) To include a clarification for the treatment of depository receipts. IMF Draft Balance of Payments Manual, 6th edition considers them to be an instrument that represents a claim on the underlying equity, rather than a claim on the issuer of the depository receipt itself – i.e. depository receipts are to be treated in the same way as any other evidence of an equity claim. Holding depository receipts does provide entitlement to voting rights. If a direct investment position would be held through depository receipts (although unusual), it should be classified as direct investment, a treatment consistent with BPM6.