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Update on External Position Statistics: IIP, CDIS, and CPIS

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

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1. This paper updates the Committee on work that has been completed or that is underway in the reporting of international investment positions (IIPs), the Coordinated Direct Investment Survey (CDIS), and the Coordinated Portfolio Investment Survey (CPIS).

A. International Investment Positions

Introduction

2. The IMF Statistics Department (STA) has continued to focus on increasing the number of economies reporting IIP data and encouraging quarterly IIP reporting. Economies have also been encouraged to adopt the *BPM6* enhancements to IIP statistics as soon as feasible.

New IIP Reporters

3. STA has continued its efforts to increase the number of economies reporting IIP data through its IIP Pipeline Project, an initiative to assist a subset of economies in compiling IIP statistics. Since October 2013, three additional economies have submitted IIP data to STA—Kiribati, Sri Lanka, and Timor Leste. This brings the total number of economies reporting IIP data from under 40 economies in 1998 to 139 in September 2014. All G-20 economies report IIP data to STA.

4. In the World and Regional tables published in the *2013 Balance of Payments Statistics Yearbook (BOPSY)*¹, reported IIP data account for approximately 97 percent of the estimated global totals for IIP assets and liabilities.² STA has turned increasing attention under the Pipeline Project to those economies that are expected to have significant external assets and liabilities, such as oil and gas exporters and offshore centers. At the same time, efforts will continue with the smaller economies in the Pipeline that are close to reporting IIP data.

Quarterly IIP Reporting

5. The efforts to increase quarterly IIP reporting continued in line with Recommendation #12 of the G-20 Data Gaps Initiative (G-20 DGI) and the March 2010 IMF Executive Board decision, which prescribed for SDDS subscribers the quarterly reporting of

¹ The 2014 *BOPSY* is expected to be published by early December 2014.

² Estimates for non-reporting economies are derived from the IMF Research Department's External Wealth of Nations (EWN) database.

IIP data by end–September 2014.³ Since October 2013, two additional economies have reported quarterly IIP data to STA, with a total of 84 economies reporting these data as of September 2014. The additional reporters are France and Timor Leste.

6. Eighteen of the G-20 economies⁴ currently disseminate quarterly IIP data. In addition, the non-G-20 members of the Financial Stability Board (FSB) report quarterly IIP data to STA.

***BPM6* enhancements**

7. Economies are encouraged to adopt the *BPM6* enhancements to the IIP statistics as soon as feasible. To this end, the new *BPM6* IIP report forms prepared by STA allow for the collection of data items of keen interest for risk analysis and the analysis of spillovers, such as currency of composition of assets and liabilities and short-term reserve-related liabilities.

8. As of September 2014, 45 economies report IIP data on a *BPM6* basis (compared to 21 as of September 2013), of which 26 report these data with quarterly periodicity (Armenia, Australia, Bangladesh, Belarus, Canada, Chile, China P.R. – Hong Kong, El Salvador, Fiji, Finland, France, Georgia, Guatemala, Hungary, India, Jamaica, Kazakhstan, Korea – Republic of, Kosovo, Latvia, Nicaragua, Sri-Lanka, Uganda, Ukraine, United States and Vanuatu).

Consistency with other datasets

9. STA promotes consistency between IIP data and other datasets collected by STA (i.e., CDIS and CPIS). CPIS data are consistent with portfolio investment data reported in the IIP and CDIS data are consistent with direct investment data reported in the IIP for most economies that have adopted the *BPM6* enhancements. STA follows up with economies that show inconsistencies that are not explained in their metadata.

B. Coordinated Direct Investment Survey (CDIS)

Introduction

10. The CDIS is a worldwide statistical data collection effort led by the IMF. The purpose of the CDIS is to improve the quality of direct investment position statistics in the international investment position (IIP) and by immediate counterpart economy. Therefore, the CDIS supports the objective of developing from–whom–to–whom cross border data,

³ By September 30, 2014, SDDS subscribers were obliged to disseminate IIP data for the first and second quarters of 2014 (unless a flexibility option was taken).

⁴ Including the Euro Area

complementing the CPIS and Bank for International Settlements (BIS) International Banking Statistics data, and contributes to a better understanding of financial interconnectedness.

11. The CDIS is conducted on an annual basis starting with end-2009 data. Preliminary data and metadata are reported to the IMF within nine months after the end of the reference year and released within 12 months. Revised and more comprehensive data and metadata, if prepared, are disseminated 18 months after the end of the reference year. The concepts, coverage, valuation, and classification of data collected in the CDIS are consistent with *BPM6* and the fourth edition of the *OECD Benchmark Definition of Foreign Direct Investment*.

12. The CDIS collects comprehensive and harmonized data on direct investment positions for end-year by economy based on the location of the immediate counterpart to a direct investment position, with equity investment reported separately from debt investment. For inward and outward direct investment, participating economies compile the value of outstanding end-year positions by immediate (first) counterpart economy, for both equity and debt. Gross debt liabilities and gross debt assets should be separately identified. As part of the overall CDIS reporting to the IMF, economies also provide metadata. The CDIS data results are available at <http://cdis.imf.org>. They show reported inward and outward data by individual participating economy, responses to the metadata questionnaire, and mirror data (inward data reported by one economy can then be compared with outward data reported by its partner economies and vice versa, helping to detect inconsistencies). Additionally, there are a number of cross-country data and metadata tables that show the total inward and outward direct investment positions for each reporting economy; the top ten economies with inward/outward direct investment positions cross classified by their main counterpart economies (see Appendix I for inward direct investment positions as of end-2012); the geographic breakdown of data in matrix form (from-whom-to-whom) for individual economies; and the geographic breakdown by regions.

CDIS Results

13. There is large and expanding participation of economies in the CDIS database (with more reporters covered by revised data releases than for the preliminary data release –see Table 1). The data cover larger amounts of foreign direct investment over time (Table 2).

Table 1. Number of CDIS Reporting Economies

	2010			2011			2012			Metadata
	Total	Equity	Debt	Total	Equity	Debt	Total	Equity	Debt	
Inward	97	89	89	103	97	96	101 ⁵	95	93	96
Outward	67	64	61	71	67	65	70	65	63	66

As of September 2014

Table 2. FDI Positions as Reported by all Participants. US dollars, trillions⁶

	2010			2011			2012		
	Total	Equity	Debt	Total	Equity	Debt	Total	Equity	Debt
Inward	22.8	17.9	3.5	24.4	18.7	4.4	26.3	20.0	4.8
Outward	22.4	19.0	2.7	24.6	20.3	3.5	26.5	21.9	3.7

As of September 2014

Bilateral Asymmetries Project

14. To further enhance CDIS data quality, STA initiated a project to raise awareness of, and to address to the extent feasible, large bilateral asymmetries. A total of 28 CDIS participating economies were contacted in October 2013 to bring information to their attention on large bilateral asymmetries between CDIS data reported by them and mirror CDIS data reported by their main counterpart economies for end-2011.

15. These economies received a country-specific excel file, identifying asymmetries that exceeded USD 25 billion and represented at least 25 percent of the total reported bilateral direct investment position with the counterpart economy, for inward and/or outward direct investment, as applicable.

16. The exercise proved to be effective and more than half of the economies approached provided feedback on the specific reasons for asymmetries or indicated that efforts are under way to confirm their data. Cooperation initiatives between economies are helpful for the resolution and reconciliation of asymmetries. Some initiatives are already in place, fostered by international organizations (such as the European FDI Network, supported by the ECB

⁵ Two additional economies (Cabo Verde and Burkina Faso) provided 2012 data. However, four economies that provided 2011 data did not provide 2012 data (Barbados, Ghana, Samoa, and Togo).

⁶ Total direct investment is not equal to the sum of equity and debt positions because some countries reported total direct investment but did not report the split between equity and debt positions, to preserve the confidentiality of these positions or because data were unavailable.

and Eurostat) or by individual economies to reconcile FDI data bilaterally. This exercise helped to get an insight into the reasons for asymmetries and confirmed that methodological differences are a main reason, as well as coverage and confidentiality. The exercise helped some economies to detect errors and to consider taking actions to further improve the quality of their direct investment data.

17. As a result of this work, STA posted a paper, “*Coordinated Direct Investment Survey (CDIS): Project on Bilateral Asymmetries: June 2014*” (available at <http://www.imf.org/external/np/sta/cdis/index.htm>).

Updated CDIS report form and the metadata questionnaire

18. The data reporting template and the metadata questionnaire have been slightly modified. The updated metadata questionnaire now includes questions regarding the consistency between the CDIS and the IIP.⁷

Forward CDIS Work Program

19. STA is continuing its efforts to increase CDIS participation and improve data quality and dissemination. The preliminary 2013 CDIS results will be released in December 2014.

20. STA is developing an improved dissemination platform for the CDIS database. STA also is providing advice on CDIS related topics as part of its external sector statistics technical assistance work (mainly to economies that have not yet participated in the CDIS but have plans to do so, or did participate and results could be further improved). In addition, STA plans to conduct a workshop on practical aspects of FDI data compilation, including CDIS, for ten Asian and twelve Pacific Island beneficiary economies under the Japanese-financed Project on External Sector Statistics.

CDIS Guide

21. Since the 2010 *CDIS Guide* remains largely consistent with the *BPM6*, it was agreed that an update (rather than rewrite) of the guide will be carried out. Only a limited number of changes in *BPM6* will require changes in the *CDIS Guide*, most of them will imply minor modifications and/or clarifications. References to specific paragraphs of the *BPM6* and *BPM6 Compilation Guide* will be included as necessary. The update will maintain the current structure of the guide. A new chapter (Chapter 6) will be added to the current five chapters to

⁷ The data reporting template includes the following changes: (1) merging “Unallocated” and “Confidential” data categories into a new category “Not specified (Including Confidential)”; (2) merging the regions “European Union” and “Other European economies” into a single region “Europe”; and (3) modifying the title of “North America” to “North and Central America”. Previously reported data and metadata have been populated in the new data reporting template and metadata questionnaire.

elaborate on validation issues and consistency with IIP data, as well as a section on bilateral discrepancies. The current chapters will be revised to include or reference the most recent versions of the CDIS report form and metadata questionnaire and further elaborate on the experience gained since the first CDIS survey for 2009 was conducted. Work has started with the objective of finalizing the *CDIS Guide* update by April 2015.

C. Coordinated Portfolio Investment Survey

22. This section of the paper updates the Committee on recent developments in the CPIS, especially in regard to the so-called CPIS Data Enhancements Project. Enhanced CPIS data – pertaining to end-June 2013 – were disseminated for the first time in March 2014.

Background

23. The CPIS Data Enhancements Project aimed to achieve three broad objectives: 1) increase economy coverage to include all G-20 economies and economies with significant financial centers; 2) enhance data quality through improvements in the frequency, timeliness and scope of the data; and 3) enhance data accessibility. The first two objectives are aligned with the G20 DGI to implement the recommendations made by the IMF and the Financial Stability Board (FSB) in the 2009 report entitled “*The Financial Crisis and Information Gaps*.”⁸

24. During the Twenty-Third Meeting of the Committee in October 2010, the Committee endorsed the proposals from STA to increase the frequency of the CPIS data collection from annual to semi-annual, and accelerate the timeliness of reported year-end data from mid-October to mid-July (data for the end-June measurement date therefore should be reported to STA in mid-January). For enhancing the scope of data, there was not strong support for collecting separate data on short or negative positions, or on the institutional sector of foreign debtor. However, these proposals were included in the CPIS on an encouraged basis, so that economies, that are able to provide the data without undue burden, would do so.⁹

25. These enhancements were introduced for the first time in the end-June 2013 data collection round. Participating economies reported the data by mid-January 2014, and the results were released in March 2014. End-December 2013 data were reported to STA in July 2014 and released in September 2014. These data are available on the IMF website at <http://cpis.imf.org/>.

⁸ The report was endorsed by the G-20 Finance Ministers and Central Bank Governors in November 2009.

⁹ See “*Update on the Revised Reporting Forms for the Coordinated Portfolio Investment Survey (CPIS) and the Survey of Securities Held as Foreign Exchange Reserves (SEFER)*” http://cpis.imf.org/docs/misc/CPIS_and_SEFER_Guidance_Note_on_The_Revised_Reporting_Forms.pdf for more information about the enhancements and new report forms.

Key Developments

Economy coverage with enhanced frequency and timeliness

26. Fifty-six economies submitted end-June 2013 data, compared to 78 economies that reported data for end-December 2012. Most major economies and many emerging market economies reported core data, and the data covered more than 90 percent of the total assets reported for end-2012.

27. Seventy-four economies submitted data for end-December 2013. This degree of participation is considered very high, considering the substantially accelerated due date and other enhancements (described below).

Enhanced scope of the data

28. The following three enhancements to the scope of the CPIS data were introduced as encouraged items in the end-June 2013 data collection: (1) sector of nonresident issuer of securities; (2) sector of resident holder cross-classified by sector of nonresident issuer for specified economies; and (3) short or negative positions. Among the 74 economies that submitted the end-December 2013 data, 18 economies reported sector of nonresident issuer of securities; 14 economies reported sector of resident holder cross-classified by sector of nonresident issuer for specified economies; and one reported short or negative positions. For previously existing encouraged items, 46 economies reported currency composition; 62 economies reported sector of resident holder of securities; and 14 economies reported portfolio investment liabilities.¹⁰

New institutional sector breakdown

29. The end-June 2013 and end-December 2013 data collections were conducted with *BPM6*-based institutional sector classifications that apply to breakdowns by (1) sector of resident holder of securities; (2) sector of nonresident issuer of securities; and (3) sector of resident holder cross-classified by sector of nonresident issuer for specified economies.¹¹

SEFER and SSIO

30. The enhancements were also applied to the Survey of Securities Held as Foreign Exchange Reserves (SEFER).¹² For the Survey of Securities Held by International

¹⁰ Among 78 economies that reported data for end-December 2012, 43 economies reported currency composition; 58 economies reported sector of resident holder of securities; and 14 economies reported portfolio investment liabilities.

¹¹ See the document referenced in footnote 8 for more information.

¹² The numbers of economies that reported end-June and end-December 2013 SEFER data are 63 and 71, respectively.

Organizations (SSIO), neither semiannual reporting nor enhancements of scope was introduced since it was considered a minor survey, accounting for only about 1 percent of securities reported in the CPIS/SEFER/SSIO. The data are voluntarily reported to STA by individual international organizations, and contain none of the encouraged items included in the CPIS (such as currency composition or institutional sector of holder). However, accelerated reporting was applied to the SSIO for the end-December 2013 data collection round.

Way Forward

Coverage

31. As recommended in the report “*The Financial Crisis and Information Gaps*,”¹³ STA is encouraging all G-20 economies as well as other economies with systemically important financial centers to participate in the CPIS. STA emphasizes the importance of CPIS participation to these economies at various opportunities, including during bilateral visits, seminars, and training courses.

32. Also as recommended in that report,¹⁴ STA is encouraging participating economies to report the encouraged CPIS data items, in recognition of a rising level of interest in these data items. For example, data on the other financial corporations sector (as reported for the sector of resident holders and/or the sector of nonresident issuer of securities) strengthens data coverage on “shadow banking,” an area of significant interest in the G-20 report.

New website

33. STA plans to launch an updated CPIS website before the end of 2014. The updated website will include new dynamic data visualizations and more useful functions and tools that can be easily customized by users. It will also contain content that can be more easily updated and maintained. The website will be continuously improved in response to comments received from CPIS data users.

Update of the CPIS Guide

34. STA has initiated the process of preparing the third edition of the Coordinated Portfolio Investment Survey Guide, reflecting the above mentioned enhancements in the scope of the CPIS and the implementation of *BPM6*-basis sectors and definitions.

¹³ Recommendation #10 of the report states “All G-20 economies are encouraged to participate in the IMF’s CPIS and in the BIS’s International Banking Statistics (IBS). The IMF and BIS are encouraged to continue their work to improve the coverage of significant financial centers in the CPIS and IBS, respectively.”

¹⁴ Recommendation #11 of the report states “... The IMF, in consultation with the BOPCOM, to strive to enhance the frequency and timeliness of the CPIS data, and consider other possible enhancements, such as the institutional sector of the foreign debtor.”

Appendix I. Inward Direct Investment: Top Ten From-Whom-To-Whom 2012

US Dollars, Millions

II. Counterpart Economy (Investment from):	III. Reporting Economy (Investment in):											
	Netherlands	United States	Luxembourg	China, P.R.: Mainland	United Kingdom	China, P.R.: Hong Kong	France	Germany	Brazil	Switzerland	All Other Economies	Total
United States	791,171		375,351	62,960	331,296	35,666	101,488	99,371	114,973	94,702	1,191,199	3,198,178
Netherlands		274,904	252,007	21,917	197,659	73,739	170,197	243,107	199,397	180,207	1,268,526	2,881,660
United Kingdom	457,434	486,833	499,790	18,795		16,298	115,484	84,296	24,100	13,308	680,182	2,396,519
Luxembourg	561,597	202,338		3,914	77,986	c	135,968	148,593	49,334	146,499	799,710	2,125,939
France	145,710	209,121	69,958	16,587	107,634	4,857		86,884	34,646	42,351	515,999	1,233,748
Germany	163,273	199,006	74,931	39,464	84,093	5,525	98,977		18,198	32,356	436,908	1,152,733
China, P.R.: Hong Kong	16,474	6,283	18,161	952,275	33,911		3,941	231	1,173	c	85,004	1,117,452
Switzerland	203,550	203,954	103,892	10,852	64,214	7,739	78,411	86,616	17,483		287,866	1,064,577
Japan	73,439	308,253	2,589	129,388	51,713	21,945	15,481	21,912	33,471	3,616	346,371	1,008,178
Virgin Islands, British	26,135		c	318,875	8,704	389,065	350	1,097	7,052	c	182,206	933,484
All Other Economies	1,309,200	760,140	1,043,663	492,999	314,215	569,455	309,515	229,392	237,445	219,614	3,735,449	9,221,087
Total Investment	3,747,982	2,650,832	2,440,342	2,068,027	1,271,425	1,124,289	1,029,813	1,001,498	737,274	732,654	9,529,419	26,333,556

Notes

Direct investment positions are negative when a direct investor's claims (equity and/or debt) on its direct investment enterprise are less than the direct investment enterprise's claims (equity and/or debt) on its direct investor. Direct investment positions also can be negative due to negative retained earnings (which may result from the accumulation of negative reinvested earnings). Blank cells reflect data not available or not applicable and cells with "c" reflect data that were suppressed by the reporting economy to preserve confidentiality.

"All Other Economies" row includes "Not Specified" (unallocated) and Confidential data.

Totals may not be equal to the sum of their components due to rounding. "0" reflects amounts that are less than +/- \$500,000, or amounts reported as "0".

For tables on inward data

China P.R.: Mainland: For counterpart economies, data cover equity investment only. Data on debt instruments are included in "All Other Economies".

Data in "Total" column reflect the sum of inward direct investment positions reported by all CDIS reporting economies, vis-à-vis the individual counterpart economies in the rows. These data are not equivalent to the outward direct investment positions reported by the economies in the rows. Top ten counterpart economies (listed in the first column) are selected based on inward information reported by all CDIS reporting economies.

Data in "Total Investment" are the total inward direct investment positions for the CDIS reporting economies combined.

For the complete list of reporting and counterpart economies for inward direct investment position data, see tables 6-i.