

**Twenty-Seventh Meeting of the  
IMF Committee on Balance of Payments Statistics  
Washington, D.C.  
October 27–29, 2014**

**Summary of Discussion**

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



**TWENTY-SIXTH MEETING OF THE IMF COMMITTEE ON BALANCE OF PAYMENTS  
STATISTICS**

**Summary of Discussion**

*Opening Remarks*

1. The meeting was opened by Mr. Ducharme, Director of the IMF's Statistics Department (STA), who welcomed the new members and other participants to the meeting.<sup>1</sup> He identified key topics that the Committee will be asked to discuss, including: the conversion of the STA historical database to a *BPM6* basis; the recording of Factoryless Goods Production in external sector statistics; the proposal to broaden the sharing of reserves-related data; a proposal to address gaps in data on foreign currency exposures; and priorities for the medium-term work program. Also, with regard to the G-20 Data Gaps Initiative (DGI), Mr. Ducharme noted that STA is seeking the Committee's support for a second phase of the DGI.
2. Mr. Ducharme emphasized that, against this background, the work of the Committee remained of utmost importance.

**Progress on *BPM6* Implementation: Paper by IMF (BOPCOM-14/04)**

3. The Committee received a report, which was presented by Ms. Razin (IMF), on *BPM6* implementation, including the finalization of the *BPM6 Compilation Guide (BPM6 CG)*; the development of two new training courses (on this compilation guide, and on STA initiatives in external positions data); the planned update of the *BPM Textbook*; and on STA's plans in regard to valuing Other Equity positions in the IMF.
4. Mr. Patrick O'Hagan (Statistics Canada, StatCan) provided the Committee with an update on Canada's progress with external sector statistics, highlighting improvements to goods and services trade, as well as foreign affiliates statistics. Canada has completed a comprehensive revision of its balance of payments statistics for 2012 and further improvements are expected to be incorporated in November 2015. He also informed the Committee of the redesign of StatCan's securities database and indicated that quarterly estimates for CPIS are planned for March 2015.
5. Mr. Ducharme thanked Ms. Razin and Mr. O'Hagan for their very informative presentations.

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<sup>1</sup> Individuals who attend Committee meetings may be Committee members (who generally are invited to serve a three-year term on the Committee that can be renewed), observers (who observe but generally do not participate in Committee discussions), and other participants (mainly representatives of international organizations who are invited to participate in Committee meetings). In this Summary of Discussion, comments are usually not attributed to a specific individual; they sometimes are attributed to a "representative" or "participant," and sometimes to one of these more specific categories.

6. Overall, the Committee strongly supported the two new IMF training courses in addition to the existing courses. The Committee encouraged STA to customize the course on the *BPM6 CG* to the specific needs of the targeted audience as well as to specific topics of interest. STA confirmed that the courses will be geared towards country experiences, and that countries will be asked to bring forward complex compilation issues that they are confronting. STA underlined that this new course aimed to be as specific and as practical as possible.

7. In addition to the new courses, one Committee member asked STA also to consider increasing the frequency of the IMF headquarters course on *BPM6* to twice per year, especially during this time of *BPM6* implementation, noting that staff turnover leads to increased demands for training. Mr. Kozlow acknowledged that demand exists for expanded training, and agreed to explore this suggestion internally (including through on-line courses), but explained that resource constraints is a factor.

8. With regard to keeping track of methodological issues that have arisen since the publication of *BPM6*, the Committee discussed and agreed that these issues should be brought to the attention of the Committee, foreshadowing the work on *BPM7*.

9. The Committee welcomed that the AEG agreed with the proposed methodology to calculate other equity claims on the IMF, as agreed by the Committee last year. Given this, it was suggested that this work now be considered settled methodology. However, the Committee agreed not to proceed with the calculations of other equity for the time being for practical reasons. The treatment of illiquid equity in international agencies would be taken up in the context of *BPM7*, drawing on the methodology in the paper.

**Conversion of Balance of Payments and IIP Statistics to a *BPM6* Basis: Report by IMF (BOPCOM-14/05)**

10. Mr. Ishikawa (IMF) presented this paper. The Committee discussed STA's proposals in regard to the conversion of the IMF database on balance of payments (BOP) and international investment position (IIP) statistics. In particular, it was asked to consider proposals (presented below) with regard to publication of *BPM6*-basis estimates for the pre-2005 period, and to the exclusion of migrants' transfers from the "generically" converted *BPM6* capital account estimates. The specific proposals are as follows:

**Question 1:** *Do Committee members agree with STA's intention to publish in early 2015 the official reported *BPM6*-basis estimates for periods before 2005?*

**Question 2:** *Do Committee members have comments on STA's plan to publish pre-2005 STA converted *BPM6*-basis estimates?*

**Question 3:** *Do Committee members have comments on STA's plans to exclude estimates of migrants' transfers from the "generically" converted *BPM6* capital account estimates, at the same time that the public receives access to the pre-2005 STA converted *BPM6*-basis estimates?*

11. Mr. Ducharme thanked Mr. Ishikawa for his very informative report.

12. The Committee fully endorsed the three proposals, emphasizing the strong user demand for long, consistent time series. Nonetheless, Committee members noted the challenges that exist in producing historical data, due to the lack of detail in the data compiled based on *BPM5*. In many economies, new data sources are introduced for *BPM6* purposes. The Committee concurred that migrant transfers should be excluded for consistency with *BPM6*, and also suggested that STA consult with countries for which migrant transfers are significant and which still report on a *BPM5* basis, prior to removing data on migrant transfers from the capital account.

13. In response to questions from the Committee, Mr. Kozlow stated that the IMF will publish pre-2005 *BPM6* data provided by reporting economies when available, in lieu of publishing converted estimates. For periods where only *BPM5*-basis estimates are available, the IMF will use the generic conversion process, sharing the converted estimates data with economies prior to dissemination. Unless the economy approves the converted estimates as official statistics, the dissemination of those generically converted data will be clearly flagged as IMF converted estimates.

14. Mr. Ducharme noted the interest of the Committee in a short document on experiences (including challenges) in back-casting data. A paper can be prepared by IMF staff in cooperation with Committee members for next year's Committee meeting and it might touch upon topics such as how far back in time to begin the series, and the level of detail.

**Progress in the Coordinated Implementation of the *BPM6* in the European Union:  
Report by ECB/Eurostat (BOPCOM-14/06)**

15. Mr. Bier (ECB) informed the Committee of the most important milestones of the coordinated implementation of *BPM6*<sup>2</sup> in the EU, notably, the first planned release of euro area/EU aggregates shortly after the BOPCOM meeting. Years of preparation included the translation of *BPM6* into EU legal acts laying down new reporting requirements for euro area national central banks in the field of external sector statistics, as well as the ECB/Eurostat initiative to simplify and rationalize data requests from member states to limit demands on compilers. The *BPM6* datasets provided to the ECB and Eurostat, respectively, will now be identical and show significantly broader geographical coverage with more detail.

16. Mr. Bier also noted that, for purposes of the quarterly EU data sets on portfolio investment, international organizations must be classified in the Centralized Securities Database by institutional sector. He noted that there are some outstanding classification issues for a small number of sizeable international organizations.

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<sup>2</sup> The introduction of *BPM6* in the euro area/EU took place in parallel with the introduction of the European System of Accounts 2010 (ESA 2010), in order to ensure consistency between external and domestic macroeconomic statistics.

17. Mr. Ducharme thanked Mr. Bier for this very informative presentation and congratulated the EU countries and institutions for their ongoing implementation of *BPM6* in the region. Discussions focused on the communications strategy of the ECB/Eurostat and some member states for providing pre-release announcements, and also the provision of related metadata upon the release of *BPM6* data.

**Developing a New Approach to Compiling the Balance of Payments in The Netherlands: Paper by De Nederlandsche Bank (BOPCOM-14/07)**

18. Mr. Claassen (De Nederlandsche Bank (DNB)) informed the Committee of the envisaged new way of compiling the Dutch balance of payments and sector statistics, under which full consistency will be obtained between the balance of payments accounts (included in the international economic accounts) and the rest-of-world accounts (included in the national economic accounts). The DNB will ‘derive’ the balance of payments from extensive sectoral account reporting. In addition, Mr. Claassen indicated that attention will shift from compiling monthly to quarterly balance of payments statistics. Mr. Claassen also indicated that an important condition for consistency is the adoption of a harmonized revision policy, as well as consistent sources and common methodologies. Mr. Claassen invited Committee members to exchange ideas and in particular to answer the following questions:

- i) *Do countries have experience with merging data collection reports for the BOP and the national accounts? What challenges did they encounter in the process and how did they cope with them?*
- ii) *Are there any experiences with a joint integration of the BOP and the ROW account within the sector accounts (i.e. with including any adjustments to the ROW account related to sector accounts integration in the BOP)?*
- iii) *Are there countries applying a harmonized revision policy for the BOP and the national accounts, and what does this policy look like? Are there any countries with experience of the ‘hybrid approach’ described in this paper?*
- iv) *Do other countries recognize the limited need for a BOP on a monthly basis? Could readily available indicators on a monthly basis be sufficient to support monetary policy?*

19. Mr. Ducharme thanked Mr. Claassen for his very informative presentation. The Committee discussion allowed members to share experiences, with strong support for integrating balance of payments and national accounts on a quarterly frequency. Some noted the value of monthly data for users and compilers of external sector statistics, not least in picking up trends and reporting issues at an early stage. The Committee agreed that the Dutch approach, which includes developing a set of monthly indicators, was very interesting and could have merit.

**A Data Collection Strategy: Leveraging SDMX Standards: Paper by IMF (BOPCOM-14/08)**

20. Mr. Piché (IMF) informed the Committee of recent developments in STA's strategy to improve the coverage and timeliness of the statistics that it disseminates, made possible by recent developments within the Statistical Data and Metadata eXchange (SDMX) Initiative.<sup>3</sup> The SDMX standards were developed with the aim of facilitating the automated exchange of data, and thereby reducing reporting burdens. Mr. Piche reported that adherents to SDDS Plus would need to use SDMX reporting. He also reported that SDMX standards will also be applied to the data that are transmitted under the African Development Bank's (AfDB) Open Data Platform for Africa.

21. Mr. Ducharme thanked Mr. Piché for his very informative presentation. The Committee expressed its appreciation for this work and endorsed it in the context of external sector statistics. Mr. Ducharme stated that as the Committee has oversight responsibility for the DSD, the IMF would report back to the Committee each year, including on progress and maintenance of the DSD. He also stated that the IMF will report back to the Committee on implementation of the Open Data Platform, which as noted has begun with the African region but should eventually spread to other regions, as requested by some Committee members.

**Currency Composition of Turkey's International Investment Position: *Paper by Central Bank of the Republic of Turkey (BOPCOM-14/09)***

22. Ms. Sisik (Central Bank of the Republic of Turkey (CBRT)) provided a presentation on the CBRT's work to prepare and disseminate statistics for 2012 and 2013 on the currency composition of Turkey's IIP. Data on cross-border foreign currency exposures are needed to better assess cross-border risks, and the G20 Finance Ministers and Central Bank Governors has identified this area as an important data gap.

23. Mr. Ducharme thanked Ms. Sisik for her very informative presentation and invited the Committee to comment on the report and methodology employed. The Committee noted the relative weakness of using geographical breakdowns as a proxy for currencies. Members also recognized some challenges in gathering source data on the currency composition of foreign direct investment. It was observed that several other papers to be presented to the Committee at this meeting would touch on related topics.

***Global Interconnectedness and Reserve Assets***

**Risks and Spillovers: Use of National Balance Sheet Data: *Presentation by IMF Strategy, Policy, and Review Department (BOPCOM-14/10)***

24. Mr. Craig (IMF Strategy, Policy, and Review Department (SPR)) delivered a presentation showing why balance sheet analysis (BSA) is important. He noted that BSA

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<sup>3</sup> The SDMX Sponsoring Organizations are the Bank for International Settlements, Eurostat, the Organization for Economic Co-operation and Development, the European Central Bank, the IMF, the United Nations, and the World Bank Group.

assesses changes in asset and liability positions, tracing the impact of shocks across sectors. Mr. Craig also indicated that pressing ahead with BSA would require simultaneous efforts to address related data gaps, particularly regarding household and nonfinancial corporation balance sheets. Consideration should be given to whether data are sufficiently granular to capture all relevant risks, such as those that arise in the shadow banking system or from derivatives.

25. Mr. Heath, as acting Chair, thanked Mr. Craig for his very informative presentation and noted the analytical usefulness of placing external sector statistics within balance sheet analysis. The Committee was curious about analytical needs for data with higher than annual frequency, the timeliness requirements, and market valuation of balance sheet data sets. Mr. Craig noted the importance of having timely and up-to-date data because valuation changes could take place rapidly.

26. In response to a question raised by a Committee member, Mr. Craig clarified that the balance sheet framework will be made available to users, who could then use it as starting point for analysis built on national sources.

**2014 Pilot External Sector Report: Report by IMF Research Department (BOPCOM-14/11a and BOPCOM-14/11b)**

27. Mr. Phillips (IMF Research Department (RES)) updated the Committee on the IMF's Third Pilot External Sector Report that presented a multilaterally consistent assessment of the 29 largest economies' external sector positions and policies for 2013 and the first part of 2014. Mr. Phillips also identified the key statistical challenges in the external sector, including current account measurement.

28. Mr. Ducharme thanked Mr. Phillips for his very informative presentation. A few Committee members volunteered to share papers on current account measurement studies with Mr. Phillips. The consistency between the External Sector Report (ESR) and the Article IV reports was raised by a member. Mr. Phillips clarified that the ESR serves as background and is not designed to substitute for Article IV reports. He indicated that there should not be inconsistencies between them, although different timing of Article IV reports may lead to some differences with the ESR.

**The Recording of Factoryless Goods Production in National and International Accounts: Paper by Task Force Global Production, presented by IMF (BOPCOM-14/13)**

29. Ms. Hammer (IMF) reminded the Committee that the issue of recording factoryless goods production (FGP) had been brought to the attention of the Committee in Mr. O'Hagan's paper "Measuring Global Production and Trade" (BOPCOM-13/17) presented last year. The Committee had acknowledged that much work lay ahead, and that continuing discussions would be necessary within the broader statistical community, including the AEG and with the Committee. The mandate of the TFGP had been extended by one year to reflect on these and other issues.



30. Ms. Hammer further noted that the TFGP had been created by the Bureau of the Conference of European Statisticians (CES) in late 2011 with the mandate of preparing a *Guide to Measuring Global Production* to assist national accounts and balance of payments compilers in recording global production related activities. The draft guide is due for endorsement in June 2015. Ms. Hammer also explained that FGPs had been one of the main remaining open issues, and that the *TFGP specifically sought input from the Committee on the recording of cross-border transactions related to FGPs (questions 1 and 2 in the paper)*.

31. Ms. Hammer summarized the main defining characteristics of FGP *as a special case of manufacturing where all of the physical transformation of goods, including the acquisitions of all material inputs (narrow case), is undertaken by a contractor in another economy. While FGPs concentrate on innovation and marketing decisions, they add a significant value to the production through intellectual property products (IPP), and maintain control over the production outcome by providing technical specifications.*

**Question 1:** *Is the contract manufacturer for the FGP selling goods, or manufacturing services?*

32. With regard to the first question, Ms. Hammer informed the Committee that the majority of TFGP members supported the recording of a goods transaction under a factoryless arrangement. In contrast to processing arrangements, the contractor provides all material input and is considered the economic owner (exposed to benefits and risks) of the goods that it produces until it sells the goods to the FGP. The FGP increases the value of the goods substantially because the goods are manufactured using the FGP's intellectual property.

**Question 2:** *What is the type of recording to be followed in BOP - General merchandise or net exports of goods under merchanting?*

33. Regarding the second question raised with the Committee, Ms. Hammer noted the majority of the TFGP favored the gross recording for factoryless arrangements in balance of payments statistics. The TFGP had concluded that paragraph 10.42 of *BPM6* (goods under merchanting) would not apply well to FGPs, because the value added to the final sale price due to IPP, in relative terms, is much more substantial than it is related to pure distribution services. Also, in national accounts, the purchase of the goods from the contractor and the sale of the goods (including IPP) to the final customer are recorded on a gross basis. *With regard to the delineation between factoryless arrangements and merchanting*, the TFGP further suggested that the transaction should be recorded gross in general merchandise (instead of in merchanting), if the FGP is a substantive IPP investor with more than fifty percent of value added originating from returns on IIP services (such as innovation, supply chain management, and marketing).

34. Mr. Ducharme thanked Ms. Hammer for her very informative report. There were lively discussions by Committee members as to whether the suggested treatment of FGP transactions would mean a change in the standards. STA noted that transactions between the principal and the contractor are likely recorded gross in general merchandise trade

(which is considered consistent with the change of ownership principle in *BPM6*), and thus, the recommended treatment would mean a restatement and clarification of the standards rather than a change in the standards. Nonetheless, some Committee members considered that it would be helpful to consider further articulation of the way these activities are currently recorded, as there was some uncertainty as to who transacts with whom and at what value. Some expressed the view that there were clear differences between FGP activity and merchanting. As to whether FGPs should become a new subset of existing classifications, there was no consensus among Committee members. Overall, due to the need for further clarification, no consensus was reached but further work was needed in which the Committee's interest should be represented.

**Feasibility of Compiling and Disseminating a G-20 International Trade Aggregate: Paper by IMF (BOPCOM-14/14)**

35. Ms. Matei (IMF) informed the Committee that the Inter-Agency Group on Economic and Financial Statistics (IAG), at its meeting in March 2014, requested the IMF to undertake a feasibility study on compiling and disseminating a *quarterly G20 aggregate for international trade in goods and services*. The data sources explored under the feasibility study included the (i) IMF Balance of Payments (BOP) database, (ii) IMF Direction of Trade Statistics Database (DOTS), (iii) WTO merchandise trade database and WTO-UNCTAD services trade database, and (iv) OECD databases.

36. Ms. Matei reported that the preliminary IMF proposal at the IAG meeting in June 2014 had been to generate the G-20 trade aggregate from the IMF BOP database, once data availability lags of certain G-20 countries have been reduced and the number of *BPM6* reporters increased. Ms. Matei noted that the IAG requested that the IMF and OECD explore in parallel the IMF BOP database and the OECD merchandise trade database, and come forward with a firm proposal in terms of concepts, coverage, data availability, and timeliness at the next meeting of the IAG, which will be held in March 2015.

37. *The Committee members were asked whether they had any observations on the proposal to compile and disseminate a quarterly G-20 (goods and services) trade aggregate.*

38. Mr. Ducharme thanked Ms. Matei for her very informative presentation. The Committee generally endorsed the development of a trade aggregate based on the IMF BOP database. The Committee also discussed the usefulness of producing a methodological paper for the March 2015 IAG meeting on how to formulate such an aggregate (i.e. whether the aggregate should show consolidated trade for the G-20 or the EU (and thus take advantage of the EU consolidated aggregate to simplify data collection)).

**Fifth Progress Report to the G-20, September 2014: Report by IMF (BOPCOM-14/12)**

39. Ms. Bese-Goksu (IMF) introduced the *Fifth Progress Report*<sup>4</sup> of the IMF/Financial Stability Board (FSB) on the G-20 Data Gaps Initiative (DGI), which was delivered to the G-20 Finance Ministers and Central Bank Governors (FMCG) at their September 2014 meeting in Cairns. STA and other international organizations have continuously been presenting to the Committee the various efforts and events with regard to the DGI and the implementation status of the 20 recommendations<sup>5</sup>.

40. Ms. Bese-Goksu informed the Committee that the *Fifth Progress Report* highlights the significant progress that has been made in implementing the 20 recommendations since the start of the DGI and that the 2009 mandate was close to completion. To ensure regular reporting of data, Ms. Bese-Goksu noted that the G-20 FMCG foresaw a *second phase* of the DGI that could start in 2016 to strengthen and consolidate the progress to date and promote the regular flow of data sought under the initiative. Data requests by the G-20, such as for the IMF/FSB/BIS to advance work in the area of foreign currency exposures (see BOPCOM-14/17) might also be included under the DGI umbrella in the second phase.

41. Regarding next steps, Ms. Bese-Goksu noted that a plan of action and concrete proposals would be prepared by the IAG with a focus on finishing any uncompleted work from the DGI, including strengthening the collection of data already covered by DGI. A sixth and final progress report of the *first phase* of the DGI would be prepared in the second half of 2015. In concluding, Ms. Bese-Goksu emphasized that it was important to maintain a coordinated approach to help focus policy attention on important statistical gaps and at the same time fully benefit from the investments made so far.

42. Mr. Ducharme thanked Ms. Bese-Goksu for her very informative presentation. The Committee encouraged continued collaboration with national authorities on the DGI, especially regarding developments that could possibly shift from voluntary compilation and dissemination toward commitments (e.g., being incorporated in the SDDS Plus initiative). It was agreed that some of the DGI work going forward would involve considerable resource commitments that would require setting priorities by national compilers. Mr. Heath noted that two important factors behind the success of the DGI work had been: (1) the active consultation with G-20 economies, and among the member agencies of the Inter-Agency Group, on where the DGI statistical priorities should be set; and (2) the high-level political support. The intention was that this would continue.

#### **Update on Reserve-Related Initiatives: Paper by IMF (BOPCOM-14/16)**

43. Mr. Weisman (IMF) informed the Committee of developments in the area of reserve assets since the Committee meeting in October 2013, including: an update on data sharing and confidentiality; an update of STA's efforts to explore the feasibility and

<sup>4</sup> "Fifth Progress Report on the Implementation of the G-20 DGI" <http://www.imf.org/external/np/g20/pdf/2014/5thprogressrep.pdf>

<sup>5</sup> The 20 recommendations are described in the October 2009 Report "The Financial Crisis and Information Gaps" <http://www.imf.org/external/np/g20/pdf/102909.pdf>

desirability of collecting additional data on foreign currency intervention activities and developing a statistical definition of foreign exchange market intervention; and STA's work on producing and disseminating a table showing reserves held in non-SDR basket currencies as a share of total foreign exchange reserves.

44. With regard to **data sharing**, Mr. Weisman observed that, beginning with 2012 Q4 data from the Survey of Currency Composition of Foreign Exchange Reserves (**COFER**) survey, coverage was expanded to identify the Canadian and Australian dollars. He also indicated that the release of names of COFER participants who have given explicit consent is planned after the launch of the Special Data Dissemination Standard (SDDS) Plus.

45. Regarding the Survey of Securities Held as Foreign Exchange Reserves (**SEFER**), Mr. Weisman informed the Committee of the release in March 2014 of the first end-June data under the Coordinated Portfolio Investment Survey (CPIS) together with the first end-June SEFER data (for end-June 2013), and indicated that end-December 2013 data were released in September 2014.

46. Regarding the release of the names of SEFER reporters, he reiterated for the Committee that STA adopted a step-by-step approach, first assessing the implications of both the release of COFER names and of the new semi-annual release of the SEFER data. STA would engage the members of the Committee before it releases SEFER names.

47. With regard to generating a regular set of SEFER sub-aggregate tables solely for internal IMF use, Mr. Weisman indicated that, due to the presence of a relatively small number of very large reporters in regions, STA was not able to develop regional sub-aggregates that would safeguard confidentiality and provide useful information. Thus, STA proposed a broadened sharing of confidential SEFER data of up to six additional staff (two each) across three other IMF departments involved in multilateral surveillance and interconnectedness analysis (the Monetary and Capital Market Department; Strategy, Policy, and Review Department; and Research Department). Mr. Weisman noted that data previously supplied by reporters under a confidentiality rule that did not permit such sharing would continue to be protected under the confidentiality rules in effect at the time the data were submitted (unless the reporters explicitly consented to broadened sharing).

48. Mr. Weisman observed that in line with the plans to develop Instrument Composition of Transactions in Foreign Exchange Reserves (**INFER**) sub-aggregates for internal IMF use while maintaining the present strict confidentiality rules for individually identifiable data, STA has prepared a draft table for the consideration of the Committee. The table displayed broad geographical regions—corresponding to the IMF's area departments—and the individual types of instruments. Further, it showed the proportion of reserves held in the region in the individual types of instruments. Dollar values were not shown in the table, to assure confidentiality of the data.

49. With regard to **foreign currency intervention activities**, Mr. Weisman noted that the Committee had previously suggested that STA seek high-level support to continue working with RESTEG. In this vein, he stated that continued high-level support within the IMF was secured and work on this initiative will continue. On next steps, Mr.

Weisman noted that STA was reaching out to analysts and users (including three functional departments in the IMF and other relevant groups and agencies), to continue developing the statistical definition of foreign exchange market intervention.

50. With regard to disseminating a new table on foreign exchange reserves, Mr. Weisman described the development of a **table showing the breakdown of non-SDR basket currencies as a percentage of total foreign exchange reserves** by Reserves Data Template reporters. He observed that this table displays quarterly data and ratios derived from information that is in the public domain and that STA is considering posting it on the external website.

51. Mr. Weisman raised the following questions for the Committee:

*i) Do Committee members support STA's proposed way forward in connection with SEFER enhancements (i.e., first assessing the release of names of COFER reporters; discontinuing work on developing sub-aggregates; and expanding internal access to individually identifiable SEFER data from 5 staff at present to no more than 11 staff across four specified IMF departments)?*

*ii) Do Committee members have comments on the draft INFER regional sub-aggregates, including the draft table, Attachment 1? (As noted, this table would be used exclusively for internal IMF use.)*

*iii) What are the views of the Committee on the IMF's proposal to publicly disseminate a table (following the sample in Attachment 2) on a quarterly basis that shows the breakdown of non-SDR basket currencies as a percentage of total foreign exchange reserves?*

52. Mr. Ducharme thanked Mr. Weisman for his very informative presentation. The Committee very much appreciated the detailed update provided by the IMF.

53. It was emphasized that, under these proposals, SEFER data would remain confidential using the same highly restricted confidentiality arrangements in the future as are in place now, but that under the proposals, *with the consent of the data provider*, access to the data would be extended to six additional IMF staff in three other departments (in addition to the 5 STA staff that now have access). The Committee agreed that economies would be asked to confirm their willingness for their SEFER data to be shared more broadly. It was also agreed that an explanation would be provided to reporters on the proposed broadened sharing arrangements, and how the data would be used. SEFER reporters would have the option to permit broader sharing of: 1) their previously reported data; 2) data reported after the new sharing arrangements had been explained by STA; or 3) none of their data. For any data that SEFER reporters did not agree to share more broadly, the data would continue to be subject to the confidentiality rules that existed at the time of reporting (i.e., limited to 5 STA staff).

54. With regard to INFER, the Committee agreed with the use, exclusively for internal IMF purposes, of the draft table that would present regional sub-aggregates for INFER data. The Committee noted the intention of the IMF to disseminate the table on

the percentage of non-SDR basket currencies in total reserves, observing that these were already publicly available information.

55. On foreign exchange intervention, the Committee highlighted the sensitivity of data on intervention activities. The Committee was encouraged by the IMF's proposal to reach out to analysts and other stakeholders to continue its work on a definition. Specifically, two BIS committees of central banks were cited as groups that might be interested in collaborating with STA. The IMF intends to circulate a draft definition for consideration by the Committee.

**Update on External Position Statistics: IIP, CDIS, and CPIS: Report by the IMF (BOPCOM-14/15)**

56. Ms. Hierro (IMF) updated the Committee on work that had been completed and that is underway in the reporting of international investment position (IIP) statistics, the Coordinated Direct Investment Survey (CDIS), and the Coordinated Portfolio Investment Survey (CPIS).

57. Regarding the **IIP**, Ms. Hierro noted that STA had focused on increasing the number of reporting economies, encouraging quarterly IIP reporting and the adoption of *BPM6*. STA is giving increased attention to those economies that are expected to have significant external assets and liabilities, such as oil and gas exporters and offshore centers. For the **CDIS**, Ms. Hierro mentioned that STA had initiated a project to raise awareness of large bilateral asymmetries (see "*Coordinated Direct Investment Survey (CDIS): Project on Bilateral Asymmetries: June 2014*" at <http://www.imf.org/external/np/sta/cdis/index.htm>). STA has continued its efforts to increase CDIS participation and improve data quality and dissemination. In addition, she indicated that work had started to update the *CDIS Guide*. Ms. Hierro also updated the Committee on the **CPIS** Data Enhancements Project that had 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. Finally, Ms. Hierro observed that STA also had plans to launch an updated CPIS website and had initiated the process of preparing the third edition of the *CPIS Guide*.

58. Mr. Ducharme thanked Ms. Hierro for her very informative presentation.

59. The Committee congratulated Fund staff on the progress made on the CPIS enhancements (including the successful introduction of semi-annual reporting), the IIP (including the expansion of quarterly reporting), and the CDIS (including the outreach to reporting economies on bilateral asymmetries). The Committee focused discussions mainly on the CDIS, including the problems in bilateral comparisons caused by different valuation methods, the need to capture data from offshore centers, and the application of the extended directional principle for fellows. The Committee asked to be consulted on the forthcoming update to the *CDIS Guide*. In this context, the Committee was apprized

that a limited update to the *CDIS Guide* was envisaged, to better align it with *BPM6* and to provide some additional clarifications.

60. In regard to the CPIS, a Committee member suggested that historical data series be opened up for revisions, and that STA consider releasing “flash estimates” so that at least some data could be made available more quickly.

**Foreign Currency Exposures: Paper by IMF (BOPCOM-14/17)**

61. Mr. Galicia-Escotto (IMF) informed the Committee of the request to the IMF, FSB, and BIS from the G20 Finance Ministers and Central Bank Governors in April 2014 to advance work by their September 2014 meeting to address data gaps involving foreign currency exposures, building as far as possible on existing data initiatives to better assess cross-border risks. Improving the availability of foreign currency data is considered highly relevant in the context of IMF surveillance work on risks and spillovers.

62. Mr. Galicia-Escotto showed that STA’s existing statistical report forms for the external, financial, and government sectors provide a framework for monitoring foreign currency compositions. In addition, the Inter-Agency Group on Economic and Financial Statistics (IAG) has recently endorsed a template for sectoral accounts. Initial steps towards closing the data gaps, specifically involving G-20 countries, would be to promote the reporting of these data using existing report forms.

63. Mr. Galicia-Escotto explained further, that STA particularly intends to promote the reporting of the table on the *Currency Composition of Assets and Liabilities* in *BPM6* (Table A9-I), using the IIP as a comprehensive framework for monitoring the external position of an economy. At the same time, STA would continue to promote reporting the currency split in the Standardized Report Forms (SRFs) for monetary statistics, and in the near future, providing data through the set of templates for internationally consistent sectoral accounts. The outreach to compilers would be undertaken through consultations with G-20 economies during 2015<sup>6</sup>, and through technical assistance, training missions and workshops.

64. With regard to expanding work on closing the gap in foreign exchange data, Mr. Galicia-Escotto shared with the Committee a potential “wish list” of initiatives developed during consultations with the G20 economies: (i) development of a comprehensive data hub; (ii) harmonization of the list of currencies among datasets; (iii) compilation of data on inter-sectoral totals of foreign exchange liabilities; (iv) compilation of data on exposures within intercompany lending; (v) compilation of data on residual maturity by currency; (vi) supplementing residency data by consolidated data; (vii) compilation of information on hedges by corporations.

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<sup>6</sup> At the October 2014 meeting, the IAG viewed favorably the proposal to incorporate IIP Table A9-I in Phase II of the DGI.

65. Mr. Galicia-Escotto asked the Committee members to consider the following questions:

- i) *Do Committee members support the IMF, FSB, and BIS proposal to advance work on closing of gaps in foreign exchange data by promoting the reporting of information on existing report forms and templates, including data covered by Table A9-I of BPM6?*
- ii) *Do Committee members have comments on how the IMF might promote the reporting of data on existing report forms and templates (several modalities are listed in paragraphs 11-12 of BOPCOM-14/17)?*
- iii) *What are Committee members' views on Part II of BOPCOM-14/17, which deals with expansion of the work on closing of gaps in foreign exchange data?*

66. Mr. Ducharme thanked Mr. Galicia-Escotto for his very informative presentation.

67. The Committee recognized the importance of this work and broadly supported the proposals. In particular it was welcomed that the work was focused on implementing an existing table in *BPM6* rather than developing new reporting forms. Several members noted their willingness to work on these data on a best efforts basis.

68. The Committee noted that users are interested in foreign currency *exposures* information. In order to derive exposures from currency composition data, information on hedging is essential, but these data are not readily available and very complex to collect. The Committee noted that the compilation of data on currency composition (and on exposures) was difficult, and that compilers would need to balance the requests for these data against other demands. The interest in foreign currency exposures on a nationality, as opposed to residency, basis was also noted. From the discussion, Mr. Ducharme noted the need for further consultations with users to ensure that the objective of capturing exposures is met by the data collection on assets and liabilities, including derivatives (such as through Table A9-I). This issue could be taken up by the Inter-Agency Group at its next meeting in December. The IMF, BIS, and FSB had been asked by the G-20 FMCBG to report back on progress in a year's time. The Committee would also be updated on progress at its next meeting.

#### **Australia's Survey of Foreign Currency Exposure (BOPCOM-14/18)**

69. Mr. Davies (Australian Bureau of Statistics/ABS) explained the importance of the Survey of Foreign Currency Exposure (SFCE)<sup>7</sup> that the ABS has been conducting every

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<sup>7</sup> The SFCE was designed to supplement the quarterly Survey of International Investment (SII), which was designed to collect data for inclusion in the IIP. The sectoral breakdown of the SFCE largely corresponds with those for the balance of payments and IIP. Other characteristics of the SII, after a number of enhancements in 2013, include: (i) breakdown by type of instrument; (ii) data on different approaches to hedging (fully, partially, other); (iii) information identifying maturity mismatches.



four years since 2001. Australia's floating exchange rate potentially exposes its economy to foreign currency risk. Australian entities as a whole traditionally have a net liability position with the rest of the world. This information is reflected in the International Investment Position (IIP), albeit at the level of highly aggregated data. The derivatives data collected for the IIP does not disclose the underlying assets and liabilities, the extent to which the positions are hedged, or possible maturity mismatches for the different sectors.

70. Mr. Davies noted that the SFCE, collected at the sectoral level, shows the extent to which a net foreign liability position is either denominated in Australian dollars, or in foreign currency but hedged back in to Australian dollars using derivatives. The SFCE consistently finds that the foreign currency assets of the Australian economy substantially exceed its foreign currency liabilities. This finding is also true at the sectoral level (if the use of derivatives is taken into account for the banking sector). In short, the SFCE has consistently shown that Australia has been hedged effectively.

71. Mr. Ducharme thanked Mr. Davies for his very informative presentation.

72. The Committee welcomed the presentation as a good example of the type of data collections that can be carried out on foreign currency exposures. Questions arose as to the frequency of reporting, although in Australia's case it appears that the main messages from the survey have been largely unchanged throughout. It agreed that the matching of individual asset or liability positions to hedges may not be feasible for individual positions, because hedging may be done at various levels.

**Research by the U.S. Bureau of Economic Analysis on Large Bilateral Asymmetries in FDI Based on the CDIS 2011 Results: *Paper by BEA (BOPCOM-14/19)***

73. Ms. Thompson (U.S. Bureau of Economic Analysis (BEA)) outlined for the Committee the research on large bilateral asymmetries in FDI data based initially on the CDIS 2011 results. Staff from the International Directorate of BEA had met to plan an investigation of the largest bilateral asymmetries between the United States and four countries: the Netherlands, the United Kingdom, Belgium, and Ireland. Ms. Thompson summarized the investigation of the largest bilateral asymmetries, and focused on five primary areas: 1) inherent inconsistencies in the recommended treatment of fellow enterprises regarding debt positions between fellow enterprises not located in the same country as the ultimate controlling parent; 2) features of BEA's surveys to collect direct investment statistics that do not capture the identification of debt positions between some fellow enterprises when they are not majority-owned; 3) uncertainty regarding the treatment of positions involving Special Purpose Entities (SPEs) given that the chains of ownership and financing associated with SPEs can be extremely difficult to track; 4) differences in the bases for valuing direct investment positions, such as market value versus historical cost valuation; and 5) differences in geographic definitions. For each of these areas, Ms. Thompson summarized the intended efforts to understand and, to the extent possible, reduce the asymmetries.

74. Mr. Ducharme thanked Ms. Thompson for her very informative presentation.

75. The Committee congratulated the US BEA for its work to reduce bilateral asymmetries. The Committee welcomed the effort to compare bilateral asymmetries across countries. This work had brought many benefits including focusing attention on the quality of national data and improving cooperation among compilers across borders. One message that had emerged was the need to improve data reporting by multinational corporations. One member suggested considering the development of a framework at the international level to enlist the voluntary cooperation of very large multinational firms. In addition to improving data reporting, this approach could also help reduce asymmetries. The IMF will consider this idea and report back to the Committee in 2015. In regard to the potential for sharing and reconciling data across border, without the voluntary cooperation of large multinationals, it was noted that legal barriers that currently exist in most economies would prevent data sharing, and consideration should be given to overcoming these barriers.

**European Networking Exercises: The FDI Network: Report by ECB/Eurostat (BOPCOM-14/20)**

76. Mr. Ludwig (EUROSTAT) informed the Committee of the FDI Network, which is a project that was launched in June 2009, under the auspices of Eurostat and the ECB, to reduce asymmetries and increase the internal consistency of the EU and euro area balance of payments statistics. Mr. Ludwig noted that the FDI Network is a secure tool for FDI compilers to exchange micro-level data on FDI transactions and (since 2012) positions, while preserving the confidentiality of the data. The FDI Manual provides a technical description of the exercise. Although it does not allow for the reconciliation of all transactions and positions, bilateral exchanges of micro data between statisticians is considered a good practice for reducing asymmetries and identifying the reasons behind them. He indicated it is a voluntary exercise and that, since its implementation in June 2009, 27 EU Member States have joined the FDI Network.

77. Mr. Ludwig indicated that data exchanges could solve asymmetries, but that several preconditions must be met, such as a willingness by both parties to participate in the Network, resources must be available because the reconciliation of individual data is resource intensive, and the methodologies used have to be sufficiently close to make the data comparable. He indicated that a higher rate of success on reconciliations may be expected when Member States have more resources available (probably after the implementation of the *BPM6* and the *ESA 2010* in 2014). Compilers still need to internalize the FDI Network as a regular tool in their data production systems. He also indicated that further guidance by the Committee on Monetary, Financial and Balance of Payments on how to better support the FDI Network would be helpful. Ultimately, a resolution mechanism should be developed to help countries reduce statistical asymmetries.

78. Mr. Ducharme thanked Mr. Ludwig for his very informative presentation.

79. The Committee welcomed and encouraged the cooperation among European compilers to improve the quality of FDI data and noted the benefits of the FDI Network for European members in this regard. The Committee also observed that more progress

could be expected over the next couple of years to reduce asymmetries, once work on *BPM6* implementation is less intense. The chair asked for a European member of the Committee to report back to the Committee within two years on any further progress by the FDI Network.

### *New Developments at International Organizations*

#### **IMF/ISWGNA/AEG:**

#### **Calculating Output for International Organizations: Discussion Paper Prepared by the IMF Staff for the AEG Meeting in September 2014 (BOPCOM-14/21)**

80. Mr. Zieschang (IMF) explained that this discussion paper was prepared for the meeting of the Advisory Expert Group on National Accounts (AEG) in September 2014. Mr. Zieschang summarized the discussion points as follows: International financial institutions (IFIs) such as the IMF, World Bank, BIS, and regional development banks are public financial corporations that reside in “international economic territory.” In principle, like other financial corporations, they use inputs to produce financial intermediation output, which has a directly measured (fee) component, a financial intermediation services indirectly measured (FISIM) component, and nonmarket services such as overseeing the international monetary system (*SNA* paragraph 4.173). He noted further that this note characterizes the classification of accounts of IFIs under existing 2008 *SNA* guidance, using IMF accounts as an example. Lastly, he noted that the note focuses on the measurement of the FISIM component and concluded that it is potentially feasible to measure FISIM output for the IMF.

81. Mr. Zieschang observed that the AEG recognized that the measurement of the output of international financial institutions requires further work, and agreed to include this issue on the 2008 *SNA* research agenda, taking into consideration the cost of funds approach and the valuation at cost (possibly including the full cost of capital) for the non-market part of output.

82. Mr. Ducharme thanked Mr. Zieschang for his very informative presentation. The Committee looked forward to future reports on this work.

#### **Long-Term Research Program in Consultation with ISWGNA: Review of the SNA Research Agenda: Presentation by UNSD (BOPCOM-14/22)**

83. Mr. Smith (United Nations Statistics Division (UNSD)) provided an overview of the 2008 *SNA* research agenda. As introduction, he indicated that Annex 4 of the System of National Accounts 2008<sup>8</sup> (2008 *SNA*) lists research issues that had emerged during the update of the 1993 *SNA*, for which more extensive consideration was needed than what was possible in the course of the update process (covering accounting rules, concepts of income, issues involving financial instruments, and issues involving nonfinancial assets). He also indicated that, at its 7th meeting in 2012, the Advisory Expert Group on National

<sup>8</sup> <http://unstats.un.org/unsd/nationalaccount/sna2008.asp>

Accounts (AEG) had agreed with the ISWGNA to focus only on issues related to practical implementation, clarifications and interpretation of the *2008 SNA*, and not touch upon issues beyond the *2008 SNA*. Mr. Smith noted that since then a number of additional issues were brought to the attention of the ISWGNA that go beyond the *2008 SNA* recommendations.

84. Mr. Smith then presented information on the mechanisms for resolving research issues, on the issues that have been resolved so far, on current issues under consideration, and on research issues beyond the *2008 SNA*. He concluded his presentation by providing a general view of the SNA research agenda website (<http://unstats.un.org/unsd/nationalaccount/research.asp>), which facilitates the sharing of information about the issues under discussion, progress with such discussions, and the long term research agenda.

85. Mr. Ducharme thanked Mr. Smith for his very informative presentation.

86. The Committee discussion touched on several topics, including a number of issues that were considered relevant for the next update of the *SNA*, as well as the timing and frequency of methodological updates. The possible creation of a new group on Trade and Economic Globalization was noted. It would be tasked to produce a handbook on possible extensions of the international accounts (sometimes called “satellite accounts”) to serve user needs. The output of the group might not be relevant for the core accounts.

87. Members asked about the development of a research agenda for the Committee, Mr. Heath and Mr. Kozlow explained that the intention is to develop a research agenda for the *BPM7*, although issues of clarification are dealt with by the Committee as they arise.

***BIS:***

88. Mr. Wooldridge (Bank for International Settlements (BIS)) delivered two presentations, one on BIS International Banking Statistics (IBS), and the other on International Debt Securities (IDS).

**Enhancements to the BIS International Banking Statistics (BOPCOM-14/25): Report by BIS**

89. Mr. Wooldridge provided a presentation to the Committee on the motivations for the enhancements to the IBS and described additional data sets being collected. He indicated that the BIS IBS represent a long-established data set for monitoring banks’ international activities, consisting of aggregated information for the banking system, but that the global financial crisis of 2007–09 had revealed gaps in the information available to monitor and respond to risks to financial stability. He noted that, as a result, in 2011–12 the Committee on the Global Financial System, which oversees the collection of the IBS, had approved a major set of enhancements to capture additional details about banks’ balance sheets. Mr. Wooldridge indicated that in general terms, the enhancements extended the coverage of the statistics to banks’ domestic positions (not just their

international activities) and that they provided more information on banks' counterparties, specifically on their sector of activity.

90. He also noted that these enhancements greatly increased the granularity of the data, and this granularity posed a number of challenges for compilers as well as users. First, the volume and complexity of the enhanced data made it more difficult for reporting central banks and the BIS to maintain data quality; second, granular data tended to be more confidential; and third, granular data tended to be less complete than more aggregated data.

**BIS Debt Securities Statistics: A Comparison of Nationality Data with External Debt Statistics (BOPCOM-14/26): Reports by BIS**

91. Mr. Wooldridge informed the Committee of the extent to which IDS statistics compiled on a nationality basis are incorporated within components of external debt. He explained that nationality is a proxy for the ultimate obligor as opposed to the immediate borrower on a residency basis. The identification of the ultimate obligor is useful to analyze potential financial support that might be available from related entities and to understand links between borrowers in different countries and sectors.

92. He noted that the difference between the residence and nationality measures mainly captures IDS issued by the offshore affiliates of financial and non-financial corporations, and that to the extent that the parent company is able and willing to stand behind the debts of its affiliates, the difference may be considered a proxy for contingent liabilities. In addition, Mr. Wooldridge indicated that available data suggest that a significant proportion of funds raised by offshore affiliates of emerging market corporations were on-lent to parent companies, and that trends in IDS and intercompany lending are often highly correlated. Mr. Wooldridge concluded the BIS's IDS statistics on a nationality basis can provide supplementary information useful to statisticians and analysts.

93. Mr. Ducharme thanked Mr. Wooldridge for the very informative presentations.

94. The Committee congratulated the BIS on the progress with implementing the IBS enhancements. It also recognized the interest in nationality based data for securities, and that these data also can raise questions among policy makers that require further investigation.

**OECD:**

95. Ms. Borga (OECD) delivered two presentations, one on Recent Activities of the Inter-Agency Task Force on International Trade Statistics (TFITS) and one on Recent Activities of the OECD Working Group on International Investment Statistics (WGIIIS).

**Recent Activities of the Inter-Agency Task Force on International Trade Statistics (TFITS): Report by OECD (BOPCOM-14/23)**

96. Ms. Borga informed the Committee of the final steps that had been taken to produce the Compiler's Guide for the *Manual on Statistics of International Trade in*

*Services 2010 (MSITS 2010)*, and about other ongoing activities of the Inter-Agency Task Force on International Trade Statistics (TFITS)<sup>9</sup>.

97. Ms. Borga explained that, after the unedited *MSITS Compiler's Guide* was submitted to the UNSC in March 2014 and endorsed for use, the TFITS had continued to revise and finalize some of the draft chapters for further clarification and streamlining, and to incorporate a final round of comments from the Expert Group and relevant conclusions from the TFGP. At its October 2014 meeting, the TFITS approved the *Compiler's Guide*; the hardcopy would be released by end-2014, accompanied by a dedicated website. The *MSITS Compiler's Guide* is fully consistent with the *BPM6* and the *International recommendations on Tourism Statistics (ITRS 2008)*, but provides more detail and additional items specifically relevant to trade in services. Ms. Borga noted that comments from Committee members would be very welcome until the end of 2014. In addition, Ms. Borga invited Committee members to comment on a proposal by the Task Group on Measuring Information and Communications Technology (ICT) services to add two complementary groupings to the Extended Balance of Payments Classification System for international trade in services to cover trade in ICT services and ICT-enabled services. The Task Group was established by the Partnership on ICT Services for Development.

98. Ms. Borga listed other important activities on the TFITS agenda, such as the development of a joint metadata questionnaire and of concordance tables between EBOPS 2010 and other classification systems, and the coordination of statistical capacity building efforts.

#### **Recent Activities of the OECD Working Group on International Investment Statistics (WGIIS): Report by OECD (BOPCOM-14/24)**

99. Ms. Borga presented a report on selected activities of the OECD Working Group on International Investment Statistics (WGIIS) over the last year. The WGIIS had focused on three main activities: (i) the implementation and communication of the fourth edition of the *OECD's Benchmark Definition of Foreign Direct Investment (BMD4)*; (ii) harmonizing and integrating FDI and AMNE (Activities of Multinational Enterprises)<sup>10</sup> statistics as a key part of the *BMD4* research agenda; and (iii) hosting an FDI Statistics Workshop on “Measuring Globalization: Better Data for Better Policy”.

100. Ms. Borga explained to the Committee that the WGIIS is engaged in an extensive communication effort to support users in understanding the changes introduced with the implementation of *BPM6* and *BMD4*. In this regard, Ms. Borga mentioned the two

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<sup>9</sup> The TFITS was formed at the March 2014 joint meeting of the Task Force on International Merchandise Trade Statistics and the Task Force on International Trade in Services. These two task forces merged, and the members of the TFITS are the IMF, WTO, OECD, UNSD, UNCTAD, Eurostat, and a number of experts from individual countries. The TFITS would be convened jointly by the OECD and WTO.

<sup>10</sup> Statistics on the activities of multinational enterprises (AMNE) focus on multinational enterprises (MNEs) and their effects on home and host country economies.

presentations of FDI statistics (on an asset/liability and directional basis), the *BMD4* recommended compilation of FDI statistics including and excluding Special Purpose Entities (SPEs), and the extension of the directional principle to loans between fellow enterprises. The communication strategy will include, inter alia, a redesigned FDI website, a revised set of FAQs, and non-technical discussion notes. In November 2013, the OECD conducted a survey to gather information on when countries would move to *BMD4*.

101. Ms. Borga explained further that one of the key items on the *BMD4* research agenda is to explore ways to reconcile FDI statistics with economic measures of multinational enterprises (MNE) included in AMNE statistics. In 2013 the WGIIS developed the MNE Framework, which it intends to use as the basis for a new data reporting framework feeding into G-20 DGI Recommendation #13 (on cross-border risk exposures of financial and non-financial corporations). Ms. Borga explained that features of the MNE Framework are the: (i) limitation to control relationships; (ii) expansion to all funding received by enterprises; and (iii) consolidation of investments between affiliates of a local enterprise group. In May 2013, the WGIIS conducted a stock-taking survey on data availability for MNEs.

102. Ms. Borga informed the Committee of the future activities of the WGIIS including: the continued work on the communication strategy; the drafting of a paper for the Investment Committee on availability of data for harmonized FDI/AMNE statistics; a planned metadata survey in late 2015; and the incorporation of FDI income into the Trade in Value Added (TiVA) model.

103. Mr. Ducharme thanked Ms. Borga for her very informative presentation. The Committee expressed appreciation for OECD's efforts on harmonizing FDI and AMNE statistics, and the work related to TiVA.

#### ***UNCTAD:***

#### **World Investment Report 2014: *Report by UNCTAD (BOPCOM-14/27)***

104. Mr. Fujita (UNCTAD) presented the 2014 World Investment Report (WIR), which includes analyses of worldwide and regional trends in foreign direct investment (FDI), an in-depth analysis of a selected FDI topic, as well as investment policy analyses and recommendations.

105. Mr. Fujita informed the Committee that the 2014 WIR main findings on international investment trends show that: global FDI returned to growth after the 2012 slump; developing countries increased their global share of FDI inflows; and, on a regional level, developing Asia attracted more inward FDI than either the EU or the United States. On the outward side, developing and transition countries have steadily been increasing their investment.

106. Mr. Fujita explained that the 2014 in-depth topic focused on the United Nations Sustainable Development Goals (SDGs), and how private finance could be mobilized for investment in sustainable development sectors, such as climate change adaptation,

infrastructure development, food security, health, and education. UNCTAD's proposed Strategic Framework for Private Investment in the SDGs aims to address key policy issues. The SDGs would have very significant resource implications across the developed and developing world, and while public finances were central to investment in sustainable development sectors, private investment would be indispensable.

107. Mr. Ducharme thanked Ms. Fujita for his very interesting presentation.

108. The Committee noted the usefulness of direct investment data and discussed methodological aspects of direct investment compilation, including reasons that could explain the differences found between *BPM5* and *BPM6* estimates for some members and the effect of including or excluding data on SPEs.

***Interagency Task Force on Finance Statistics (TFFS):***

**Progress Report on Work of the Interagency Task Force on Finance Statistics (TFFS): Report by IMF (BOPCOM-14/28)**

109. Mr. Ducharme announced a change in the agenda and indicated that the progress report on the work of the TFFS would be tabled; there was no discussion of the report.

110. The report provided an update of the main activities of the TFFS since the 2013 Committee meeting. Regarding methodological work, the report noted the publication of the 2013 *External Debt Statistics Guide* and the efforts to promote the *Public Sector Debt Statistics Guide*. Regarding data availability, the report outlined: (1) the proposals to further enhance the Joint External Debt Hub; (2) the progress made in the number of economies participating in the World Bank Quarterly External Debt Statistics (QEDS) Database; (3) the QEDS release for the first time of *BPM6*-based external debt statistics starting with Q2 2014 in October 2014; and (4) the progress made in the number of economies participating in the Quarterly Public Sector Debt Statistics Database, as well as the efforts to strengthen the transparency and cross-national consistency for this database. The report also provided an update on capacity building activities on debt statistics and the forward 12-month work program of the TFFS.

***Tour de table***

**Measuring International Financial Flows of Households**

111. Mr. Ducharme invited Mr. Mouriaux (Banque de France) to initiate a *tour de table* on measuring international financial flows of households. Mr. Mouriaux described the data improvements in France brought by the implementation of *BPM6* and indicated that measuring international financial flows of the household sector remains a challenge. He noted that the higher cumulative net errors and omissions may be caused by items that might not have been well measured, including those related to household transactions.

112. Committee members shared their views and country experiences in compiling data for the household sector, describing their source data –such as an international transaction reporting system, tax-based information, companies' shareholders registers,



custodian data, and mirror data –and estimation techniques for items such as remittances, compensation of employees, and travel . The Committee agreed that weaknesses regarding household data are typical, particularly for investments abroad.

113. Mr. Ducharme thanked the Committee members for their interesting contributions and invited Mr. Mouriaux to give a follow-up presentation at the next BOPCOM meeting.

***BOPCOM:***

**Medium-term Work Program of the IMF Committee on Balance of Payments Statistics, 2015–2017: Report by IMF (BOPCOM-14/29)**

114. Mr. Kozlow (IMF) presented the paper. He noted that this year’s Medium-Term Work Program outlined priorities for 2015 and, consistent with the views of the Committee expressed at its 2013 meeting, it also provided a longer term perspective of the Committee’s work program.

115. Mr. Kozlow explained that, compared to the 2014 work program, the implementation of *BPM6*, further enhancements of IIP data, as well as continued work on closing data gaps on cross-border financial interconnectedness have remained top priorities in 2015. The implementation of CPIS enhancements had been moved from top to medium priority for 2015, following the first releases of enhanced CPIS data in 2014. Medium-term priorities also comprised selected initiatives in reserve assets, as well as work on a G-20 trade aggregate. Several other papers and reports continue to be reflected as medium-term priorities.

116. On the longer-term perspective, Mr. Kozlow suggested that the Committee would continue to advise STA on implementing *BPM6*, external sector methodological and compilation issues, as well as on the identification and closing of data gaps relevant for analyzing interconnectedness and supporting surveillance. Mr. Kozlow invited the Committee to also consider the timetable for developing a *BPM7*.

117. The Committee endorsed the work program for 2015 and reached consensus on the long term vision for the Committee’s work program. It advised that work on developing a research agenda for *BPM7* could begin in 2015. The Committee noted that users should be approached to learn about their data needs. The Committee identified a number of topics that might be considered for future research and/or might become drivers for *BPM7*, such as: examining cross-sector consistency of data; distinguishing between core and non-core concepts (the latter could be reflected in satellite accounts); best practices in revision policies; improved international data sharing among stakeholders; further work on global value chains; and strengthened efforts to obtain user perspectives on data needs. It was agreed that STA would reflect on these suggestions.

**Summary of Discussion: Report by IMF (BOPCOM-14/30)**

118. Mr. Kozlow took the Committee through the draft Summary of Discussion.