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Progress Report on Other External Sector Statistics Initiatives Underway in the IMF's Statistics Department

Progress Report on Several Initiatives Underway in the IMF's Statistics Department¹

There are several initiatives underway in the IMF's Statistics Department (STA). This paper aims to update the Committee on the developments in this area since the last meeting in October 2016. These developments cover: (i) progress in compiling currency composition in IIP statistics; (ii) separate identification of RMB in the COFER; (iii) work on the bilateral asymmetries in the CDIS; (iv) progress on the update of the CPIS Guide; (v) plans for conducting quarterly CPIS (including progress on early access by CPIS participants to preliminary CPIS data for compilation purposes); and (vi) STA's training initiatives.

I. PROGRESS IN COMPILING CURRENCY COMPOSITION IN IIP STATISTICS

1. *BPM6* introduced enhancements in the international investment position (IIP) to include: (a) currency composition, (b) remaining maturity breakdowns, and (c) the separate classification by maturity of reserve-related liabilities. The IMF's Statistics Department (STA) conducted the survey on the feasibility of compiling these data to the authorities in 78 economies and presented the results to the Committee meeting in October 2016. Following the discussions at that meeting, STA has approached economies that already compile currency composition data to facilitate reporting it to STA. As of July 2017, nine economies reported to STA currency composition data in line with *BPM6*.² On the capacity development (CD) front, a session on the IIP enhancements was introduced in courses on Cross-Border Position Statistics; and STA is also assisting economies in compiling these data through its technical assistance program.

2. STA encourages economies that do not yet plan to compile enhanced IIP items to start investigating existing source data or to start considering developing new source data, together with compilation techniques. As a large number of economies already compile or plan to compile enhanced IIP items, sharing these experiences provides useful information for other economies to start planning the compilation of the data. While facilitating data compilation, STA also recognizes that the implementation of IIP enhancements should be done in a gradual basis, considering the different capacity levels, economies' circumstances, complexity of the economic framework and specific country needs.

II. SEPARATE IDENTIFICATION OF RMB IN THE COFER

3. In November 2015, the IMF's Executive Board decided to include the Chinese renminbi (RMB) in the basket of currencies of the Special Drawing Right, effective

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² One economy reported data on reserve-related liabilities. The table for remaining maturity data (A9-IV) was introduced in *BPM6* as supplementary; therefore, the report form to the IMF has not been developed.

October 1, 2016. Following the decision, the Executive Board also approved separate identification of reserves in RMB in the IMF's survey on Currency Composition of Official Foreign Exchange Reserves (COFER). The RMB joined the currencies that are currently identified in the survey: U.S. Dollar, Euro, Yen, Pound Sterling, Swiss Franc, Australian Dollar, and Canadian Dollar, beginning with the reference period end-December 2016.³

4. To separately identify reserves in RMB, STA revised the COFER survey form and notified economies that participate in the survey. The first survey results that separately identified the RMB were released on March 31, 2017. For more details, please refer to the press release at <http://www.imf.org/en/News/Articles/2017/03/31/pr17108-IMF-Releases-Data-on-the-Currency-Composition-of-Foreign-Exchange-Reserves>.

III. WORK ON BILATERAL ASYMMETRIES IN THE COORDINATED DIRECT INVESTMENT SURVEY (CDIS)

5. Following the second exercise on bilateral asymmetries conducted by STA in May 2016 (the results were presented at the last Committee meeting, see BOPCOM 16/10), and using the results of the 2016 CDIS release (for end-2015 CDIS data), STA is preparing an IMF working paper on the CDIS bilateral asymmetries scheduled for publication by end-2017. The paper analyzes and explains the different reasons that account for asymmetries between the data compiled by a CDIS reporting economy and the data provided by its counterpart economy as well as the way to address them.

6. A workshop on the CDIS Bilateral Asymmetries, organized by STA in coordination with the Bundesbank, will take place in Hamburg, Germany, during November 7–9, 2017. The workshop—organized as a follow up to the 2016 Committee meeting—will host discussions on best practices and facilitate the bilateral exchange of information on direct investment with a view to reducing bilateral asymmetries. The workshop will be attended by representatives of 22 economies willing to exchange granular data with compilers from their partner economies.⁴ Participants are committed to preserve the confidentiality of the data exchanged bilaterally. The workshop will also provide valuable input into Recommendation 20 of the DGI-2 promoting international data sharing.

7. To promote a better understanding of bilateral asymmetries, the CDIS metadata questionnaire has been slightly modified to include new questions covering (i) the main reasons for asymmetries; and (ii) specific planned actions to reduce asymmetries.

³ All other currencies are included and indistinguishable in “other currencies”.

⁴ STA has invited a total of 27 economies: those with 2015 CDIS bilateral asymmetries that exceeded US\$25 billion and represented at least 25 percent of the total reported direct investment position with the counterpart economy, both for inward and outward direct investment.

IV. PROGRESS ON THE UPDATE OF THE CPIS GUIDE

8. STA has made important progress on updating the second edition of the *Coordinated Portfolio Investment Survey Guide (CPIS Guide)* since the 2016 Committee meeting.

9. As reported at its 2016 meeting (see BOPCOM-16/15), a [CPIS Guide Update webpage](#) within the CPIS portal was created. The first draft of several chapters and appendices were posted on the webpage for worldwide consultation during May–September 2017 (e-mails informing of the posting of the chapters were sent to all CPIS participants), and simultaneously circulated for review to Committee members. Subsequently, the draft chapters were revised to address helpful comments received from the Committee, compilers, and STA management. Revised chapters have been posted on the *CPIS Guide Update* webpage. The pre-publication of the updated *CPIS Guide* is under preparation; and a final publication in hard copy is targeted for the first quarter of 2018. Translations into Arabic, French, Russian, and Spanish will follow (subject to resource availability).

V. PLANS FOR CONDUCTING THE CPIS ON A QUARTERLY BASIS

10. As an outcome of the 2016 Committee meeting, the IMF agreed: (i) to follow up on the agreement to move to quarterly CPIS by 2019 with a shorter timeliness; and (ii) to investigate how more timely access by CPIS participants to quarterly CPIS data for compilation purposes can be achieved. The latter was driven by a view by some Committee members that advance access to preliminary CPIS data would facilitate the work of statistical compilers in estimating/validating data on portfolio investment liabilities and investment income.

11. Staff has initiated an internal assessment of these proposals, including to identify their technical and resource requirements. With regard to early access to CPIS data, given the existing technical and resource constraints of launching a data portal/website with restricted access, a possible solution under investigation is to launch a separate webpage (without access restrictions, but also not easy to find without indications) containing provisional data for the last reporting period with relevant warnings as to the incompleteness of the data. As a next step, staff of STA's Balance of Payments and Statistical Information Divisions would present to STA management in early 2018 specific proposals that will consider the costs for STA, as well as the implications for reporters and users under different coverage scenarios.

VI. PLANS FOR EXPANDING THE CPIS CURRENCY COMPOSITION DATA COLLECTION

12. The CPIS collects on an encouraged basis, portfolio investment assets according to the currency of denomination and type of security. Currently, the six prescribed currency breakdowns are: U.S. Dollar, Euro, British Pound, Japanese Yen, Swiss Franc, and others. Starting with the collection of end-June 2017 data, the currency composition list will be expanded to also separately identify holdings denominated in Chinese Renminbi, Australian

Dollar, and the Canadian Dollar. This update will align the CPIS with other STA products, particularly the quarterly Currency Composition of Official Foreign Exchange Reserves (COFER) survey. The availability of more aligned and expanded currency-based cross-border datasets would allow for more comprehensive analysis of investors' preferences, as well as developments in the internationalization of currencies in financial markets. CPIS reporters will be informed of the update at the beginning of the next data collection round which starts in December 2017. CPIS data for end-June 2017 are scheduled for dissemination in mid-March 2018.

VII. STA TRAINING INITIATIVES

13. STA training programs in external sector statistics serve as a main vehicle for advancing in the adoption of internationally accepted statistical methodologies as well as promoting awareness of data interlinkages across macroeconomic sectors. Training courses are offered through the IMF's Institute for Capacity Development (ICD), at IMF's Regional Training Centers (ICD-RTCs) worldwide,⁵ and through regional seminars organized at the initiative of regional organizations or through country-specific seminars, often with active participation of regional organizations or member countries.

14. In the last 12 months following the 2016 Committee meetings, the STA's Balance of Payments Division conducted 29 courses/workshops, of which eight were organized under the ICD-RTCs umbrella. The remaining training events were organized at different venues and under different formats. Innovative features implemented during this period have helped to enhance training impact. Among these innovations: (i) assessment of the effectiveness of the training through a set of methodological questions completed by the participants at the beginning and at the end of the course; (ii) the introduction a minimum of two years' ESS compilation experience as a pre-requisite for participation in intermediary level courses; and (iii) inclusion of stronger practical components through case studies, exchange of country experiences, and the analysis of data as well as of its sources among others.

15. STA has recently launched a new initiative within the medium-term capacity development (CD) architecture—called Data for Decisions Fund (D4D). Its scope is to diversify the CD funding, align STA practices with the IMF-wide shift towards multipartner vehicles, facilitate a more flexible prioritization of demand-driven CD activities, and ease administrative burden. In line with the new STA approach to CD, the design of the new architecture for training in ESS has started. The main features envisaged in the new architecture include: (i) introduction of online basic conceptual learning which will replace the basic part of traditional ESS training courses; and (ii) more customized/thematic courses, designed mainly as workshops and covering advanced methodological and practical issues.

⁵ The South Asia Regional Training and Technical Assistance Center (SARTTAC) is the IMF's newest RTC and began operations in New Delhi in January 2017.

The new architecture is planned to be finalized by the end of the current IMF fiscal year (i.e., by end-April 2018), and implementation is expected to start in the fiscal year 2019.