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Statistics on Offshore Financial Centers

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STATISTICS ON OFFSHORE FINANCIAL CENTERS

Contents

I.	Introduction	2
II.	Inter-Agency Task Force on Finance Statistics on OFCs	2
III.	OECD Working Party on Financial Statistics.....	3
IV.	Recommendations to the Committee.....	5
Appendix		
1.	<i>The Statistical Definition of Offshore Financial Centers</i> . Inter-Agency Task Force on Finance Statistics, Washington D.C., May 2–3, 2002	6

I. INTRODUCTION

1. A report on the IMF's work program on statistics for offshore financial centers (OFCs) was presented to the IMF's Executive Board in March 2002.¹ It was agreed that the main focus of the IMF's work with Small Economies with International Financial Centers (SEIFiCs – a subset of OFCs) in 2002 will be to: (i) expand the coverage of SEIFiCs in the 2002 Coordinated Portfolio Investment Survey (2002 CPIS); (ii) undertake further work on international statistical guidelines relevant for SEIFiCs, such as the residence of special purpose entities (SPEs) and trusts; and (iii) investigate what steps can be taken to improve the coverage and accuracy of data published by industrial countries for their direct investment claims on, and liabilities to, SEIFiCs (with particular regard to the treatment of SPEs).
2. On the first item, a progress report on the CPIS is included in BOPCOM-02/10. On the second item, a discussion of issues that have arisen in relation to the application of the concept of residence in the fifth edition of the *Balance of Payments Manual* (BPM5) is given in BOPCOM-02/59. Of relevance to OFCs, is the discussion of the residence of entities that are incorporated or registered in a jurisdiction but have a limited physical presence there. Such entities are likely to include SPEs and may include branches of foreign companies. If residence of these entities is determined on the basis of incorporation or registration, which should be known to the statistical compilers in the OFC and partner country, there may be a basis for consistent reporting, which is not the case when either or both statistical compilers attempt to apply some measure of physical presence, which is more judgemental. Agreement on the determination of the country of residence of such entities is essential if useful statistics are to be compiled on OFCs. BOPCOM-02/60 also addresses the question of the residence of trusts when the beneficiary and trustee are resident in different jurisdictions, as is generally the case in many OFCs.
3. The following sections report on work being undertaken by the Inter-Agency Task Force on Finance Statistics on the statistical definition of an OFC (which would include SEIFiCs), and on the need to adopt a common country classification in statistical collections that provide a geographic breakdown of inward and outward foreign direct investment statistics. Related to the latter is work by the OECD Working Party on Financial Statistics on the statistical treatment of SPEs in direct investment surveys.

II. INTER-AGENCY TASK FORCE ON FINANCE STATISTICS

4. A paper on the *Statistical Definition of an Offshore Financial Center* was presented by the IMF to a meeting of the Inter-Agency Task Force on Finance Statistics, Washington D.C., May 2-3, 2002 (attached as an Appendix to this report). The meeting discussed a BIS

¹ The report can be found on the IMF external website ([http://www.imf.org/external/np/mae/oshore/2002/eng/032832,htm](http://www.imf.org/external/np/mae/oshore/2002/eng/032832.htm)). See Appendix.

proposal to define an OFC as “*a jurisdiction in which its international investment position assets, including as resident all entities that have legal domicile in that jurisdiction, are close to or more than 50 percent of GDP and in absolute terms more than \$1 billion.*” The paper presented a list of 20 OFCs that, based on available statistics, met this statistical definition of an OFC. The Task Force agreed to drop the threshold of \$1 billion and undertake further work as to whether an alternative denominator could be used instead of GDP.

5. The Task Force also agreed that the international statistical collections that produce important partner country data on OFCs, namely the BIS international locational banking statistics, the IMF CPIS, and the Joint OECD/Eurostat Surveys of Inward and Outward Foreign Direct Investment (FDI), agree a common country list based on the UN International Standards Organization (ISO) list.

6. The Task Force discussed the feasibility of applying the statistical definition of an OFC to countries/jurisdictions on the ISO list that were characterized as OFCs by the Financial Stability Forum (FSF) in the context of their financial regulatory practices and the list of countries/jurisdictions characterized as tax havens by the OECD. It was agreed to consider this proposal further. It was suggested that an updated list of OFCs that meets the agreed statistical definition could be maintained jointly by the BIS, Eurostat, the IMF, the OECD, and other interested parties.

III. OECD WORKING PARTY ON FINANCIAL STATISTICS

7. Under the auspices of the Working Party on Financial Statistics, the OECD conducted an *Informal Special Session on Foreign Direct Investment Statistics: Special Purpose Entities and Offshore Enterprises* in Paris, February 20-21, 2002. This initiative was taken following a recommendation in June 2001 by the OECD Workshop on Direct Investment that there was a need to develop a typology of SPEs and offshore enterprises. As a result of the special session, a questionnaire was sent to OECD member countries to obtain factual information on current practices in member countries with regard to the treatment of SPEs and offshore enterprises in foreign direct investment (FDI) statistics.

8. From the responses to the questionnaire, it is apparent that most OECD countries follow BPM5 in defining SPEs, but practice in determining the residence of SPEs and practice in the treatment of SPEs in inward and outward foreign direct investment statistics is quite varied.² SPEs incorporated in the reporting economy are often treated as nonresident, or treated as resident but their transactions included in other investment and on a net basis (to avoid the reporting of substantial gross flows). This treatment reflects the fact that they have

² In the IMF's *Balance of Payments Textbook*, SPEs are defined as direct investment enterprises that are “generally organized or established in economies other than those in which the parent companies are resident and engage primarily in international transactions but in few or no local operations” (para. 542).

little impact on the domestic economy and ambiguity in the BPM5 guidelines for determining the residence of SPEs. Because SPEs are established by direct investors, they are likely to be important vehicles for outward FDI and/or for other financial account transactions of the direct investor. Most OECD countries would appear to treat SPEs incorporated abroad by their direct investors as direct investment enterprises, and therefore include transactions and positions with them in direct investment abroad. However, as SPEs incorporated abroad may not be separately identified from other direct investment enterprises, information may not be readily available on the importance of SPEs, and their country of residence may also not be identified.³

9. This situation points to a number of potential gaps in the coverage of partner country data for claims on OFCs which arise from inconsistencies in determining the residence of SPEs. *A first example* is that a direct investor in industrial country X may report a claim on an SPE it has established in industrial country Y, but if country Y treats the SPE as nonresident (on the grounds that it has little or no domestic activity), country Y would not report the inward and outward transactions by the SPE with its parent company in country X or any other cross-border transactions by the SPE. Such cross-border transactions could include outward FDI (should the SPE in country Y establish an SPE in an OFC), or portfolio investment (should the SPE in country Y purchase shares of a mutual fund registered - and therefore arguably resident - in an OFC). To remedy this, it would be necessary for the SPE in country Y to be treated as resident in country Y's statistics just as it is treated as resident in country Y in country X's statistics, and for its financial account transactions to be reported on a gross basis in country Y's statistics. *A second example* is that although outward FDI surveys probably do adequately cover transactions and positions with nonresident SPEs information may not be collected on the country of residence of the SPE, or various decision rules may be followed in the determination of the country of residence. This would have the result that global data for FDI claims on OFCs may be unreliable because compilers in the investing countries are following differing practices for determining the country of residence of SPEs that are incorporated in OFCs.

10. In light of this, consideration could be given as to whether interested countries would be willing to explore the possibility of compiling FDI position data with a geographic breakdown in which claims on, and liabilities to, OFCs could be reported on a complete and consistent basis. To do this, it might be necessary to accept incorporation of an SPE as evidence of residence regardless of whether there is physical presence in the economy where the SPE is incorporated. This, at least, would ensure consistency of treatment across countries. Particular attention would be given to exploring how SPEs should be treated in FDI statistics for which a geographic breakdown is compiled, such as according to the ISO list.

³ The United States is one country that applies a statistical test to determine whether an SPE incorporated in another country actually has a physical presence there with a view to determining its residence.

IV. RECOMMENDATIONS TO THE COMMITTEE

- *That the Committee endorses the Fund's proposal to do some further research, including possibly to ask some countries to participate in a pilot survey aimed at determining whether reliable data can be compiled on their direct investment claims on and liabilities to SPEs. If this proposal is endorsed, would members of the BOP Committee be prepared to participate in the pilot survey and/or should members of the Inter-Agency Task Force on Finance Statistics be approached?*

Meeting of Inter-Agency Task Force on Finance Statistics
Washington, D.C., May 2–3, 2002

The Statistical Definition of Offshore Financial Centers

Statistics Department
International Monetary Fund
Washington, D.C.

INTERNATIONAL MONETARY FUND

STATISTICS DEPARTMENT

The Statistical Definition of Offshore Financial Centers

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Content	Page
I. Introduction	3
II. The Treatment of OFCs in Existing Statistical Collections	4
A. Statistical Collections by OFC Partner Countries	4
Transactions	4
Positions	5
B. Statistical Collections by International and Regional Organizations	6
C. Statistical Collections by OFCs	7
III. Currently Used Statistical Definitions of OFCs	7
IV. Recommendations	11
A. Country Classifications in Statistical Surveys	11
B. An Agreed Statistical Definition of an OFC	11
C. The Use of Data on Regulatory and Tax Regimes	11
 Table	
1. The BIS List of OFCs	10
 Appendices	
I. The Financial Stability Forum's Group List of OFCs	12
II. The UN International Standards Organization's List of Countries and Jurisdictions	13
III. The Treatment of Residence in the Macroeconomic Statistics Compiled by OFCs	16

I. INTRODUCTION

Recent IMF Executive Board papers have raised the issue of how offshore financial centers (OFCs) should be defined (*OFCs: the Role of the IMF*, June 23, 2000, and *OFCs: A Progress Report*, March 28, 2002).⁴ In these papers, the Financial Stability Forum's (FSF) Group List was used to provide a list of OFCs from which the IMF has selected jurisdictions to hold discussions on their regulatory practices and statistical collections in respect of their offshore activities.

In the first paper, a working definition of an OFC, presumed to apply to most of the jurisdictions on the FSF Group List, was given as follows:

“Among the many definitions of OFCs, perhaps the most practical characterizes OFCs as centers where the bulk of financial sector transactions on both sides of the balance sheet are with individuals or companies that are not residents of OFCs, where the transactions are initiated elsewhere, and where the majority of the institutions involved are controlled by non-residents. Thus many OFCs have the following characteristics:

- *Jurisdictions that have financial institutions engaged primarily in business with non-residents;*
- *Financial systems with external assets and liabilities out of proportion to domestic financial intermediation designed to finance domestic economies;*
- *More popularly, centers which provide some or all of the following opportunities; low or zero taxation; moderate or light financial regulation, banking secrecy and anonymity.”*

In the event, this definition of an OFC has proven unhelpful as a means of classification because of its mixing of features of a jurisdiction's financial regulatory and tax regime with untested presumptions about statistics (which, in many cases, were simply not available) and also because of ambiguity in the definition of residence.

In recognition of these concerns, the second paper proposed that work be undertaken to develop international statistical guidelines that would help provide a statistical definition of an OFC. The definition **would not** categorize OFCs according to their regulatory or taxation practices. It was recognized that a statistical definition would have to establish an appropriate definition of residence for entities that are legally domiciled in a jurisdiction, but may have

⁴ These papers and supporting documents are on the IMF's external website. See <http://www.imf.org/external/np/mae/oshore/2000/eng/role.htm> , <http://www.imf.org/external/np/mae/oshore/2000/eng/back.htm>, and <http://www.imf.org/external/np/mae/oshore/2002/eng/032802.htm>

little physical presence or make little contribution to production, and yet may be substantial holders of cross-border financial assets.

The purpose of this paper is to carry the discussion forward. The paper reviews (i) existing practices in international statistical collections when asking for a geographic breakdown of balance of payments transactions or positions; (ii) the definition of OFCs used in such collections, or as an outcome of such collections; and (iii) the scope for using data collected by OFCs and by their partner countries to identify OFCs in accordance with an agreed statistical definition.

In light of its findings, the paper makes recommendations for the country classifications to be followed in international statistical surveys, and proposes a statistical definition of an OFC to be used by international organizations and others. The paper also proposes how regulatory sources, such as a regularly updated FSF Group List or an OECD list of tax havens, could be used to identify jurisdictions that could be checked against the statistical definition of an OFC on the basis of available statistics.⁵

II. THE TREATMENT OF OFCs IN EXISTING STATISTICAL COLLECTIONS

A. Statistical Collections by OFC Partner Countries

For the most part, statistical collections by OFC partner countries do not identify OFCs as such but do provide a breakdown of transactions and/or positions by partner country that can be used as a data source, once OFCs are defined. To the extent that countries provide breakdowns by partner country using the UN International Standards Organization (ISO), there should be a common basis of country classification.⁶

Transactions

Most countries with International Transactions Reporting Systems (ITRS) are able to compile monthly financial account data for transactions with individual OFCs. This is so, for example, for Austria, Belgium, France, Germany, Italy, Japan, Netherlands, and Spain. All these countries can provide data on their financial account transactions with individual OFCs according to the main functional headings of the *fifth edition of the Balance of Payments*

⁵ The FSF Group list of OFCs is given in Appendix 1.

⁶ The ISO list is attached in Appendix 2. In this list, the Channel Islands are reported as a single jurisdiction. It would help to identify Guernsey and Jersey separately. There are also a number of jurisdictions in the Coordinated Portfolio Investment Survey list that are not included in the ISO list (Bouvet Island, Christmas Island, Cocos (Keeling Island), French Southern Territories, Heard and McDonald Islands, Mayotte, South Georgia and Sandwich Island, and the United States Pacific Islands).

Manual (BPM5). Because of their concerns over quality and confidentiality, the data are generally not published. In their identification of individual partner countries/jurisdictions, most of these countries draw from the master list of countries/jurisdictions that is maintained by the ISO. For portfolio investment, reporting is based on the so-called “transactor” principle, rather than the “debtor/creditor” principle which gives the residence of the owner and issuer of the securities. The reporting countries are aware that for transactions with OFCs, there may be variability in the coverage of the data because their respondents may not know the country of residence of special purpose entities (SPEs) with whom they are transacting, or because of differing practices in determining the residence of SPEs. For these reasons, the IMF has been cautioned when asking for such data on OFCs to treat them as confidential, as they may easily be misinterpreted.

Many countries with survey based reporting systems are also able to compile data for portfolio investment transactions with individual OFCs. For example, the United States monthly Treasury International Capital (TIC) Transactions Reporting System collects data for inward and outward portfolio investment from U.S. brokers/dealers for which individual partner countries/jurisdictions are identified. The country list is also drawn from the ISO. As with the ITRS, these data are compiled on the transactor principle. Because of the latter, the data are thought to result in the misattribution of transactions to international and offshore financial centers where the intermediary is located, although the nonresident party may be resident elsewhere.

Many countries with survey based reporting systems for inward and outward direct investment transactions are able to compile data for direct investment transactions with individual OFCs.

Positions

Many countries with survey based reporting systems for inward and outward direct and portfolio investment are able to compile data for the value of (i) their direct investors’ net claims on individual OFCs; (ii) their direct investment enterprises’ net liabilities to direct investors in OFCs; (iii) their residents’ holdings of securities issued by OFCs; and (iv) OFC residents’ holdings of securities issued by residents of the reporting country. Although the geographic attribution of position data is usually regarded as more reliable than the geographic attribution of transactions data, concerns over their reliability have inhibited their publication.⁷ Moreover, position data on direct investment suffer from the same deficiencies as transactions data regarding the treatment of SPEs that are legally domiciled in OFCs.

⁷ Australia and the U.S. are the only countries to publish the geographic breakdown of their portfolio investment liability survey. For the U.S., the geographic breakdown is considered to be unreliable because the counterparties could be acting on behalf of clients that are resident elsewhere. This is especially so for counterparties in financial centers (such as the United Kingdom) and in OFCs.

For surveys of portfolio investment assets, as discussed below, countries' collection systems have benefited from participation in the Fund's Coordinated Portfolio Investment Survey (CPIS). Participating countries are required to report data according to a list of countries/jurisdictions given in the *Coordinated Portfolio Investment Survey Guide Second Edition* (Survey Guide), which is drawn from the master list maintained by the ISO.

For surveys of portfolio investment liabilities, countries with custodian reporting systems commonly compile a geographic breakdown according to the country of residence of the nonresident holder.

For surveys of inward and outward direct investment, the OECD provides its member countries with a list of countries/jurisdictions that is also drawn from the master list maintained by the ISO. Many countries that compile such data do publish statistics for inward and outward direct investment with a geographic breakdown.⁸

B. Statistical Collections by International and Regional Organizations

The international statistical collections that are potential data sources for deriving partner country data on OFCs are the IMF's Coordinated Portfolio Investment Survey, the BIS's International Locational Banking Statistics, and direct investment statistics collected by the OECD for its member countries. The IMF and BIS data collections draw from the ISO list of countries and jurisdictions for reporting a geographic breakdown. The OECD provides a much shorter list.⁹ In practice, country reporting of geographic breakdowns is likely to be less complete for direct investment statistics than for the BIS banking statistics and the IMF's CPIS.¹⁰

For countries that are members of the European Union, OECD and Eurostat conduct a joint survey of inward and outward direct investment transactions and positions. The country list is the same as for the OECD survey of all its members except that, for jurisdictions identified as OFCs, respondents are required to identify such OFCs only as a group (the list of OFCs in

⁸ Most OECD countries compile geographic breakdowns of direct investment statistics and many publish them. About half of non-OECD countries that publish data on inward and outward direct investment statistics do not publish geographic breakdowns.

⁹ The list comprises the 30 OECD members and 34 non-OECD countries. The main focus is on regional totals. However, it may be that the participating countries (i) collect geographic data on their direct investment statistics according to a complete list of countries, possibly taken from the ISO; and (ii) report to the OECD selectively from these statistics. If this is true, it is difficult to see what is gained by introducing a summary reporting to OECD.

¹⁰ This is because the BIS and IMF use standardized instructions that include a complete country listing.

the group is expanded to include some that are not identified in the OECD country list). The statistical basis on which the OECD and Eurostat list of OFCS is based is unknown but appears to differ from the BIS list discussed ahead. The reason for identifying OFCs as a group rather than individually was said to be to reduce reporting burden.

As potential data sources for direct investors' claims on OFCs and direct investment enterprises' liabilities to OFCs, both the OECD and Eurostat data sources suffer from differing country practices in the determination of the residence of SPEs (and the lack of clear international standards).

C. Statistical Collections by OFCs

Most OFCs, as defined below, treat offshore entities (which commonly have a limited physical presence in the OFC where they are legally domiciled) as nonresident for statistical purposes. For this reason, their statistical collections are not useful for the purpose of defining an OFC.¹¹ However, for both the BIS international locational banking statistics and the IMF's CPIS, participating OFCs are required to treat as resident all entities that are legally domiciled in their jurisdiction. These statistics have become an important data source in identifying OFCs. At present, the OFCs participating in the BIS international locational banking statistics do not publish the data they report to the BIS (and neither did Bermuda publish the results of the 1997 CPIS).¹²

III. CURRENTLY USED STATISTICAL DEFINITIONS OF OFCS

A statistical definition of an OFC is used by the BIS for the purpose of compiling a list of OFCs for which statistics are available (drawing from the BIS international locational banking statistics and the BIS database on international debt securities). The list is then used to classify OFCs in presentations and analysis of the BIS banking statistics. For this purpose, an OFC is defined as a jurisdiction in which banks' external liabilities and/or international securities issues are close to or more than 50 percent of GDP and in absolute terms more than \$1 billion. The use of BIS data sources for banks' external assets and liabilities and for international debt securities means that residency is defined according to the legal domicile of the bank/issuer, which is an important requirement. The BIS uses the ISO list of

¹¹ A consequence is that OFCs tend to underestimate the impact of their offshore sector on domestic activity. This may result in some countries/jurisdictions being misclassified as OFCs because of deficiencies in available statistics. See Appendix 3 for information on residence in the macroeconomic statistics compiled by OFCs.

¹² The IMF published the results of Bermuda's 1997 CPIS. Banking statistics reported by OFCs to the BIS are treated as confidential by the BIS and are not published. They are used to derive global aggregates.

countries/jurisdictions.¹³ Using data available to the BIS, Table 1 shows a list of 20 OFCs that meet the statistical definition given.

From a comparison of Table 1 with the FSF list, it is apparent that there are a number of countries/jurisdictions identified by the ISO that, from the evidence of their regulatory and tax regimes, have taken steps to encourage offshore entities to establish legal domicile. However, available BIS statistics do not indicate that they (yet) qualify to be characterized as OFCs on the basis of the values of holdings.¹⁴ It is also worth noting that the FSF list is already somewhat dated.¹⁵

Twenty-two countries/jurisdictions on the FSF list are participating in the 2001 CPIS. With the exception of the British Virgin Islands, Barbados, Gibraltar, and Switzerland, these include the OFCs listed in Table 1 plus, among those listed in footnote 7, Costa Rica, Cyprus, and Macao SAR. Turks and Caicos is expected to participate in the 2002 CPIS.¹⁶ As a result of the CPIS, data will be available on the cross-border portfolio investments of banks, insurance companies, and mutual funds, all on the same basis of legal domicile that is followed by the BIS, and with a breakdown of holdings by the country of residence of the issuer. On the basis of available information for cross-border external assets and liabilities, it is expected that this would result in Costa Rica, Cyprus, and Turks and Caicos Islands qualifying for inclusion in Table 1.

The data collected by the OECD and Eurostat on their member countries' direct investment claims on, and liabilities to, OFCs would be a potentially useful supplement to the data

¹³ The FSF list includes some anomalies in this respect. However, if Labuan is included in Malaysia, and the Dublin Financial Center in Ireland, the FSF list folds into the ISO list (on the assumption that the ISO will take steps to separately identify Guernsey and Jersey). The BIS list used for Table 1 is in need of updating to include jurisdictions on the FSF and (corrected) ISO lists (such as British Virgin Islands, Guernsey, Isle of Man, and Jersey).

¹⁴ These are: Andorra, Anguilla, Belize, Cook Islands, Costa Rica, Cyprus, Liechtenstein, Marshall Islands, Macao SAR, Monaco, Nauru, Niue, Samoa, Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Turks and Caicos Islands.

¹⁵ For example, the United Arab Emirates would appear to qualify for inclusion on the FSF list.

¹⁶ The twenty-two includes Malaysia (Labuan) and Ireland (Dublin).

collected by the BIS and the IMF if data are reported on individual OFCs.¹⁷ However, because of the importance of SPEs as vehicles for direct investment in OFCs, it would be important to establish a common basis for determining the country of residence of SPEs. At present, the data collected by the OECD and Eurostat for direct investment claims on, and liabilities to, OFCs appear to be unreliable data sources because of the differing treatments of SPEs by participating countries. To provide clarification, a survey of country practices in their treatment of SPEs in direct investment statistics is being undertaken by OECD.

With the availability of data from the CPIS and partner country direct investment surveys, Table 1 could be amended to include the portfolio and direct investment assets of OFCs, and the definition of an OFC amended accordingly. The inclusion of direct investment assets in Table 1 would probably result in a significant increase in the number of jurisdictions that meet the expanded definition of an OFC and also result in a more complete coverage of offshore activity.

¹⁷ This is particularly so with regard to OFC assets. OFCs are more willing to provide a geographic breakdown of their cross-border assets than their cross-border liabilities. Hence, data reported by OFCs on the portfolio investment assets of banks, insurance companies, and mutual funds could be usefully supplemented by data on their direct investment claims as reported by partner countries. In this regard, the decision by OECD and Eurostat not to identify OFCs individually in their direct investment statistics collections (as a burden reducing measure) is particularly unfortunate. At the February 2002 meeting of the OECD Working Party on Financial Statistics, a proposal was made to provide a complete geographic breakdown of direct investment statistics, including individual OFCs.

**Table 1: The BIS List of OFCs
(In billions of U.S. dollars in 1999)**

Jurisdiction	GDP	BIS Locational Banking Statistics 1/		BIS International Bond Issues	Size of Foreign Liabilities	
		Foreign Assets	Foreign Liabilities		As multiple of GDP	In billions of US dollars
Aruba	1.0	0.3	0.1	20.2	20.3	20.3
Bahamas	4.6	178.9	135.3	3.4	30.2	138.7
Bahrain	6.6	21.0	23.1	0.3	35.4	23.4
Barbados	2.4	5.1	6.3	0.0	2.6	6.3
Bermuda		4.0	6.2	16.1		22.3
Cayman Islands		332.9	269.1	272.6		541.7
BVI 2/						
Hong Kong SAR	158.7	283.6	235.7	29.6	1.7	265.3
Gibraltar		6.1	3.2	0.2		3.4
Guernsey 3/						
Isle of Man 3/						
Jersey 3/						
Lebanon	16.6	10.8	9.6	4.7	0.9	14.3
Luxembourg	19.1	224.0	210.6	58.3	14.1	268.9
Mauritius	4.2	0.9	0.4	3.6		4.0
Neth Ant.	2.7	48.7	22.4	89.3	41.3	111.7
Panama	9.5	7.9	7.0	2.2	9.7	9.2
Singapore	83.8	233.0	213.9	7.2	2.6	221.1
Switzerland	258.9	530.9	274.2	16.2	1.1	290.4
Vanuatu	0.2	2.6	0.9	0.0	4.5	0.9

Source: BIS

1/ As reported by partner countries.

2/ Treated as part of British West Indies in the BIS data sources

3/ Treated as part of the United Kingdom in the BIS data sources

IV. RECOMMENDATIONS

A. Country Classifications in Statistical Surveys

It is recommended that the international statistical collections that produce important partner country data on OFCs, namely the BIS international locational banking statistics, the IMF Coordinated Portfolio Investment Survey, and the joint OECD/Eurostat Surveys of Inward and Outward Direct Investment, agree a common country list based on the ISO. Should there be a desire to flag some countries on the ISO list as particularly important for inclusion, say, in direct investment surveys because of their role as OFCs, this could be done by drawing on an updated version of the BIS list. However, if direct investment surveys are to be a critical data source in helping to identify OFCs, it would be important to persuade countries undertaking direct investment surveys to follow the full ILO list and not an abbreviated version of it.

B. An Agreed Statistical Definition of an OFC

It is recommended that the statistical definition of an OFC be revised to take account of data on portfolio investment reported by OFCs and on OFCs by partner countries from the CPIS, and data on foreign direct investment reported by partner countries from the OECD and Eurostat direct investment surveys.¹⁸ Thus, an OFC can be defined as *“a jurisdiction in which its international investment position assets, including as resident all entities that have legal domicile in that jurisdiction, are close to or more than 50 percent of GDP and in absolute terms more than \$1 billion.”*

C. The Use of Data on Regulatory and Tax Regimes

It is recommended that the lists of countries/jurisdictions characterized as OFCs by the FSF in the context of OFCs financial regulatory practices, and the lists of countries/jurisdictions characterized as tax havens by the OECD, be used to select countries/jurisdictions on the UN ISO list to see whether, on the basis of available statistics, they meet the definition of an OFC given in this paper. An updated list of OFCs that meets the agreed statistical definition could be maintained jointly by the BIS, Eurostat, the IMF, the OECD, and other interested international organizations.

¹⁸ The use of OECD and Eurostat data on direct investment for this purpose may need to be contingent on efforts being made to ensure a consistent treatment of the residence of SPEs in direct investment statistics.

The Financial Stability Forum's Group List of OFCs

Andorra	Liechtenstein
Anguilla	Lebanon
Antigua and Barbuda	Luxembourg
Aruba	Macao SAR
Bahamas	Malta
Bahrain	Marshall Islands
Barbados	Mauritius
Belize	Monaco
Bermuda	Nauru
British Virgin Islands	Netherlands Antilles
Cayman Islands	Niue
Cook Islands	Panama
Costa Rica	Samoa
Cyprus	Seychelles
Dublin (Ireland)	Singapore
Gibraltar	St. Kitts and Nevis
Guernsey	St. Lucia
Hong Kong SAR	St. Vincent and the Grenadines
Isle of Man	Switzerland
Jersey	Turks and Caicos Islands
Labuan (Malaysia)	Vanuatu

Source: Financial Stability Forum Press Release, May 26, 2000

The U.N. International Standards Organization’s List of Countries and Jurisdictions

Afghanistan	Cayman Islands
Albania	Central African Republic
Algeria	Chad
American Samoa	Channel Islands
Andorra	Chile
Angola	China
Anguilla	China Hong Kong SAR
Antigua and Barbuda	China Macao SAR
Argentina	Columbia
Armenia	Comoros
Aruba	Congo
Australia	Cook Islands
Austria	Costa Rica
Azerbaijan	Cote d’Ivoire
Bahamas	Croatia
Bahrain	Cuba
Bangladesh	Cypus
Barbados	Czech Republic
Belarus	Democratic Republic of Korea
Belgium	Democratic Republic of Congo
Belize	Denmark
Benin	Djibouti
Bermuda	Dominica
Bhutan	Dominican Republic
Bolivia	East Timor
Bosnia and Herzegovina	Ecuador
Botswana	Egypt
Brazil	El Salvador
British Virgin Islands	Equatorial Guinea
Brunei Darussalam	Eritrea
Bulgaria	Estonia
Burkina Faso	Ethiopia
Burundi	Faeroe Islands
Cambodia	Falkland Islands
Cameroon	Fiji
Canada	Finland
Cape Verde	France
French Guina	Lebanon
French Polynesia	Lesotho
Gabon	Liberia

Gambia	Libya
Georgia	Liechtenstein
Germany	Lithuania
Ghana	Luxembourg
Gibraltar	Madagascar
Greece	Malawi
Greenland	Malaysia
Grenada	Maldives
Guadeloupe	Mali
Guam	Marshall Islands
Guatemala	Martinique
Guinea	Mauritania
Haiti	Mauritius
Hoy See	Mexico
Honduras	Micronesia
Hungary	Monaco
Iceland	Mongolia
India	Montserrat
Indonesia	Morocco
Iran	Mozambique
Iraq	Myanmar
Ireland	Nambia
Isle of Man	Nauru
Israel	Nepal
Italy	Netherlands
Jamaica	Netherlands Antilles
Japan	New Caledonia
Jordan	New Zealand
Kazakhstan	Nicaragua
Kenya	Niger
Kiribati	Nigeria
Kuwait	Niue
Kyrgyzstan	Norfolk Island
Lao	Northern Mariana Islands
Latvia	Norway
Occupied Palestinian Territory	Sudan
Oman	Suriname
Pakistan	Svalbard and Jan Mayen Islands
Palau	Swaziland
Panama	Sweden
Papua New Guinea	Switzerland
Paraguay	Syrian Arab Republic
Peru	Taiwan Province of China

Philippines	Tajikistan
Pitcairn	Thailand
Poland	The Former Yugoslav Rep. Macedonia
Portugal	Togo
Puerto Rico	Takelau
Qatar	Tonga
Republic of Korea	Trinidad and Tobago
Republic of Moldova	Tunisia
Reunion	Turkmenistan
Romania	Turks and Caicos Islands
Russian Federation	Tuvalu
Rwanda	Uganda
Saint Helena	Ukraine
Saint Kitts and Nevis	United Arab Emirates
Saint Lucia	United Kingdom
Saint Pierre and Miquelon	United Republic of Tanzania
Saint Vincent and the Grenadines	United States
Samoa	United States Virgin Islands
San Marino	Uruguay
Sao Tome and Principe	Uzbekistan
Saudi Arabia	Vanuatu
Senegal	Venezuela
Seychelles	Vietnam
Sierra Leone	Wallis and Futuna Islands
Singapore	Western Sahara
Slovakia	Yemen
Slovenia	Yugoslavia
Solomon Islands	Zambia
Somalia	Zimbabwe
South Africa	
Spain	
Sri Lanka	

Source: United Nations Statistical Division, Revised February 13, 2002
<http://www.un.org/depts/unsd/methods/m49alpha.htm>

The Treatment of Residence in the Macroeconomic Statistics Compiled by OFCs

Country/Jurisdiction	Gross Domestic Product and National Income	Balance of Payments	International Investment Position
Aruba	Yes 2/	Yes 2/	Yes 2/
Bahamas	Yes 1/	Yes 1/	No
Bahrain	Yes	Yes	Yes
Barbados	Yes	Yes 1/	No
Bermuda	Yes 1/	Yes 1/	No
British Virgin Islands	Yes 1/	Yes 1/	No
Cayman Islands	Yes 1/	Yes 1/	No
Costa Rica	Yes 1	Yes	No
Cyprus	Yes 2/	Yes 2/	No
Gibraltar	Yes 2/	No 2/	No
Guernsey	Yes 2/	No 2/	No
Isle of Man	Yes 2/	No 2/	No
Jersey	Yes 2/	No 2/	No
Lebanon	Yes 3/	Yes	No
Macao SAR	Yes 2/	Yes 2/	No
Malta	Yes 2/	Yes 2/	Yes 2/
Mauritius	Yes 1/	Yes	Yes
Netherlands Antilles	Yes 2/	Yes 2/	No
Panama	Yes	Yes	Yes
Turks and Caicos Islands	Yes	No	No
Vanuatu	Yes 1/	Yes	No

1/ Offshore entities with or without physical presence treated as nonresident

2/ Offshore entities without physical presence treated as nonresident

3/ Data provided by the Lebanese authorities are unofficial estimates

Sources: Data provided by the countries/jurisdictions