

**Twenty-Third Meeting of the  
IMF Committee on Balance of Payments Statistics  
Washington, D.C.  
October 25–27, 2010**

**Summary of Discussion**

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



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

**Summary of Discussion**

**Opening Remarks**

1. In her remarks, Ms. Burgi-Schmelz updated the Committee on the work of the IMF's Statistics Department (STA) on major statistical initiatives since the 2009 meeting. She noted (i) the initiatives fostered by the ministers of finance and central bank governors of the G-20 economies to address data gaps; (ii) work to improve data dissemination, especially the Special Data Dissemination Standard (SDDS); (iii) work on updating the Government Finance Statistics Manual and Monetary and Financial Statistics Manual to align them with the *System of National Accounts 2008 (2008 SNA)* and the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*; and (iv) ongoing work to enhance the availability of bilateral data, such as Coordinated Portfolio Investment Survey (CPIS) and Coordinated Direct Investment Survey (CDIS) data. She noted that, as endorsed by the Committee at its 2009 meeting, a Task Force on international investment position (IIP)/CPIS Data Enhancements was established to advise on enhancements to these data sets. She noted that STA is looking for the Committee's support for enhancing the frequency, timeliness, and scope of the CPIS data as well as for enhancing the IIP data.

2. She noted that the implementation of the *BPM6* remains an important issue for the Committee. In this context, she noted the importance of several outstanding questions related to the conversion of statistics in IMF publications to a *BPM6* presentational format. She noted that STA is seeking the Committee's input and support on these questions. In addition, she noted that, in the context of the work to prepare the *BPM6 Compilation Guide (BPM6 CG)*, STA is looking to the Committee to provide case studies.

3. In closing, she welcomed the three new members of the Committee: Mr. Tatsuhiro Hagitani (Japan), Mr. Hidehiro Osuga (Japan), and Mr. Graeme Walker (U.K.; unfortunately, Mr. Walker could not attend this year's meeting).

**IMF Statistics Department—Recent Developments and Current Initiatives:  
Report by IMF (BOPCOM-10/03)**

4. Mr. Kozlow (IMF) presented the paper, which is the General Note prepared for the 2010 IMF Annual Meetings. The presentation touched upon major developments and initiatives of STA during the past year (G-20 work, data management and publications, data standards, statistical methodologies, capacity building and training, and international statistical coordination and cooperation).

5. Several Committee members expressed appreciation for the presentation, which they found very useful and informative, and suggested that similar presentations be included on the agenda of future meetings. Several questions arose and were answered on various aspects of STA's work, including questions about an upcoming STA General Data Dissemination System (GDDS) workshop, electronic data transmission formats, the process of updating the Data Quality Assessment Framework, and plans for expanding the Principal Global Indicators (PGI) website.

6. In addition, the IMF welcomed the suggestion of including similar presentations in the future.

**Conversion of Statistics in IMF Publications to a *BPM6* Presentational Format:  
Report by IMF (BOPCOM-10/04)**

7. Mr. Kozlow (IMF) presented the paper, which summarizes the responses of the members of the Working Group that was established in March 2010 to advise STA and the Committee on selected outstanding *BPM6* implementation questions. (The creation of this Working Group was endorsed by the Committee at its November 2009 annual meeting.) In particular, the paper summarizes the Working Group's responses to a questionnaire prepared by STA; the paper also gives STA's views on each question.

8. The paper addresses the following outstanding questions:

- Length of an historical time series on a *BPM6* basis
- Whether to have an overlapping period on a *BPM5* basis going forward
- Should the IMF develop procedures to derive data on the preferred basis if data on this basis are not provided by an IMF member country
- Data dissemination
- Other (increasing users' awareness of *BPM6* data; ensuring the quality of converted estimates; and other suggestions).

9. Initially, much of the Committee's discussion focused on the question of whether the IMF would re-consider its decision to present data in the *Balance of Payments Statistics Yearbook (BOPSY)* and *International Financial Statistics (IFS)* on a *BPM6* presentational basis from 2012 onwards. (This question was not included in the questionnaire completed by the Task Force or the paper that summarized the Task Force's response.) A number of Committee members preferred that the conversion be accomplished in 2014, when EU countries and Japan were planning to compile (annual and quarterly) balance of payments and IIP statistics in accordance with the *BPM6*. At the same time, Canada, the Russian Federation, and the United States confirmed that they plan to convert their national presentations in 2012 while implementing *BPM6* gradually from 2012 onwards. Australia has converted already.

The Committee members representing the ECB and Eurostat strongly objected to an automated conversion of *BPM5* data into *BPM6*.

10. The chair reminded the Committee of the discussion at the 2009 Committee meeting that had led to the creation of the Working Group. In order to continue to publish regional and global totals, and in order to compare data across countries, data must be on the same presentational basis. Because different countries are converting their data to a *BPM6* presentational basis at different times, irrespective of what year the IMF selected for changing the presentational basis for its publications, the same question arises, i.e., some countries' data must be presented on a basis that will differ from their own featured presentational basis. The members of the Committee have developed *BPM6* with high professional skill over a period of several years and are responsible to move to its implementation.

11. After some discussion and given the firm decision of the IMF to switch to a *BPM6* presentation in its paper publications in 2012, the outlines of a compromise approach began to emerge that would result in a harmonized presentation of balance of payments and IIP data compiled in accordance with *BPM5* or *BPM6* in IMF statistical publications. **It was agreed to clearly indicate in the publications on what basis the underlying data were supplied by a given country, but to present them in *BPM6* format starting in 2012 by rearranging *BPM5* data as necessary by applying bridges for country data. The detailed bridging tables would be agreed in the forthcoming months and, if requested by a country, the IMF could do the rearranging or bridging and consult with countries on the resulting presentation.** The IMF indicated that the presentational bridges are as follows:

- a. Looking first at the IIP, for most countries, two main differences between the *BPM5* and *BPM6* methodologies and presentations were identified by the IMF. Under *BPM6*, foreign direct investment (FDI) is shown on a gross basis (under assets and liabilities), whereas under *BPM5*, it is shown on a directional principle basis. Also, under *BPM6*, allocations of SDRs are liabilities whereas, under *BPM5*, they are omitted from liabilities.
  - i. Because data users can rearrange official country estimates to convert FDI from a *BPM5* to a *BPM6* presentational basis, data could be shown in *IFS* on a *BPM6* presentational basis starting in 2012 without using any imputations or estimates – instead, official country data would be rearranged.
  - ii. In regard to the recording of allocations of SDRs as liabilities, the IMF has always used its own data (not data from country authorities) when publishing data on SDRs (as well as for Reserve Position in the Fund). Also, the IMF began showing SDRs as liabilities in the IIPs of all countries beginning a year ago (3Q 2009). Thus, the IMF would not be introducing a new inconsistency by continuing this practice.

- b. Looking next at the balance of payments data, the line items in *IFS* and *BOPSY* under *BPM5* and *BPM6* will correspond, except for two reasons: (1) minor wording differences, and (2) a limited number of potentially important methodological changes. For example, *Income* in *BPM5* largely corresponds to *Primary Income* in *BPM6*, and *Current Transfers* in *BPM5* largely corresponds to *Secondary Income* in *BPM6*.
- i. *IFS*: For most countries, the high level aggregates that appear in *IFS* will not be significantly impacted by the introduction of *BPM6* methodology. For example, the change in the treatment of goods for processing will not substantially affect global goods imports or exports for non-processing countries (but may affect the country of origin of their imports, which is not shown in *IFS*), because the new methodological treatment affects the global level of imports and exports primarily for countries that process goods; for non-processing countries, the new methodology can significantly affect the country of origin of imports, or of destination of exports, but is unlikely to affect the global levels of imports and exports.
- ii. *BOPSY*: Annual balance of payments data are presented in *BOPSY*, and these data are shown in greater detail than in *IFS*. When *BOPSY* is converted from a *BPM5* to a *BPM6* presentational basis, the line item for *migrants' transfers* (in the capital account) will disappear, and a line item for financial intermediation services indirectly measured (FISIM) (in services) will appear. Data on *migrants' transfers* would still be included in the *BPM6* item *capital transfers*; this approach would maintain concordance with all key aggregates published by countries (such as the capital account balance, and errors and omissions). Although the data for *migrants' transfers* should entirely disappear from the balance of payments statistics under *BPM6*, if the data are small, this deviation from *BPM6* would not be material. A footnote could be inserted explaining the circumstance. Also, many of the countries that are converting to *BPM6* in 2014 will, at that same time, revise some number of historical years' data to a *BPM6* basis. Thus, the earlier estimates could be replaced with *BPM6* basis estimates at that time. For FISIM, some countries will not be calculating this estimate until 2014, when they adopt the *BPM6* methodology. For FISIM, the approach would be similar to that discussed above with *migrants' transfers* – a footnote could be inserted explaining the circumstance (the new treatment of FISIM affects *services* and *primary income*).
12. The question that arises is, in the case where the impact from changes in the treatment of migrants' transfers, FISIM, or another methodological change are quite large, should the IMF prepare estimates for the impacted account(s) on the methodological basis on which *BOPSY/IFS* is prepared, by adjusting published country estimates? It was concluded that this question could be discussed with member countries whose data would be substantially affected by the new methodology. The IMF is seeking support from countries in producing estimates on

the *BPM6* methodological basis in this circumstance, even if there is no requirement for them to do so.

13. **Upon conclusion of this portion of the discussion, it was proposed and agreed that the IMF would circulate by end-November tables that demonstrate how the IMF might rearrange data items in *BOPSY* from its current *BPM5* presentational basis to the desired new *BPM6* presentational basis, for comment by Committee members. The IMF would also circulate at that time draft wording that could be considered for inclusion as a sub-header in *BOPSY*, explaining if *BPM5*-basis data were rearranged for IMF publication purposes.**

14. As noted above, a number of other questions about implementing *BPM6* were also discussed. **In regard to the question of how long an initial series of *BPM6* basis historical data should be**, most members of the Committee supported having at least 5 years of historical data, but a much longer time period could be provided in the circumstance where a country itself provides historical data on a *BPM6* basis for a longer time period. However, one member noted that a double conversion from *BPM4* basis to a *BPM5* basis to a *BPM6* basis should be avoided.

15. **In regard to the question of whether there should be any overlapping period on a *BPM5* basis after the initial publication under *BPM6***, the Committee generally was in favor of having no *BPM5* basis data if the country itself has converted its data to a *BPM6* basis. However, if the country had not converted (as noted above, EU countries and Japan do not intend to convert until 2014), the Committee supported a suggestion that the IMF consider posting both *BPM6*-basis and *BPM5*-basis data on its web site.

16. **In regard to data dissemination**, there was virtually unanimous support of the view that no more than a single hardcopy publication (on a *BPM5* or a *BPM6* presentational basis) be released. However, supplementary data based on the other standard could be provided on the web.

17. **Also, Committee members strongly supported the need for increasing user awareness**, by STA and country authorities engaging in discussion with users to describe the main changes arising from *BPM6* and their impact. Some Committee members proposed that the IMF share information on countries' experience with *BPM6* implementation. The IMF already posted on its website papers from the 2009 Committee meeting presented by Chile and the Russian Federation, and will augment these with additional material, including papers on implementation presented by ECB/Eurostat and Canada at this year's Committee meeting.

18. During the discussions, the Committee was informed about plans related to the implementation of the *BPM6* methodology by the six countries of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates). Plans include the organization of a workshop to discuss and agree on strategy, and also the potential creation of a Task Force on *BPM6* matters.

**Coordinated Implementation of *BPM6* in the European Union: Report by the ECB and Eurostat (BOPCOM-10/05)**

19. This paper was presented by Mr. Oliveira-Soares (ECB) and Ms. Comini (Eurostat), and it summarized the progress made in the European Union (EU) in the implementation of *BPM6*, the *OECD Benchmark Definition of Foreign Direct Investment*, fourth edition (*BD4*), and the *2010 Manual on Statistics of International Trade in Services (MSITS 2010)* since the Committee meeting in November 2009. The paper addressed the methodological work, the implementation of the new standards in the EU statistics, and the update of EU legal acts. The ECB and Eurostat are striving for consistency across the balance of payments and IIP, and the national accounts. This requires a coordinated implementation of the new EU and euro aggregates as well as compliance with EU legal acts. The target date for the full *BPM6* and *BD4* implementation is 2014, when all the new data published (including all back data) shall follow the new standards.

***Methodological work***

20. In 2009 and 2010, Eurostat and the ECB organized two workshops on the methodology of direct investment and practical issues regarding data collection. A third workshop was held in 2010 covering data collection for insurance and pension fund schemes as well as changes needed in the centralized securities database. In early 2011, a workshop will be dedicated to the implementation of the changes in the current and capital accounts.

21. Also in 2011, a joint Eurostat/ECB Taskforce will report on methods for measuring FISIM, taking account of differences in maturity, currency, and default risk in the FISIM calculation. Other methodological work was undertaken in a joint Task Force that investigated methods to improve consistency between balance of payments and merchandise trade statistics. Its final report presented guidelines for harmonizing data adjustment practices between these data sets.

***Implementation of the new standards in the EU statistics***

22. The requirements for the submission of external sector statistics have been rationalized and updated. The new requirements include monthly reporting of the international reserves template and the balance of payments, quarterly reporting of integrated balance of payments and IIP data, and annual reporting of international trade in services data and direct investment by industry.

23. The quarterly balance of payments and IIP data submission will include further sector and geographical detail. Additional requirements may be needed to monitor financial stability. A major difficulty in the implementation of *BPM6* will be the inclusion of investment funds in direct investment, because domestic issuers and custodians often may not be able to identify the final investors, or assess whether their participation exceeds ten percent. Efforts are being made to improve the timeliness of the quarterly European aggregates – balance of payments and IIP, and financial and



non-financial accounts by sector – to allow their publication ninety days after the end of the reporting period.

24. Ms Comini mentioned that, in the area of international trade in services, the implementation of the increased detail in services as recommended by the *MSITS 2010* encountered strong resistance among the EU Member States. Only a reduced part of this new detail for services shall therefore be mandatory. In the area of direct investment, Eurostat will require the mandatory reporting of data according to the extended directional principle, including special purpose entities and, separately, only for special purpose entities. The detail required for direct investment will allow the compilation of data both according to the assets/liabilities and the directional principle.

25. Eurostat and the ECB aim at taking the procedural steps required for the revision of the legal basis in 2011, so that the amended legal acts can be published in 2012. The fulfillment of this deadline is particularly important to ensure that national central banks and national statistical institutes have sufficient time to implement all the necessary changes in data collection required at a country level for reporting according to the new standards from 2014 onwards.

26. Ms. Comini stressed that Eurostat and the ECB are interested in working with the IMF on data structure and codification issues, under the umbrella of the SDMX sponsors, in order to ensure a smooth exchange of data between countries and agencies, as well as between agencies.

***BPM6 Implementation Plans—Adoption of BPM6 and Other Updates in the International Accounts of the Canadian System of National Accounts: Report by Statistics Canada (BOPCOM-10/06)***

27. Mr. O’Hagan (Statistics Canada) delivered a presentation entitled “Adoption of *BPM6* and Other Updates in the International Accounts of the Canadian System of National Accounts.” The presentation referred to updates to the international accounts program and focused on the *BPM6* changes and other changes to the balance of payments current account, capital, and financial account as well as to the IIP. The time frame for converting to the *BPM6* format is May–June 2012 in coordination with the historical revision to the Canadian System of National Accounts. He informed the Committee that Statistics Canada is taking a holistic approach in that *BPM6* and other international standards will be implemented across the whole system of accounts. He listed the *BPM6* changes that can be accommodated fairly easily, and those that needed more time to be incorporated in the source data and are therefore deferred. Statistics Canada intends to move towards *BPM6* and other statistical standards beginning in 2012 and continuing with more frequent mini-historical revisions (the next one likely in 2014). A major focus in the 2012 revision is on issues that affect GDP and the trade account balance, presentational and classification changes to balance of payments and IIP, and market valuation of FDI.

28. Mr. Yuskavage informed the Committee about the article published in May 2010 by the Bureau of Economic Analysis sketching out the plans for the US to move the external statistics to a *BPM6* basis. He informed the Committee that the US is taking an approach that is similar to Canada's, i.e., implementing many changes by 2012, and changes for which implementation is more difficult at a later stage.

29. The Chair thanked Mr. O'Hagan for his interesting presentation.

**Plan to Improve Financial Derivatives Data alongside the Implementation of the *BPM6* in Japan: Report by Bank of Japan Secondee to IMF (BOPCOM-10/28)**

30. Mr. Ishikawa, Secondee of the Bank of Japan to the IMF, delivered the presentation, which was for information. The presentation focused on the Bank of Japan's recent and planned work on improving the coverage of derivatives (including swaps) in its statistics, and its plans to increase the reporting of position data from annually to quarterly, as part of its *BPM6* implementation plans. Mr. Ishikawa presented details of the current reporting system for transactions in financial derivatives (encompassing the "Report on derivatives transactions" and the "Report on payments/receipts") and indicated that the "Report on derivative transactions" will be amended to include position data on swaps.

31. The chair thanked Mr. Ishikawa for the presentation, and complimented Japan on introducing such important data improvements.

**Progress on the Implementation Program for the *System of National Accounts 2008* and Supporting Statistics: Report of the Intersecretariat Working Group on *National Accounts*<sup>1</sup> presented by UNSD (BOPCOM-10/07)**

32. Mr. Smith (UN) presented this report. The report notes that the implementation program for the *System of National Accounts 2008 (2008 SNA)* and supporting statistics represents a global statistical initiative, which was mandated by the UN Statistical Commission following the adoption of the *2008 SNA* as the international standard for compiling and disseminating national accounts. The objective is to assist countries in developing the statistical and institutional capacity to (a) make the conceptual change from the *1993 SNA* to the *2008 SNA* and (b) improve the scope, detail and quality of the national accounts and supporting economic statistics.

33. The report highlights the key principles of the implementation strategy, which are: (a) strategic planning, (b) coordination, monitoring and reporting; and (c) improving statistical systems. These principles are in turn founded on four elements, namely: (a) the use of National Strategies for the Development of Statistics as the strategic planning framework, (b) the program information structure built around the statistical production process to facilitate coordination, monitoring and reporting on

---

<sup>1</sup> The members are the European Union, IMF, OECD, the United Nations, and the World Bank.

*SNA* implementation, (c) the modalities of statistical capacity building through training and technical cooperation, publication of manuals and handbooks, and research and advocacy, and (d) the stages of implementation leading to the change over to the *2008 SNA*.

34. Three distinct stages were identified for implementing the *2008 SNA* and supporting statistics through a multi-year program, irrespective of the level of statistical development, as follows:

- (a) Stage I. Review of strategic framework and detailing of national and regional implementation programs;
- (b) Stage II. Adaptation of classification frameworks, business registers and frames, surveys, administrative data sources and information technology infrastructure; and
- (c) Stage III. Application of adapted frameworks and source data, backcasting and changeover to the *2008 SNA*.

35. Each country will determine the duration of the various stages of its statistical development according to its predetermined scope of the required data set formulated in the implementation plan. However, it is expected that from 2014 onwards, many Member States will change over to the *2008 SNA* following a gradual transition for each stage.

36. In terms of ongoing activities, the report notes that during 2009, the members of the Inter-Secretariat Working Group on National Accounts (ISWGNA) conducted a number of workshops and training courses to familiarize countries with the *2008 SNA* and to discuss the implementation strategy adopted by the Commission. At the regional level, the Regional UN Commissions have established advisory groups on national accounts to advise them in formulating regional implementation programs for the *2008 SNA* and the supporting statistics. Some of these advisory groups have already prepared initial drafts of implementation programs for their respective regions, which will be submitted to the regional statistical commissions for approval.

37. In the ensuing discussion, a Committee member noted that the plan included no timeline for implementation. Mr. Smith responded that the ISWGNA does not have the power to compel countries and the UNSD can only encourage them to implement the *2008 SNA*.

38. Another member asked how the research agenda would be organized and, other than goods for processing, what items were on the research agenda. Mr. Smith noted that Annex IV of the *2008 SNA* presents a number of issues that the ISWGNA was not able to resolve before the release of the *2008 SNA*. Thus, the purpose of the research agenda is to continue work on issues as they arise. Expert groups will be established according to established procedures to address issues that countries believe are important.

39. A Committee member enquired as to whether there was a firm deadline for updating the SDDS guidelines to stipulate that GDP should be compiled according to the *2008 SNA*. Mr. Kozlow responded that the SDDS requires use of a currently accepted international standard, and subscribers must indicate if they deviate from an accepted standard.

**The Measurement of FISIM and its Effects on the Statistics: Report by IMF (BOPCOM-10/08)**

40. Mr. Zieschang (IMF) presented a paper outlining the concept of FISIM as presented in the *BPM6* and *2008 SNA*. His paper provides guidance on compilation procedures and data sources, and is intended to be incorporated in the *BPM6 CG*. The paper reviewed the guidelines in the *2008 SNA* and *BPM6* on estimating FISIM and sought to clarify the guidance on selecting a reference rate. A European task force and an international task force (chaired by the ISWGNA) are also looking into the question. The paper sought to provide examples of the reference rates that could be used and the sources of data. However, Mr. Zieschang advised that text on the reference rate should be considered indicative, pending the decision of the ISWGNA on the recommendation of the international FISIM task force, which will take into account the work of the European FISIM task force.

41. Ms. Burgi-Schmelz thanked Mr. Zieschang for his presentation, noting that he was able to simplify a complicated subject.

**Progress on the BPM6 Compilation Guide: Report by IMF (BOPCOM-10/09)**

42. Mr. Alexander (IMF) presented this paper. The paper updates the Committee on the work that has been completed and that still remains on preparing the *BPM6 CG*. It notes that STA staff have completed drafts of 12 of the 19 chapters of the *BPM6 CG*. The drafting of the *BPM6 CG* is an ambitious project, although it is helpful that material for most of the chapters (including the discussions of main data sources) can be adapted from the *BPM5 CG*. Thus, identifying the general content of many of these chapters is expected to be relatively straightforward.

43. The paper notes that the international statistical standards may still be evolving in a few areas, or they may be unclear. In these cases, the *BPM6 CG* will have to be careful not to unintentionally introduce methodological changes. The chapters that pertain to FISIM or foreign direct investment may be examples of this circumstance. It should be noted that the IMF's CDIS metadata questionnaire will obtain information on country practices. For example, it will ask compilers how they identify Ultimate Controlling Parents where the treatment may be ambiguous (such as in the case of associates, or where a resident holds majority ownership and a nonresident holds minority ownership), and this information is expected to be useful in drafting the *BPM6 CG*. Exceptional financing is another area where the standards may not be completely clear.

44. The paper requested that members indicate whether they would want to contribute case studies on selected issues for inclusion in the *BPM6 CG*.
45. One Committee member provided a number of suggestions on drafting the *BPM6 CG*. He suggested that the *BPM6 CG* place greater focus on the integrated collection of data on financial transactions, positions, and investment income. Moreover, he highlighted the usefulness of mirror data from the CPIS for the allocations of portfolio investment liabilities by country, as well as the mirror data from BIS International Banking Statistics to capture deposits and loans of non-banks in non-resident banks. He also noted that it may be useful to include an annex to cover issues relating to financial derivatives. In regard to data derived from an ITRS, he noted that these data may be comprehensive, but they may suffer from numerous shortcomings that should be highlighted in the *BPM6 CG*.
46. Another Committee member noted that it may not be ideal to simply update the *BPM5 CG*, because much has changed in the world since the *BPM5 CG* was developed. She also asked whether country and regional experiences would be considered in drafting the *BPM6 CG* and noted the example of the *Remittances Compilation Guide*, whose initial chapters were drafted by a group with broad geographic representation. She also noted that a timetable for obtaining inputs of countries was missing from the schedule for completing the *BPM6 CG*.
47. A Committee member suggested that it would be useful to have a list of country case studies that STA would like to receive for inclusion in the *BPM6 CG* and that countries be asked to present case studies based on that list. Another member suggested that the *BPM6 CG* be a dynamic document, where ongoing improvements could be incorporated to reflect changing compilation practices.
48. In summing up, Mr. Kozlow acknowledged the value of the suggestions, but noted that it was not possible to include all the recommended items in the publication and still release the complete first set of chapters early in 2011 as planned. So that the work would not be delayed, he suggested that additional compilation guidance could be posted on the recently launched web site for compilation guidance ([www.imf.org/exgternal/pubs/ft/bop/2007/bop6comp.htm](http://www.imf.org/exgternal/pubs/ft/bop/2007/bop6comp.htm)) as these items become available.

**Statistical Data and Metadata eXchange (SDMX) Overview and the Electronic Exchange of *BPM6* Data: Presentation by IMF (Room document)**

49. Mr. Piché (IMF) presented an overview of the SDMX and its benefits in the transmission of balance of payments data. The presentation noted that SDMX is sponsored by seven international organizations, these being the BIS, ECB, Eurostat, IMF, OECD, United Nations, and World Bank. It is used by the members that must report data to these organizations, as well as by other regional organizations. SDMX is also supported by the United Nations Statistical Commission and is increasingly

used by national statistical authorities. The purpose of establishing SDMX was to move away from the situation where the same data are transmitted in different formats to different international organizations. Thus, the goal is to have one standard format that can be used by all organizations. The ECB and Eurostat rely extensively on SDMX, whereas STA relies on SDMX for a selected number of countries at this stage.

50. In terms of the way forward, the presentation noted that the *BPM6*-based data structure definition (DSD) should serve the needs of as many data collecting organizations as possible to reduce reporting burden. The IMF will work with the ECB and Eurostat in preparing draft concepts and code lists for the DSD, before consulting the remaining SDMX sponsors and submitting the DSD for approval.

51. The SDMX.org website and the SDMX Users Forums will inform the statistical community of proposals and seek comments. A draft DSD is expected to be provided for review in early-2011. Mr. Piché informed the meeting that there could be a role for the Committee in this exercise, and that members interested in participating should inform the IMF.

52. In response to a question, Mr. Piché noted that, beginning next year, he expects that CPIS data would be able to be transmitted in SDMX format and a web service will come on stream.

53. A Committee member noted the reporting burden faced by some national agencies in reporting to regional institutions that are not identified in the list of SDMX sponsors, and she enquired whether these regional institutions could adopt SDMX. Mr. Piché responded that they could, but wondered whether these countries would have the technical infrastructure to implement the SDMX standards.

54. Another Committee member noted that it is important to have a standard way to submit data when the frequency of reporting is increased, as higher frequency data could raise issues of confidentiality. In this regard, an Excel spreadsheet may not be the ideal medium for submitting the data. Mr. Piché agreed.

55. Finally, another Committee member noted that the existence of a governance structure is important to maintain data structure definition (the SDMX data encoding structure), and that the Committee could possibly be the overall governance body for the system.

56. A follow-up within STA took place during the meeting on the matters above. Upon conclusion of this consultation, STA agreed that the Committee might be the best forum for governing the DSD for external sector statistics. This is because the model in the SDMX Content-Oriented Guidelines is for the group responsible for advancing the methodology of a domain to also take the lead role in advancing the development of the DSD for that domain. Regarding the finalization of the balance of

payments codes, it is expected that the final codes will be available in about four to six months, following the formal consultation/review required by the SDMX process.

**Update of the Reserve Assets Template Guidelines: Report by IMF (BOPCOM-10/11)**

57. Mr. Galicia-Escotto (IMF) introduced to the Committee the work schedule of STA in consultation with the reconvened Reserve Assets Technical Expert Group (RESTEG) on the update of the Reserve Assets Template Guidelines. He reminded the Committee of the changes that were made to the Data Template itself in 2008 as a consequence of amendments to Article VIII of the IMF Articles of Agreement<sup>2</sup>. These changes were approved by the Executive Board in December 2008<sup>3</sup> and became effective in August 2009. The Board also endorsed the proposal to *update* (not completely redraft) the *Guidelines*. The update is needed, inter alia, to bring the *Guidelines* into consistency with the Data Template.

58. Since the release of the *Guidelines* in 2001, the IMF has identified places where the *Guidelines* text might be improved or augmented. It will take into account methodological issues compiled by staff in monitoring SDDS subscribers reporting of the Data Template, new innovative schemes in the areas of reserve assets and international liquidity requiring further guidance, as well as clarifications to promote consistency with *BPM6*. He explained that while the intention is to maintain the paragraph numbering and sequence in the *Guidelines*, the text will be clarified and expanded through redrafts and amendments to the paragraphs, and by adding annexes, appendices, FAQs, and/or selected boxes.

59. Mr. Galicia-Escotto informed the Committee of the revision process, which started with reconvening RESTEG, STA's key advisory group on reserve asset issues. He outlined the proposed timetable for updating the *Guidelines* (as included in Appendix I of the paper), and informed the Committee that the first revised draft will be shared with RESTEG in December 2010. The schedule then foresees to prepare and post the updated *Guidelines* for a first round of world-wide comments in January 2011. The second draft will be shared with RESTEG around June 2011 and available for a second round of world-wide comments in July 2011. With the agreement of RESTEG, the schedule calls for the pre-publication draft to be posted on the IMF's website by the end of 2011.

---

<sup>2</sup> In May 2008, in the context of the Review of Data Provision to the Fund for Surveillance Purposes, the Executive Board agreed to clarify and enhance the requirements for data provision to the Fund (as set out in Article VIII, Section (5) of the IMF's Articles of Agreement) to capture exchange-traded futures, including those settled in domestic currency, and expand the coverage of reserve-related liabilities, inter alia. (See PIN No. 08/60 at <http://www.imf.org/external/np/sec/pn/2008/pn0860.htm>.)

<sup>3</sup> In December 2008, the Executive Board noted the staff's intention to modify, by July 2009, the treatment of exchange-traded futures, including those settled in domestic currency, in the Data Template, to bring it in line with the May 2008 discussions. (See PIN No. 08/147 at <http://www.imf.org/external/np/sec/pn/2008/pn08147.htm>.)

60. Mr. Galicia-Escotto informed the Committee of the composition of RESTEG, which includes national agencies compiling balance of payments and international reserves data, and international agencies. The main working document will be an electronic copy of the *Guidelines*. Mr. Galicia-Escotto referred to (and gave examples from) the list in Appendix III of proposed modifications and other additions to the *Guidelines*.

61. A Committee member who is also a member of RESTEG stressed the urgency for completing the revision of the *Guidelines*. She explained that, in the past, there were a number of reserve asset questions involving her country, where clarification was needed but answers could not be found in the current text of the *Guidelines*. She gave two examples where she noted that guidance was lacking, i.e., (i) if domestic commercial banks are required to hold foreign currency deposits with the central bank, does this increase the reserve assets of the central bank, and (ii) the concept of Net International Reserves (NIR), which is crucial for countries that have financial programs with the IMF. She appreciated the list of other issues to consider that were mentioned in Appendix III of the Committee paper. She also stressed that, in her view, not only the *Guidelines*, but also the Template itself needs adjustment. For instance, the meaning of “other reserve assets” in Section I is unclear, and the instructions pertaining to the reporting of reverse repos are mingled with several other items, which has triggered various questions by data users in her country, and eventually resulted in changes in the reporting of reserve assets in the national presentation. She concluded by saying that the IMF should reconsider its intention of not making changes to paragraph numbers, in case this is needed to assure proper advice is given to countries.

62. Another member noted that he agreed with the previous comments, and stressed that it is often not completely clear what is included in reserve assets. In the Euro Area, reserve assets are even further defined to meet the ECB data requirements for compiling the aggregated Eurosystem’s international reserves position.

63. Mr. Kozlow pointed out that the Template itself cannot be changed without the agreement of the IMF Executive Board. However, STA has the flexibility to improve the text in the *Guidelines* to provide clearer guidance on the definition of reserve assets, in line with the language in *BPM6*. The chair urged Committee members to provide input to the IMF drafting group as soon as possible on issues to be addressed in the *Guidelines*, which can, for instance, be included in the section on Frequently Asked Questions.

**Progress Report on Work of the Task Force on Finance Statistics (TFFS): Report by IMF (BOPCOM-10/10)**

64. Mr. Valdivia-Velarde (IMF) presented the paper, which was for information purposes. He reported on the outcome of the most recent annual meeting of the TFFS that took place during March 4–5, 2010. The meeting discussed progress on the preparation and dissemination of the *Public Sector Debt Statistics (PSDS) Guide*; issues to be addressed in the upcoming update of the *External Debt Statistics (EDS)*



*Guide*; enhancements to the Joint External Debt Hub (JEDH); participation in the quarterly external debt statistics by GDDS participants and SDDS subscribers; the progress on the public sector debt database by the World Bank; and further enhancements to the TFFS website.

65. The TFFS agreed to post the draft of the *PSDS Guide* on the TFFS website for worldwide comments. The official comment period was from mid-August to mid-October 2010. On the whole, the *EDS Guide* remains largely consistent with the updated standards and only a limited number of changes in the methodological treatments are required in the *EDS Guide* to maintain consistency with the *BPM6*. The TFFS agreed that work on an update (rather than a rewrite) of the *EDS Guide* will be undertaken beginning in 2011 with the objective of having the next *EDS Guide* ready by 2013.

66. A number of enhancements to the JEDH have been implemented following the 2009 meeting of the Committee. In particular, the OECD has included in its work program the production of data on official credits (“official bilateral loans”) to be disseminated on the JEDH website.

67. To improve the international availability and comparability of public sector debt data, the World Bank is developing a database that will bring together detailed public (external and domestic) debt data. During the March 2010 TFFS meeting, the World Bank proposed to collect quarterly data from developing/emerging market countries. The TFFS members supported the launch of the database subject to several recommendations, including a recommendation that good crosschecking procedures of the data supplied be put in place by the World Bank given recent misreporting of government debt data, and that the main presentation table include a domestic/foreign currency breakdown. The database is expected to be launched by end–calendar 2010.

68. A question was raised regarding which countries would be expected to submit the public sector debt data. Mr. Valdivia-Velarde replied that the data collection will be limited to developing countries and emerging market economies, and that countries would provide the data on a voluntary basis.

### **Bilateral Cross-Border Holdings and Global Imbalances: A View on the Eve of the Global Financial Crisis: *Presentation by IMF (BOPCOM-10/15)***

69. Ms. Tamirisa (IMF/Research Department) delivered the presentation, which was for information. The presentation describes the work undertaken by the IMF’s Research Department to construct a dataset of bilateral assets and liabilities data for major “players” (US, euro area, Japan, China, some financial centers, etc.) for 2007, and analyzes these data. The paper explains that such a dataset is useful to analyze and understand the geographical pattern of global imbalances and financial integration; transmission of macroeconomic and financial shocks; calibration of multi-country portfolio models that focus on bilateral financial linkages; geographical incidence of asset price shocks and retrenchment of capital flows; and evolution of cross-border investment positions and financial linkages after the crisis.

70. The paper indicates that the dataset was constructed by using several data sources: FDI data produced by Eurostat, OECD, and UNCTAD; IMF's CPIS data; and BIS locational banking statistics. In this context, Ms. Tamirisa praised the usefulness of the CPIS data, and praised the planned enhancements.

71. Ms. Tamirisa noted that the exercise led to some conclusions on data weaknesses, such as some important countries missing from certain datasets, only annual frequency of certain data, absence of information on currency of denomination or on sectors, and the fact that the data often do not reflect ultimate exposures.

72. The paper was very well received by the Committee members. A Committee member inquired how the priorities should be set if a country were to consider improved frequency versus provision of more detailed information. Ms. Tamirisa indicated that high frequency position data are often very important, and that such data are particularly important for the volatile categories (other investment, and portfolio investment), and not necessarily for foreign direct investment. A Committee member commented that, while bilateral data are very important, there also is a need for standardizing the information requested. Also, a Committee member commented that there is a need for further efforts to improve compiler awareness of data user needs.

73. A Committee member asked whether it may be possible for SEFER<sup>4</sup> data to be shared for research purposes within the Fund. In response, the Chair noted that there was not a legal basis for such sharing at the present time, but that ways of obtaining approval for such further sharing could be considered. It was also noted that this topic may be further considered on the last day of the meeting, in the context of the discussion of financial interconnectedness.

**Report of the Task Force on IIP/CPIS Data Enhancements (BOPCOM-10/13),  
and the Initial Results of the Consultations with CPIS Participating Countries:  
*Report by IMF***

74. Ms. Hammer (IMF) presented the report of the Task Force on IIP/CPIS Data Enhancements (Task Force), as well as initial results from the consultation with CPIS participating countries. She reminded the Committee that last year, STA outlined the IMF initiatives resulting from the global crisis. One initiative followed the request of the G-20 Finance Ministers and Central Bank Governors to look into information gaps most relevant in the build-up to the global crises, and provide appropriate proposals for strengthening data collection. This request was endorsed by the IMF's International

---

<sup>4</sup> STA conducts several surveys to obtain detailed data on reserve assets: COFER (currency composition), INFER (instrument composition), and SEFER (geographic distribution of securities held as reserves). Data from these surveys are confidential and are disseminated only in aggregate form, even to internal users.

Monetary and Financial Committee (IMFC). In November 2009, STA and the Financial Stability Board (FSB) Secretariat, in consultation with official users of economic and financial data in G-20 economies and key international organizations, produced a report on the *Financial Crisis and Information Gaps*, containing twenty recommendations to address data gaps highlighted by the ongoing global crisis.

75. Ms. Hammer highlighted the following recommendations that are aimed at strengthening existing data initiatives on cross-border financial linkages:

- *Recommendation 10:* All G-20 economies are encouraged to participate in the IMF's Coordinated Portfolio Investment Survey (CPIS) and in the BIS's International Banking Statistics (IBS). The IMF and the BIS are encouraged to continue their work to improve the coverage of significant financial centers in the CPIS and IBS, respectively.
- *Recommendation 11:* [...] The IMF, in consultation with the IMF's Committee on Balance of Payments Statistics, to strive to enhance the frequency and timeliness of the CPIS data, and consider other possible enhancements, such as the institutional sector of the foreign debtor.
- *Recommendation 12:* The IMF to continue to work with countries to increase the number of International Investment Position (IIP) reporting countries, as well as the quarterly reporting of IIP data. The *Balance of Payments and International Investment Position Manual*, sixth edition (*BPM6*) enhancements to the IIP should be adopted by G-20 economies as soon as feasible.

76. Ms. Hammer informed the Committee that in March 2010 the IMF established the Task Force<sup>5</sup> chaired by the IMF and comprised of representatives of the Committee, as endorsed by the Committee in 2009. A survey was sent to the Task Force members to seek advice on possible enhancements to the CPIS in the areas of frequency, timeliness and scope, in order to improve its usefulness and relevance. Data users within the IMF itself (including from IMF Departments involved with global surveillance activities) were also consulted. Based on the comments and views received from the Task Force and the IMF internal users, the IMF consulted the 76<sup>6</sup> CPIS participating economies in regard to enhancements to frequency and timeliness, as well as selected enhancements to the scope of the CPIS. The IMF was interested in knowing whether the enhancements being considered are feasible to be adopted by CPIS participants within a reasonable period and without undue burden.

---

<sup>5</sup> The Task Force is chaired by Mr. Ralph Kozlow and comprises Messrs. Jorge Diz-Dias (ECB), Eduardo Rodriguez-Tenes (Bank of Spain), Patrick O'Hagan (Statistics Canada), Philippe Mesny (BIS), Sabir al-Harbi (Ministry of National Economy, Oman), and Stefaans Walters (Reserve Bank of South Africa).

<sup>6</sup> Two of the 76 economies have not yet provided CPIS data, but intend to do so.

77. The main views expressed by the Task Force, preliminary results to the survey of CPIS participants,<sup>7</sup> as well as the IMF proposals are summarized below. The survey results (based on a 53 percent response rate as of October 24, 2010), and covering all of the top ten economies with the most significant holdings of portfolio investment assets) were disaggregated into the top ten securities holding countries, and others. The IMF was interested in the Committee's view on selected potential enhancements to the CPIS as described below.<sup>8</sup>

78. In regard to the **enhancement to the frequency** of the CPIS, the following views were expressed. In general, almost all respondents are in favor of increasing the frequency of currently annual data. All Task Force members supported increasing the frequency of the CPIS, although one Task Force member also noted that this could entail substantial burden (given the coverage and extensive detail in that country's CPIS data collection). The IMF proposed to increase the frequency to semi-annual rather than quarterly, considering that improving the timeliness of CPIS data is considered a higher priority than quarterly data, and it was judged burdensome to increase frequency to quarterly while at the same time substantially increasing timeliness. Most CPIS participants that had responded so far supported the shift from an annual to a semi-annual data collection. Only three countries did not support it, and one top-ten country viewed it possible for the Monetary and Financial Institutions (MFI) sector only.

79. The Committee strongly supported the IMF proposal to increase the frequency of the CPIS to semi-annual, noting that this would enhance the utility of the dataset. One Committee member cautioned that, in considering the potential enhancements, flexibility in reporting requirements (periodicity, timeliness, and items detail) may be needed in order to increase the number of participants. Drawing on the experience of the BIS OTC derivatives data collections, another Committee member suggested that a two-step approach be considered for the periodicity of the CPIS, with an annual comprehensive benchmark survey complemented by a more high frequency sample survey (semi-annual or quarterly) targeting main financial centers, and the use of extrapolation techniques for gap filling the high-frequency data. STA noted concerns about the utility of sampling and extrapolation techniques given the nature of the dataset. Another Committee member pointed out that implementation of the proposed enhancements may require the strengthening of the legal basis for the data collection at a country level.

---

<sup>7</sup> Based on the outcome of the survey responses by the Task Force on IIP/CPIS Enhancements and the consultation with other IMF departments, the survey to CPIS participating countries included only a selection of proposed enhancements to the CPIS.

<sup>8</sup> In addition to the potential enhancements discussed in this section, a Committee member suggested that the IMF consider broader sharing of confidential statistical data collected for statistical purposes, such as SEFER data – see paragraph 73.

80. Regarding the **enhancement to the timeliness** of the CPIS, the IMF proposed to accelerate the timeliness of reporting CPIS data from mid–October to mid–July, which is a three-month acceleration compared to the current schedule. The Task Force members all favored improving the timeliness of reporting the data to the IMF. Some Task Force members suggested that the IMF reduce the time of processing the data, so that the timeliness for disseminating the CPIS data to the users could be further improved. The IMF would strive to accelerate its processing of these data so that they may be disseminated within about seven weeks of the due date for delivery of these data (from nearly double that amount of time).

81. All except one CPIS participating country that had responded so far supported the increase in timeliness of reporting the data with a 3-month-acceleration; also, one top-ten country viewed it possible for the MFI sector only.

82. The Committee also strongly supported the IMF proposal to accelerate the timeliness of reporting CPIS data from mid–October to mid–July. This would imply that, when the CPIS frequency changes to semi-annual, positions as at end-June will be reported in mid-January. One Committee member sought clarification on the proposed time frame for implementing the proposal. The Committee member also indicated that it would be good to set a deadline, for example to have the new timeliness implemented from July 2013 onwards with data for end–2012. Mr. Kozlow indicated that a several-week acceleration in the processing and dissemination of CPIS data is being implemented in 2010, but none of the major proposals discussed above will be implemented prior to 2013. Mr. Kozlow also noted that further processing efficiency gains are expected in mid–2011, when a new IT platform that will facilitate access to the data will be put in place. A Committee member saw scope for countries implementing some of the proposals earlier. Another member mentioned the need to use smooth and clear ways to send data and revisions given the increased frequency and enhanced timeliness.

83. The proposal to **collect information on the institutional sector of the foreign debtor** (e.g. general government, non-financial corporations, and deposit-taking corporations except the central bank) was of specific interest to internal IMF users, as it would provide important insight into different risk profiles to which the security holding country is exposed, depending on the debtor country institutional sector. The IMF proposed collecting at least summary information on the institutional sector of the foreign debtor, e.g., for general government, financial corporations, and non-financial corporations. Most Task Force members expressed concerns about the difficulties and potential costs of CPIS participants to collect these data, while most of the CPIS participating countries supported the proposal.

84. The Committee also raised several concerns about the proposal to collect information on the institutional sector of the foreign debtor, of which preserving the confidentiality of the data and the quality of the data were most significant. One Committee member noted that further granularity of “from-whom to-whom” cross-tabulations would result in a substantial number of suppressed data cells. Some

Committee members noted that the proposal would be difficult to implement without undue burden on respondents. Other members noted that the collection of the data on an aggregate basis (as opposed to security-by-security) may generate unreliable results. Another member indicated the possibility of implementing this proposal after 2014, with a sectoral breakdown limited to a two-way split, general government and other.

85. The Chair concluded that overall there is no strong support from the Committee on the IMF's proposal to collect information on the institutional sector of the foreign debtor. If the collection of these data were to be proposed, it would be on a best effort/voluntary basis.

86. The **collection of separate data on short or negative positions** was suggested to support the monitoring of risk exposure, because the claim is on a financial intermediary not the original issuer of the security, and the risk profile of the short seller may be quite different from that of the original issuer. The IMF considers it important to collect information on short and negative positions to obtain more insight to the role of short sellers and other financial intermediaries with negative positions. Therefore, the IMF proposed collecting these data separately on a gross basis rather than commingled with data on positive holdings. However, neither the members of the Task Force nor most CPIS participating countries were supportive of the proposal, primarily because of the concerns about reporting burden.

87. The Committee also was not in broad support of this proposal. One Committee member requested further elaboration on how such reporting would be implemented, and suggested that thresholds might be used to limit respondent burden. Mr. Kozlow clarified how the different parties to these cross border positions would report the requisite data.

88. The Chair concluded that overall there was not strong support. However, data on short positions could be included in the CPIS on an encouraged basis, so that countries that are able to provide the data without undue burden are able to do so.

89. The suggestion to **broaden the scope to obtain information on the nationality of holders of securities was proposed by the BIS member of the Task Force** and discussed further during the meeting. Under this proposal, security holdings would be disaggregated according to the nationality of the owner of the holder of securities, i.e., the CPIS participants would need to collect data according to the country of foreign owner of a domestic enterprise that holds securities, if it is majority owned.

90. The IMF was interested in knowing whether CPIS participants could report data according to the country of the foreign owner of a domestic enterprise that holds securities, and so included this question in the survey. Two thirds of the CPIS participants that responded however did not support this proposal. Some Committee members also expressed concerns about the proposal.

91. The Chair concluded that overall there was not strong support for this proposal at this time.

92. **With regard to broadening the scope of currently voluntary items**, i.e., on the currency of denomination of holdings, and on the institutional sector of the holder, quite a number of countries<sup>9</sup> already provide this information. The IMF favors expanding the number of countries currently providing these data on a voluntary basis, as these data are deemed useful for surveillance purposes.

93. Overall, on the issue of broadening the scope to collect additional information, the Committee, while acknowledging the importance of the CPIS enhancements, emphasized the need for flexibility going forward, including possibly by designating the proposed enhancements as encouraged rather than mandatory items. One member urged the IMF to intensify efforts to expand the number of participants reporting the core data items in the CPIS. She also stressed the importance of improving the CPIS dissemination formats; this view was shared by other Committee members.

94. In the survey of the Task Force, members were also consulted concerning Recommendation 12 – addressing proposals such as increasing the number of IIP reporting countries, quarterly reporting of IIP, and promoting the adoption of *BPM6* enhancements to the IIP by G-20 countries as soon as feasible.

95. In regard to **enhancing the scope of IIP data**, all Task Force members supported the proposal by the IMF to increase the number of countries that report IIP data. In addition, the Task Force supported the IMF proposal to increase the availability of **bilateral IIP data**, in particular, by large economies vis-à-vis their major IIP partners, because of the importance for surveillance purposes. Also, collection of such data was considered feasible. The IMF therefore sought and obtained Committee support for continuing its efforts to enhance the availability of these data.

96. With regard to enhancements of the frequency of IIP data, all Task Force members agreed to the increased emphasis on the reporting of **quarterly IIP data**.<sup>10</sup> Many of the Task Force members noted that the list of **IIP data enhancements in *BPM6*** could be considered in line with the implementation of *BPM6*, although it was also noted that some enhancements could be costly and burdensome for data collecting agencies. The IMF will prepare a reporting template for the IIP, including supplementary and memorandum items, and will provide guidance where needed.

---

<sup>9</sup> For 2008 data, 35 countries reported data on the currency of denomination of holdings, and 46 countries reported data on the institutional sector of the holder.

<sup>10</sup> The IMF's Executive Board approved in March 2010 the reporting of IIP data with quarterly frequency and quarterly timeliness for SDDS subscribers, effective four years after the Board decision.

97. The Committee commended STA for the progress made in increasing the number of countries compiling IIP data. While noting that the IIP supplementary and memorandum items introduced in *BPM6* may prove burdensome for data collection agencies, the Committee welcomed the fact that the implementation time frame would not be tied to that proposed for the balance of payments. The Committee also noted the growing need for data on bilateral IIP. Some Committee members noted that the greater granularity associated with country breakdowns, and supplementary and memorandum items may raise confidentiality issues. One Committee member noted that bilateral IIP data may be introduced using a phased approach, with countries focusing initially on direct and portfolio investment positions. Another member saw the need to address comparability issues that would arise in implementing market-based valuation for financial instruments in the IIP.

**International Investment Position—Initiatives to Improve Data Availability and Timeliness: Report by the IMF (BOPCOM-10/12)**

98. Ms. Tanase (IMF) presented the paper, which was aimed at updating the Committee on the status of IIP reporting to STA and related developments. The paper refers to two important international initiatives that focused attention and efforts on improving the availability and timeliness of compiling and reporting IIP data. The first initiative reflects efforts to implement Recommendation #12 of the report *The Financial Crisis and Information Gaps*, provided to G-20 Finance Ministers and Central Bank Governors on October 29, 2009, which states:

*The IMF to continue to work with countries to increase the number of International Investment Position (IIP) reporting countries, as well as the quarterly reporting of IIP data. The Balance of Payments and International Investment Position Manual, sixth edition (BPM6) enhancements to the IIP should be adopted by G-20 economies as soon as feasible.*

99. The second initiative was the IMF Executive Board decision in March 2010 to enhance the SDDS, by prescribing the quarterly reporting of IIP data. After a four-year transition period ending at end-September 2014, subscribers will be required to disseminate IIP data with quarterly periodicity and quarterly timeliness (rather than the current prescription of annual periodicity and nine months timeliness) to improve the usefulness of these data for analysis and surveillance.

100. In this context, the paper presents STA efforts for improving the availability of IIP data through *IIP Pipeline Project*, technical assistance, and training. Furthermore, the paper refers to STA work on facilitating the reporting of quarterly IIP data, more specifically by preparing a pamphlet with sources of data, compilation techniques, revision policy, and frequently asked questions.

101. The paper also analyzes the trends in 2007–09 data for selected advanced economies (26 economies that reported 2009 data for *BOPSY* as of September 15, 2010). The paper notes that total assets and liabilities rebounded in 2009; however, they did not reach the 2007 level (prior to the crisis). The detailed analysis of trends



by functional categories indicates that direct investment and portfolio investment rebounded; other investment is the only functional category showing a continuing downward trend in 2009. In the case of reserve assets, the data show a continuous upward trend with a strong increase in 2009 due to the SDR allocations and lending to the IMF that qualifies for inclusion in “Reserve Position in the Fund” for the lending countries.

102. The paper informed the Committee members on the way ahead for STA (continue work on the *IIP Pipeline Project*; prepare a pamphlet to assist countries in the compilation of quarterly IIP; include the *BPM6* memorandum and supplementary items in the *BPM6* report forms that will be submitted by countries to STA). The paper asks for the Committee’s view on IMF plans to provide a pamphlet on the compilation of quarterly IIP, and seeks contributions to the pamphlet.

103. Committee members complimented the IMF on the initiative to provide a pamphlet with further guidance on compiling quarterly IIP data, and asked for clarification with regard to the kind of contributions the IMF is seeking from Committee members. Mr. Kozlow explained that country contributions on best practices are most welcome on data sources and estimation techniques, as well as in the form of case studies.

104. One Committee member pointed to the impact from valuation changes on the IIP data during the crisis. Mr. Kozlow complimented the Committee on its foresight to include in the *BPM6* a separate chapter on valuation changes, because valuation changes have been demonstrated to be highly relevant in the context of the recent global crisis.

105. More generally, one Committee member stressed the need for a structured and harmonized plan of action by countries to implement G-20 recommendations. That plan of action would include a summary of the current status, an identification of existing gaps, and a timetable to phase-in the recommendations. He mentioned as an example, that IIP geographical data on a bilateral basis, or with, for instance, the *euro area* as a counterpart, would need to be discussed in a harmonized and coordinated manner. The PGI could be the medium to publish data in a harmonized way. Ms. Burgi-Schmelz mentioned that in fora such as the IMFC, and during the 2010 IMF Annual Meetings, the work on data initiatives was endorsed, and while the focus is currently on G-20 countries, with capacity building efforts the intention is to broaden the scope to additional countries over time to make it a global effort. One member volunteered to submit a short note on that country’s sources and methods for the quarterly IIP.

#### **Coordinated Portfolio Investment Survey: Report by IMF (BOPCOM-10/14)**

106. Mr. Austin (IMF) presented the paper, which discussed the results of the 2008 CPIS that were initially released at end-2009 and updated in August 2010. The paper discusses the coverage of the data (CPIS, SEFER, SSIO), participation of 73 countries in 2008 (including all major industrialized economies and emerging market

economies), and data trends. There were quite dramatic declines in the value of cross-border holdings of securities, from nearly \$40 trillion at end-2007 to about \$30 trillion at end-2008, with equity accounting for nearly the full amount of the drop. (Equity holdings fell from \$17 trillion at end-2007 to \$10 trillion at end-2008.)

107. The paper notes that there has been a change in the ranking of the top ten holders of securities: France moved ahead of the U.K. as second; Japan moved up to fourth, ahead of Germany and Luxembourg; and the U.S. retained the top ranking. For the first time since the series began, the value of holdings of portfolio investment securities by the top-ten countries declined in 2008. The percentage decrease was highest for the U.S. (41 percent), and lowest for Japan (four percent). The paper also made use of the data to present an analysis of holdings by France of debt securities issued by Greece.

108. The Committee members indicated great appreciation for the work on the CPIS and were highly interested in the results of the 2008 CPIS.

#### **New Developments in the Bank for International Settlements' International Financial and Banking Statistics: Report by BIS (BOPCOM-10/16)**

109. Mr. Mesny (BIS) updated the Committee on the latest developments in the BIS International Financial and Banking Statistics. The paper highlighted the developments in the following areas of BIS statistics: international banking statistics; debt securities statistics; foreign exchange and derivatives statistics; and joint external debt statistics.

110. **International Banking Statistics:** The BIS is continuing to make efforts to improve the coverage and quality of the data. In September 2009 the BIS organized its first seminar for compilers to address issues of data quality and, in 2010, the ad hoc working group of the Committee on the Global Financial System was established with the aim of increasing the quality and coverage of the statistics to better keep track of bank funding patterns. Currently, 43 countries and centers participate in the locational banking statistics and 30 in the consolidated banking statistics. South Africa is the latest country, having joined the BIS locational banking reporting system at the end of 2009. Work is in progress in other countries (China, Russian Federation, and Saudi Arabia) that have reaffirmed their interest in reporting to the BIS. Saudi Arabia is close to submitting test locational and consolidated statistics. Contacts are ongoing with Russia and intensifying with China.

111. **Debt securities statistics:** The BIS continues its efforts to improve the data collection procedures and geographical coverage of its domestic debt securities. The country coverage of BIS international debt securities data from commercial and institutional sources is relatively comprehensive. While narrower, the coverage of BIS domestic securities data, which are mainly collected from central bank sources, has expanded to 55 countries in 2010 (see also BOPCOM-10/25).

112. **Foreign exchange and derivatives statistics:** Preliminary results on turnover, from the first part of the April 2010 Triennial Survey, were released in September 2010. The BIS has adopted a new presentation format and introduced features, including new currency pairs and more detail on execution methods. Release of the second part of the survey—positions on OTC derivatives at end June 2010—is scheduled for mid-November.

113. **Joint external debt statistics:** Selected BIS time series are also made available on the JEDH. The BIS is a major contributor to the JEDH and provides information from its international banking and debt securities statistics. It is also reporting data to the JEDH on behalf of the Berne Union of Trade Credit Insurers and, more recently, the Paris Club.

114. One Committee member asked whether there were any efforts to expand country coverage for international banking statistics beyond the G-20 countries. Mr. Mesny reiterated that not only G-20 countries are covered and that efforts are envisaged to broaden coverage in Africa.

115. A Committee member sought clarification on the nationality dimension in the international banking statistics, as to whether it is based on the bank or its counterparts. In response, Mr. Mesny noted that the reports are based on the banks' nationality.

**Progress on the Coordinated Direct Investment Survey: *Report by IMF***  
**(BOPCOM-10/17)**

116. Mr. Joice (IMF) presented this paper, which gave an update on progress made in implementing the Coordinated Direct Investment Survey (CDIS) since the Committee meeting in November 2009. The CDIS collects data on inward and outward direct investment positions by immediate counterpart country, broken down between equity and debt as of end-December 2009. Further breakdowns of information, showing separate data on positions between fellow enterprises, and resident financial intermediaries, are encouraged. As part of the CDIS, countries have also been asked to provide metadata and an assessment of what improvements have resulted due to their participation in the survey. As of March 2010, 132 jurisdictions had indicated an interest in participating in the CDIS.

117. Since the last Committee meeting, the IMF has finalized the reporting template and the metadata questionnaire. In the summer of 2010, the CDIS participants were informed that these documents were available for downloading from the CDIS website. As of October 2010, 57 jurisdictions had reported data and 52 economies have completed the metadata questionnaire. It appears that participation in the CDIS compares very favorably to the number of countries participating in the CPIS (70 to 75 countries participated in the CPIS in 2008 and 2009, and the CPIS has been an annual exercise since 2001).

118. All participants' data will be posted on the CDIS website following review by the IMF for consistency and completion of any follow up with respondents. Tables that are being considered for the initial data release will include global totals, regional totals, and a listing of each country's total inward direct investment (and total outward direct investment, where reported) by size. In addition, a top-ten "*from whom/to whom*" may be posted on the website. The first data release is considered preliminary and will not include tables that compare the inward data with counterpart outward data. These comparator tables will be explored when more comprehensive data become available in 2011.

119. The metadata questionnaire has three sections comprising metadata on inward and outward direct investment, and information on data improvements. The metadata collected on inward and outward direct investment are almost identical and include questions on data sources, type of reporting unit, recording of fellow enterprises and valuation methods. It is intended that, like the data, all participants' metadata will be posted on the CDIS website after having been reviewed by the IMF. The section on data improvements seeks information on improvements in data quality that have at least partly resulted from the country's participation in the CDIS. The responses to this part of the questionnaire will not be posted on the website, but will provide input to a paper that STA intends to prepare for IMF Management to show the impact of the CDIS on data quality.

120. To enable their release without delay, the initial results of the CDIS will be posted as Excel files at the end of 2010 or early in 2011. As foreshadowed in the 2009 report to the Committee, the IMF is developing new systems for processing and disseminating the CDIS results (data and metadata). The software will not only allow IMF staff to identify more readily where there may be concerns about a participant's response, but will also allow users to manipulate the data as they choose. The IMF will release the more modern software at the same time that the more complete and revised data for the CDIS are released (expected to be mid-2011). The IMF is confident that users will find the new software a valuable tool to assist in the analysis of the data.

121. In 2011, the IMF plans to undertake a number of post-survey workshops (resources permitting) that will allow countries to compare their results, explore bilateral differences, examine how practices can be improved, and establish contact with counterparties. The IMF plans to undertake further one-on-one meetings with some countries, including with the authorities in Bermuda (where many direct investment enterprises in insurance are located) and the economies that constituted the former Netherlands Antilles (Curacao and St. Maarten are host to many financial intermediaries and special purpose entities).

122. Committee members appreciated the work done so far on the CDIS. Some members emphasized that post-survey workshops should be conducted very early in 2011 in order to support countries that have outstanding issues and seek help for submitting data in time for the second round by March 2011. One Committee member

mentioned the problems encountered by compilers and users because International Organizations are not consistently defining regional country groupings. More specifically, the use of different country groupings could result in less information being made available, due to the need to avoid residual disclosure of confidential data. Mr. Kozlow explained that STA based its breakdown on geographic location rather than state of development or political alliances, so that the grouping could remain stable over time. Committee members also inquired why the IMF intends to report preliminary CDIS data. Mr. Joice explained that although the data do not always have the requested breakdowns and sufficient detail, they have achieved an acceptable level of quality to allow publication.

**Work of the OECD Working Group on International Investment Statistics:  
Report by OECD (BOPCOM-10/18)**

123. Ms. Bertrand (OECD) presented the report of the Working Group on International Investment Statistics (WGIIS), which summarized the main activities of the WGIIS during 2010. The report notes that, during 2010, the WGIIS focused on the following three main areas: implementation of the *Benchmark Definition of Foreign Direct Investment*, fourth edition (*BD4*), harmonization and integration of foreign direct investment (FDI) statistics and statistics on the activities of multinational enterprises, and defining and measuring green FDI.

124. With regard to the implementation of the *BD4*, the report highlighted the work being undertaken by countries in various areas. It noted that, on market valuation, Canada presented the impact of the recent crises on prices in the light of its experience. Denmark presented a new model to forecast preliminary income data in order to obtain more timely estimates within the balance of payments framework.

125. The report noted that, consistent with its research agenda, the WGIIS is also working on harmonizing statistics on FDI with statistics on the activities of multinational enterprises. Furthermore, the WGIIS developed a roadmap that recommends the creation of a discussion group and the submission of the report to the OECD Investment Committee at the end of 2012. Major items included under the broad category of “globalization” in the research agenda are total financing of multinational enterprises; ultimate host/investing country; economic definition of FDI; economic and financial variables for green FDI indicators; treatment of SPEs; and bilateral data exchanges.

126. On green FDI, Ms. Bertrand reported that the OECD Ministerial Council asked the OECD to develop a Green Growth Strategy with recommendations on how countries can achieve economic growth and development while at the same time moving toward a low-carbon economy, reducing pollution, minimizing waste and inefficient use of natural resources and maintaining biodiversity. In the short-term, the OECD will deliver a Green Growth Strategy Synthesis Report to the 2011 Ministerial Council Meeting, with specific tools and recommendations to help governments to identify the policies that can help achieve the most efficient shift to greener growth.

The OECD will also create a discussion group that will report back to WGIIS on the development of a long-term strategy.

127. The Chair thanked Ms. Bertrand for her comprehensive presentation.

**Government Involvement in Private Enterprises: The Case of Foreign Direct Investment: Report by Statistics Canada (BOPCOM-10/19)**

128. Mr. O'Hagan (Statistics Canada) presented this paper. The paper notes that one of the consequences of the recent global financial crisis has been the involvement of governments in the financial activities of private enterprises. This involvement, through investment in corporations and other forms of involvement can provide measurement challenges for statisticians.

129. In most cases, these interventions normally take place within the domestic economy and would have no direct impact on the international accounts. However, in the context of the recent crisis, and given the connection of some multinational corporations to the domestic economy, governments in different countries may be providing assistance to non-resident enterprises with affiliates operating in their countries.

130. The paper highlighted issues that may have implications for the international accounts of Canada. One relates to the distinction between portfolio and direct investment of government, i.e., the 10 percent threshold. If the 10 percent threshold of voting shares participation by governments in the foreign enterprise is not reached, then the statistical convention is that the participation be treated as portfolio investment. In Canada, if more than one level of government, or government business enterprise, has an equity participation in the same foreign enterprise, then each investment is treated separately. If none of the individual holdings amounted to at least 10 percent, then each government participation would be treated as portfolio investment. The chain of investment may be complex to determine. Other countries may follow a different convention in consolidating the levels of government and government enterprises, which could lead to different results for counterpart countries' direct and portfolio investment statistics.

131. While the investment may comply with the threshold rules, the intent-purpose of this type of direct investment in distressed companies also may raise an interesting question. Although there might be some government officials or government business enterprise executives appointed to the Board of Directors of the foreign enterprise, the relationship does not seem to meet the criteria for lasting investment. In fact, the government involvement could be interpreted as a temporary measure.

132. The Chair thanked Mr. O'Hagan for his presentation.

**Statistical Units: *Oral Presentation by OECD***

133. Mr. Lindner (OECD) made a brief presentation on statistical units. He noted that estimating cross-border production processes poses a particular challenge to compilers because of the involvement of multinational enterprises as the production process may be controlled by the same multinational enterprise but may take place across various countries. Therefore, the delineation and allocation of production to statistical units (such as establishments or enterprises) is sometimes difficult and imprecise. Nevertheless, much progress has been made recently by specialized international working groups. He therefore encouraged compilers of statistics to improve the measurement of global production units and the analysis of how such units operate. He noted that the Eurostat Enterprise Group Register (developed in cooperation with the ECB) is a useful start but wondered whether work was also underway in non-EU countries. Mr. Kozlow noted that it is hard to have the same statistical unit as the basis for compiling different sets of statistics, due to differences in concepts and analytical needs.

134. The Chair thanked Mr. Lindner for his presentation and expressed interest in his work.

**Global Discrepancies: *Report by IMF (BOPCOM-10/20)***

135. Mr. Alexander (IMF) presented a report on global discrepancies in the balance of payments statistics. In 2008, the global current account balance was a positive \$298.1 billion. Although this represents a substantial decline from the 2007 level, the amount still exceeded the absolute average of \$116.2 billion over the period 2002 to 2007. The balance on the capital account—comprising capital transfers and acquisition and disposal of nonproduced, nonfinancial assets—and the balance on the financial account became slightly more negative, rising from negative \$325.9 billion in 2007 to negative to \$339.0 billion in 2008. Net errors and omissions were positive \$35.1 billion in 2008, compared to negative \$57.4 billion in 2007. These levels of overall net errors and omissions may appear small in comparison to the levels of gross transactions in the accounts, but they should be viewed with caution as, for many periods, increasingly positive balances on the current account were offset by increasingly negative balances on the financial account.

**World Investment Report 2010: Investing in a Low-Carbon Economy: *Report by UNCTAD (BOPCOM-10/22)***

136. Mr. Fujita (UNCTAD) was unable to attend this year's Committee meeting, and so Mr. Kozlow briefly introduced the document on *UNCTAD's World Investment Report 2010*. This year's report focused on two specific areas: (i) FDI trends and prospects after the global financial crisis; and (ii) Transnational Corporations and Investment in a low-carbon economy. Mr. Kozlow made the link to Ms. Bertrand's earlier report, where she introduced the Committee to new developments in the area of green investment.

137. The OECD complimented UNCTAD on this well drafted report.

138. The Committee appreciated the work being undertaken by UNCTAD.

**Statistical Work on Sovereign Wealth Funds: *Report by IMF (BOPCOM-10/24)***

139. Ms. Hammer (IMF) briefed the Committee on recent developments in the area of Sovereign Wealth Funds (SWF). At its last meeting, the Committee was informed of the International Forum of SWF (IFSWF) which replaced the International Working Group (IWG) of SWF in April 2009. STA considered consulting the IFSWF on the proposal to approach compiling agencies in home countries of SWFs and assess whether SWF holdings were included in macroeconomic datasets. Ms. Hammer informed the Committee that, currently, the IFSWF is completing a survey conducted by the IMF's Monetary and Capital Markets Department (MCM) about the implementation of the 2008 Generally Accepted Principles and Practices (GAPP, also called Santiago Principles), which include discussion of data issues.

140. She informed the Committee that the IFSWF met in Sydney in April 2010, where IFSWF members noted improvements in the application of the GAPP and reaffirmed them. Some SWFs have meanwhile issued first reports/reviews and increased the amount of information on their websites. The IFSWF will meet next in April 2011 in Beijing.

141. Ms. Hammer referred the Committee to the table in Annex I of the paper, which is an update of the table on selected SWFs presented to the Committee in 2007 (BOPCOM-07/06). She noted that, although SWFs have increased the information they provide to the public, and STA emphasizes the importance of including SWFs in macroeconomic statistics in its technical assistance and training missions, further improvement in data coverage and dissemination is needed. STA will consult with MCM on the results from the survey, and will note STA's continuing interest in advancing statistical data improvements consistent with GAPP 5.<sup>11</sup>

142. One Committee member stressed the importance of capturing SWF data in the CPIS.

**Understanding Financial Interconnectedness: *Presentation by IMF (BOPCOM-10/23)***

143. Messrs. Marston and Goyal (IMF/Strategy, Policy, and Review Department) made a presentation on financial interconnectedness, a topic that was discussed by the IMF Executive Board on October 25, 2010. The presentation focused on the importance of understanding financial interconnectedness, and supported the need to further strengthen the ability to track systemic risk concentrations, identify the "fault

---

<sup>11</sup> GAPP 5: "The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic datasets."



lines” along which financial shocks propagate, inform spillover analyses, and improve bilateral and multilateral surveillance. The presentation notes that the vast majority of global finance is intermediated by a handful of large, complex financial institutions (LCFIs) that transact across a few payment and settlement systems, and that principally operate out of a small set of countries that serve as global common lenders and borrowers.

144. The presentation also underscored the utility of, and the need for, the broader sharing of confidential or restricted data (such as COFER, SEFER, and some BIS data) with and within the IMF. To further develop an accurate understanding of financial interconnectedness and the buildup of systemic risk concentrations, data gaps need to be bridged and additional tools developed. The paper highlights the importance of CPIS data, BIS banking data, and data on funds (money market, mutual, hedge, pension, and exchange-traded funds).

145. The presentation was very well received and appreciated by Committee members. One Committee member asked what type of monitoring exercise would be best for understanding financial interconnectedness, and what data that should be produced for such an exercise. Furthermore, he underscored the importance of “political will” in the context of making data available for monitoring purposes. Mr. Marston indicated that efforts must be made at both national and global levels to support improved data for understanding the financial interconnectedness and concentration of risk. Furthermore, Mr. Marston referred to three important types of datasets for these purposes: the first set includes COFER, INFER, and SEFER and relevant BIS data already provided by countries but with limited accessibility, the second set includes private data sources, and the third includes data on LCFIs. With regard to the first dataset, the conditions under which they are accessible might need to be revisited by the IMF and BIS membership. The second set must be bought from a commercial provider. The last set is covered by two of the recommendations of the G-20/IMFC data gap initiative where an FSB working group is expected to produce results by the end of this year.

146. A question also arose about the potential usefulness of nationality information in the CPIS. (A nationality dimension would reveal the ultimate country of ownership of securities held in custody.) Mr. Marston replied that such data would be useful if they could be integrated with BIS banking statistics data, but that he was unsure whether there are challenges associated with obtaining the data.

147. A Committee member stressed the importance of setting priorities in closing data gaps. Mr. Marston also stressed the importance of identifying data that are available but that not used.

148. The Chair summarized that there appears to be a need to address the confidentiality and accessibility issues for the relevant BIS data and the SEFER, COFER, and INFER data. She thanked Messrs. Marston and Goyal for their excellent and stimulating presentation.

**Remittances: Recent Developments and Future Plans: Report by IMF  
(BOPCOM-10/21)**

149. Ms. Matei (IMF) informed the Committee of recent developments and future plans following the release of the *Remittances Compilation Guide (RCG)* in June 2009 and its posting on the IMF website in October 2009. She noted that translations of the *RCG* into Arabic, Chinese, French, Russian, and Spanish have commenced, and will probably be finished after final review and approval of the *BPM6* translations. Ms. Matei also informed the Committee of training that STA provided on remittances data, in order to familiarize compilers with the concepts and methods of remittances within the balance of payments framework. She summarized the three specialized seminars that were conducted since the last Committee meeting in 2009: (i) in November 2009 in Ljubljana, Slovenia, for the South, South-Eastern, Caucasus and Central Asian countries; (ii) in September 2010 in Guatemala city, Guatemala, for Central American countries, and (iii) in Abu Dhabi, UAE, for Middle Eastern and North African countries. Ms. Matei noted that remittances concepts are also explained during seminars on *BPM6*, as well as during IMF technical assistance missions.

150. Ms. Matei updated the Committee on work on statistical data improvements of the *Global Remittances Working Group (GRWG)*, which the World Bank is coordinating. At its last meeting, the Committee was informed of the two recommendations resulting from the second International Technical Meeting of Remittances (ITMR) in June 2009, namely the formation of a technical working group, and the creation of a website for remittances metadata on compilation methodology. Ms. Matei noted that the website is in progress and is being developed in consultation with STA. The website is expected to be launched in 2011. The technical working group might be convened in 2011 as well.

151. Ms. Matei also informed the Committee about the World Bank's *Migration and Remittances Peer-Assisted Learning Network (MiRPAL)* Project for Europe and the Central Asia Region. It aims to provide support of improvements in the environment for migrant workers (including facilitating transactions in remittances), as well as improvements in the quality of remittances data. Ms. Matei mentioned STA participation in several initiatives, including a MiRPAL video conference in April 2010 that brought together balance of payments compilers from participating countries; the first thematic workshop "Measuring International Remittances: Concepts, Methods, and Practice" in Moscow, Russian Federation; and another video conference in May–June 2010. She noted that two more video conferences and the second thematic workshop are planned for the coming twelve months.

152. Committee members expressed a positive view of the work on the World Bank's global repository website. One Committee member was interested in learning more about the objective and focus of the new GRWG of the World Bank. Some Committee members expressed concerns about the fact that their countries have not yet received an invitation to participate in the World Bank's MiRPAL project. In addition, Ms. Troshina informed the Committee of a conference on remittances data

that will be organized by the Russian Federation in Moscow in March 2011, and invited the IMF to participate. Committee members were of the view that the global coordination of work on remittances probably could be improved in the future.

153. Mr. Kozlow and Mrs. Burgi-Schmelz informed the Committee of the IMF's supportive role with the World Bank taking the lead in initiatives on remittances, and indicated that the IMF will follow up with the World Bank on the opinions and concerns expressed by the Committee.

**Work of the Task Force on Statistics of International Trade in Services: Report by OECD (BOPCOM-10/26)**

154. Mr. Lindner (OECD) briefed the Committee on the work of the Task Force on Statistics of International Trade in Services (TFSITS), which is chaired by the OECD. The report noted that the *MSITS 2010* should be finalized by the end of October and circulated to TFSITS members for two weeks in November for a final check. The UNSD would send hardcopies to the international organizations that participated in its development for distribution to their member countries.

155. Mr. Lindner also reminded the Committee of the concerns of the TFSITS regarding the timeline for providing *BPM6* SDMX codes (see paragraph 56). The codes are required to develop the coding structure for the 2010 Extended Balance of Payments Services Classification, which is included in the *MSITS 2010*. He reminded the Committee that the TFSITS had delivered a letter on this topic to the members of the Committee. Several Committee members agreed that it was important to have a coding system as early as possible, as well as to use SDMX for data exchanges. Implementation of the *BPM6* provides a good opportunity in this regard, and a timetable should be drawn up on how to move forward. The IMF informed the OECD that it will respond to the TFSITS letter.

156. Mr. Lindner also reported that the TFSITS was of the view that country experiences should be included in the *BPM6 CG* as there is a need to discuss how to integrate regional aspects and practical case studies.

157. In response, it was noted that work is now proceeding rapidly on developing the SDMX codes (see paragraph 56.) In particular, the concepts for the draft DSD may be agreed between the IMF and ECB over the next 3 weeks. Afterwards, codes may be quickly developed for these items. Once concepts and codes are both ready (in early-2011), they will be subject to a formal consultation/review process, as recommended by the SDMX process. Thus, proposed codes should be available in about 2½ to 3 months, and final codes will be available in about 4 to 6 months.

158. In regard to the view that country experiences should be included in the *BPM6 CG*, this has been planned. (See also paragraphs 44 – 48.) The IMF invited countries to volunteer to draft this material.

**Handbook on Securities Statistics (Debt Securities Statistics): Report by BIS (BOPCOM-10/25)**

159. Mr. Mesny (BIS) presented an overview of the stylized and recommended presentation tables for debt securities statistics, as included in Part 1 of the *Handbook on Securities Statistics (HSS)*. The *HSS* is a joint effort of the BIS, ECB, and IMF. The implementation of the new data collection system based on Part 1 of the *HSS* stylized presentation has proven to be a major exercise and has taken longer than expected. The BIS expects to start publishing revised data according to the new terminology and structure by the end of 2010 at the earliest.

160. In September 2010, Part 2 of the *HSS*, which covers debt securities holdings, was published in coordination with the ECB and the IMF. In 2011, the ECB will take the lead and coordinate work on Part 3 of the *HSS* to cover issues and holdings of equity securities (with a breakdown into listed and unlisted securities), and investment fund shares and units.

161. One Committee member suggested improving the presentation table on positions by adding a separate line for accrued interest. Another member mentioned some concerns about the inclusion of unlisted shares in the Handbook.

162. The Chair thanked Mr. Mesny for his comprehensive progress report.

**Medium-Term Work Program of the IMF Committee on Balance of Payments Statistics: Report by IMF (BOPCOM-10/27)**

163. Ms. Tanase (IMF) presented the updated medium-term work program of the Committee and the research agenda and solicited the input of the Committee. There are no changes in the priorities that are assigned to topics and no new topics. For example, implementing the *BPM6* remains a top priority. *BPM6* was adopted by the Committee at its 2008 annual meeting and released in hardcopy at end 2009. It is being translated into Arabic, Chinese, French, Russian, and Spanish (initial translations of the entire manual into each of these languages has been concluded, and final checking and editing of the Spanish translation has concluded, but checking and editing of the translations into the other languages is still necessary).

164. The *BPM6 Compilation Guide* and the *Reserve Template Guidelines* also remain top priorities. Current editions of both of these manuals are based on *BPM5*. Substantial work will be undertaken during the next year to update both manuals.

165. The CDIS remains a top priority. Initial results from the 2009 survey are to be released at about end-year 2010 (these data will be revised about six months later, in mid-2011), and preliminary results of the 2010 survey will be targeted for release at end-2011. The IMF will continue actively engaging with countries, to facilitate improvement in their data on foreign direct investment.

166. Another top priority item in the proposed Work Program is enhancing the quality and availability of data from the CPIS. The outcome of the discussion at this year's Committee meeting, and feedback from CPIS participating countries, will inform the way forward. The Committee emphasized at its 2008 annual meeting the importance of improving the quality and availability of these data, and the Committee elevated this topic to top priority last year, partly in consideration of the interest expressed by the G-20 and other data users in enhancing CPIS data. This item therefore retains the top priority that was assigned to it last year.

167. The further development of annual and quarterly IIP data is also proposed as a top priority, the same priority status as last year. There has been increased emphasis on enhancing IIP data – this is also a G-20 data improvement initiative. The provision of quarterly IIP data has been approved by the IMF's Executive Board in March 2010 as a new prescribed category for SDDS subscribers, starting in 2014.

168. All medium priority items remain unchanged from last year.

169. Some members noted that external debt statistics are closely related to international investment position statistics; therefore, these two items should be considered together. A member also recommended that the G-20 Action Plan on the development of the IIP should be included in the program. However, there should be a differentiation in the timing of the action plan for the G-20 countries and the five countries that are members of the FSB that are not G-20 countries, versus all other countries.

170. One Committee member suggested that development of the *BPM6* SDMX data structure and codification be incorporated in the work program, noting that the Committee could serve as the governance body for external sector statistics, and provide guidance for the development and administration of the codes.

171. The IMF appreciated these suggestions. Also, the Chair observed that the action items in the Work Program are mainly being undertaken by the international agencies, and asked countries to also provide contributions.

**Summary of Discussion: Report by IMF (BOPCOM-10/30)**

172. Mr. Kozlow took the Committee through the Summary of Discussion.