

**Twenty-Fourth Meeting of the
IMF Committee on Balance of Payments Statistics
Moscow, Russia
October 24–26, 2011**

Summary of Discussion

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

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

Summary of Discussion

Opening Remarks

1. The meeting was opened by Mr. Sergey Shvetsov, Deputy Governor of the Central Bank of Russia (CBR), who welcomed the Committee to the CBR and delivered opening remarks. He underscored the growing importance of statistics and cited some important developments for the CBR in the area of external sector statistics, specifically its phase-by-phase implementation of *BPM6* and participation in the Coordinated Direct Investment Survey. He reported that last year, the CBR received an IMF ROSC (Reports on Observance of Standards and Codes) mission and received very good marks. He thanked the Chair of the Meeting and Director, Ms. Burgi-Schmelz, for this. He emphasized the importance of strengthening international statistical cooperation and dialogue for promoting good governance and transparency in economic policy-making worldwide, and acknowledged the present Balance of Payments Committee Meeting for providing an excellent forum for such professional dialogue.

2. This was followed by remarks by Ms. Burgi-Schmelz, Director of the IMF's Statistics Department (STA) and Chair of the Meeting. In her remarks, Ms. Burgi-Schmelz updated the Committee on the work of the STA on major statistical initiatives since the 2010 meeting, and the ongoing work with regard to better capturing cross-border data in measuring financial interconnectedness and facilitating surveillance activities. She referred to the *Triennial Surveillance Review*, discussed in September 2011 by the IMF Executive Board, which emphasized the need to increase focus on interconnections and spillovers and hence on closing the interconnectedness data gaps. The management of capital flows and the work on assessing developments on global liquidity are considered to be high priority in the near future. Although the implications for the Committee's work of this policy interest are not yet fully apparent, the balance of payments data are considered important inputs to such initiatives. Ms. Burgi-Schmelz will keep Committee members informed.

3. Ms. Burgi-Schmelz also noted that STA hosted a conference for senior officials in Washington, D.C. in March 2011 to take stock of the advancements being made, discuss main messages of G-20 bilateral consultations, and identify issues requiring further action and priorities going forward. Among the key messages emerging was the need to maintain the momentum of the G-20 Data Gaps Initiative, foster continuing progress, keep communication open between experts and policymakers, as well as improve coordination at the international level to reduce duplication of efforts.

4. With regard to this year's meeting, Ms. Adelheid-Burgi-Schmelz emphasized that the implementation of the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* remains an important topic for the Committee.

5. In closing, she welcomed the four new members of the Committee: Mr. Michael Davies from Australia, Mr. Fernando Lemos from Brazil, Mr. Leslie Tang from Hong Kong, and Mr. Hidetoshi Takeda (as a returning Committee member) from Japan. She also welcomed two new representatives from international organizations: Ms. Bettina Wistrom from OECD replacing Mr. Andreas Lindner who has recently retired, and Ms. Silke Stapel representing Eurostat. She also recognized Loida Cruz, who was the Committee member from the Philippines before joining STA and the Committee Secretariat earlier this year.

**IMF Statistics Department—Recent Developments and Current Initiatives:
Report by IMF (BOPCOM-11/03)**

6. Mr. Kozlow (IMF) presented the paper, which was largely derived from the General Note prepared for the 2011 IMF Annual Meetings. The presentation touched upon major developments and initiatives of STA during the past year, as well as the main priorities in the near term. Mr. Kozlow's presentation went beyond the information in the General Note and highlighted STA's recent activities aimed at addressing data gaps that emerged from the financial crisis, especially those identified in the report to the G-20 ministers of finance and central bank governors in 2009. In addition, he outlined initiatives to improve data management and publications and other developments in data standards, statistical methodologies, capacity building, and international statistical coordination and cooperation.

7. Mr. Kozlow alerted the Committee to an increasingly high level of interest by G-20 and other data users in liquidity and financial account transactions. In particular, the work on improving the timeliness and availability of data on international investment positions has been highly appreciated by policy makers and other data users, and similar data improvements may soon be sought in the areas of liquidity and financial transactions. He indicated that firm details on data requests in these areas were yet to emerge, and that the Committee would be consulted once there was greater clarity regarding what new data sets were desired.

8. The Committee was asked to provide its views on the need for improved data on liquidity and financial account transactions, and its insights into the types of data that are not currently available but are important for policy making purposes.

9. The Committee expressed its appreciation of the comprehensive report, and complimented the STA on its accomplishments during the previous year and for providing strong leadership on important statistical initiatives.

10. In regard to data on liquidity and financial account transactions that are not currently available but are important for policy making purposes, the Committee

identified several possibilities. In particular, one Committee member indicated interest in data on the face value of securities involved in transactions (in addition to data on the market value of such transactions). Another suggested that “flash estimates” (which are released extremely soon after the measurement period and are based on preliminary or partial data and substantial estimation) could be important. Another indicated that there was a need for enhanced data on local bond market transactions, including information on transactions in bonds denominated in the domestic currency and bought either by residents or nonresidents. Other members noted that there was a growing demand for micro data on the financial account, broken down into the greatest possible detail. Other members noted interest in real estate indicators or housing price indexes. The Committee also agreed that any expansions into these areas carried resource costs that, in many cases, could be quite substantial.

11. A number of other data gaps were also identified by the Committee. One representative¹ noted that data on trade on a value added basis would be useful. Another indicated interest in obtaining data on financial transactions not just based on a residency concept but based on a nationality concept as well.

12. In regard to other topics that were touched upon in Mr. Kozlow’s presentation, one member emphasized that it would be useful for the IMF to develop medium- and long-term plans to help countries transition from GDDS to SDDS. Another indicated that flexibility options and transition periods should be offered to countries interested in joining SDDS Plus. Another Committee member noted the importance of cross-sector consistency work. Finally, a representative observed that, in the recent past, the focus was on developing methodologies, but that there now is an emerging need for improving data flows, to acquire reported data and to facilitate accessibility.

Implementation of BPM6

Conversion of Statistics in IMF Publications to a *BPM6* Presentational Format: Report by the IMF (BOPCOM-11/04)

13. Ms. Hammer (IMF) presented the paper on STA’s recent progress in advancing the implementation of *BPM6*. The paper described STA’s work in converting statistics to a *BPM6* presentational format, to premier in the August 2012 edition of the *International Financial Statistics* and the (monthly) Balance of Payments Statistics Database.

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

14. During 2011, STA converted all country data for 2005 onwards to a generic *BPM6* presentational basis using conversion formulas. The data files were thoroughly reviewed by BP economists and were sent to countries beginning in August 2011. Countries were asked to inform STA of their preference, i.e., (i) accept the generic conversion without changes; (ii) customize those estimates in consultation with STA; or (iii) provide their own current and historic *BPM6* estimates to STA for publication in 2012.

15. The generic conversion maintains the *BPM5* balances in the current, capital, and financial accounts, thus keeping migrant transfers in the capital account; and reclassifies merchanting to goods, and repairs on goods and goods for processing to services. In the financial account the main change is the reclassification of reverse investment in direct investment according to the asset/liability concept. It is hoped that the consultations between countries and the IMF will be completed by end-January 2012. Some additional time will be taken to address matters related to metadata or country notes.

16. Furthermore, Ms. Hammer informed the Committee of the progress made in finalizing the *BPM6* report forms for the submission of data through the ICS. She referred to BOPCOM-11/15, “SDMX Data Structure for External Sector Statistics”, which describes the collaboration between the IMF and other international organizations on the development of a Data Structure Definition (DSD) for submitting data in Statistical Data and Metadata Exchange (SDMX) format. Ms. Hammer informed the Committee that jurisdictions will be urged to adopt SDMX standards for transmitting *BPM6*-based data to the international organizations. STA will also accept SDMX-ML format, or Excel files for transmitting *BPM6*-based data via the Integrated Correspondence System.

17. Finally, Ms. Hammer informed the Committee of outreach meetings that STA held with eight other IMF departments between October and December 2010. Prior to the meetings, STA identified the main points of interest and prepared customized presentations. The meetings were well received, and many different questions on the impact of the change-over to *BPM6* were discussed.

18. Committee members were asked to share information on their experiences with the conversion project, and to note any unanticipated difficulties. In addition, Committee members were asked whether STA should consider excluding migrant transfers from the generic conversion in 2014, when most countries are expected to have converted to *BPM6*.

19. Committee members expressed general satisfaction with the conversion work, and noted that the work on developing generic estimates was thoroughly done by STA. One member noted that conversion work offered an opportunity to review and correct *BPM5* basis data, which will also lead to improved *BPM6* basis data. Another Committee member explained that most African countries will initially opt for the generic conversion, because compilation procedures are not yet advanced to a *BPM6* basis, and that *BPM6* capacity building efforts would be appreciated.

20. There was general support for the proposal to remove migrant transfers from the capital account in 2014 to be in line with *BPM6*, even if this could affect net errors and omissions. One member suggested that, for the period when migrant transfers are included in *BPM6* basis estimates of capital account transactions, to consider identifying the estimate of migrant transfers, such as on an “of-which” line.

21. Some Committee members noted that their own conversion of data to a *BPM6* basis has generally proceeded well, but that the new standards for “goods for processing” and financial intermediation services indirectly measured (FISIM) posed compilation issues that may take some time to address. Another member noted that trade in services experts consider it difficult to collect data on intellectual property transactions on a survey, and are considering alternate methods of estimation.

22. On a related topic, a Committee member noted that the IMF is planning to print hard copy publications on a *BPM6* basis beginning in August 2012, and that it would be highly useful if *BPM6* basis data were available free via online access.

23. In regard to action items, the IMF will: (a) consider the need to augment its capacity building efforts in Africa, to assist in compiling data on a *BPM6* basis; (b) consider whether to identify the estimate of migrant transfers that are included in the capital account – such as through an “of-which” line – for the period that migrant transfers are included in the generic *BPM6* basis estimates; (c) consider removing migrant transfers from the capital account in 2014 for those countries who continue to submit *BPM5* basis data to the IMF for conversion and publication at that time, even if removal could affect net errors and omissions, and (d) consider the feasibility of disseminating *BPM6*-basis estimates free via online access.

Implementation of *BPM6* by the Australian Bureau of Statistics: Paper by Australian Bureau of Statistics (BOPCOM-11/06)

24. Mr. Michael Davies noted that, with the release of statistics for the September quarter 2009, the Australian Bureau of Statistics (ABS) was the first national statistical agency to implement *BPM6* and SNA2008. Mr. Davies explained that the ABS decided for a “big-bang” solution in contrast to implementing the standards in several steps over a longer period of time. The advantage of this approach is that it results in only one disruption in time series data. This decision meant that the work programs of a large number of statistical operations had to be planned well in advance, had to be well coordinated, and that a user consultation and communications program needed to be developed. A “methods board” was also set up for the changeover, and was kept afterwards to approve any future methodological changes.

25. Unfortunately, the timing of the implementation of the updated standards coincided with the onset of the global financial crisis, which made it difficult for users to determine whether movements in the series at that time were due to economic or to statistical phenomena. In addition to adopting the standards in late 2009, the opportunity was taken to improve data sources and methods to address known

deficiencies. The communications program the ABS had put in place helped to reduce the difficulties users experienced.

26. Ms. Burgi-Schmelz thanked Mr. Davies for his very informative presentation. Also, Committee members complimented the ABS for being the first country to implement *BPM6*, and also acknowledged the difficulties that arose due to the onset of the global crisis.

BPM6 Implementation Plans: Superdividends: Paper by Central Bank of Brazil (BOPCOM-11/07)

27. Mr. Lemos (Brazil) presented the paper relating to the concept of superdividends and its implementation. He noted that the concept is an important innovation and its introduction in *BPM6* is timely. However, he raised a concern that paragraph 11.27 of the *BPM6*, which provides guidance on how to identify superdividends, may be misleading. He stated that in the case of Brazil, it could have been that the level of dividends in excess of what had been previously observed was in fact a result of the outstanding performance of companies during the accounting period. He indicated that his main concern is the bilateral comparability of data or possible asymmetrical treatment when a country paying the dividend and the country receiving it adopt a different treatment, because of the subjectivity of the criteria. He recommended that the concept of superdividends be applied only in a limited number of cases.

28. The Committee expressed its appreciation for the paper. It supported the recommendation that the concept of superdividends be used only in exceptional cases. It was suggested that advice on how to identify superdividends be included in the *BPM6 Compilation Guide*. It was noted that the treatment of superdividends is important, and that it has an impact on subcomponents of the current account (but not on the overall current account balance).

Coordinated Implementation in the European Union of BPM6: Report by ECB/Eurostat (BOPCOM-11/05)

29. Mr. Rodrigo Oliveira-Soares presented a summary of developments in implementing *BPM6* in the European Union (EU) since the October 2010 Committee meeting. The EU has agreed to converge gradually to a quarterly reporting of BOP and IIP from the current 90 days after the end of reporting quarter to T+85 from 2014-2016, to T+82 in 2017 and 2018, and T+80 from 2019 onwards. The first transmission by Member States to Eurostat and ECB of data according to *BPM6* will occur on June 24, 2014, covering data for the first quarter of 2014 and all quarters of 2013. First publication of aggregates, including back data, is envisaged in November 2014. ECB/Eurostat also raised issues on the *BPM6* recommendations on shares issued by, and investments held by, investment funds, and are considering alternative treatments. With respect to the need for integration of the new data requirements into the EU legal framework, it was reported that the amended legal acts are expected to be

published in 2012. Eurostat and ECB data requests will be fully aligned and synchronized, and Member States will be sending a single file to both organizations.

30. Ms. Burgi-Schmelz thanked Mr. Oliveira-Soares for his informative presentation.

BPM6 Compilation Guide: Report by IMF (BOPCOM-11/08)

31. Ms. Hammer (IMF) presented the IMF progress report on the *BPM6 Compilation Guide (CG)*. The draft of eight chapters and two appendices had been sent to the Committee prior to this meeting for review. Many of those chapters and appendices are those that pertain to areas where major methodological changes were introduced. Committee members were invited to provide detailed comments and suggestions after the meeting, following the posting of the documents to the dedicated IMF *CG* website. This website will also be updated with the relevant 2011 papers of Committee members².

32. Ms. Hammer explained that the first set of chapters will be revised in January/February 2012, about eight weeks after the posting of the material for worldwide comments. It is planned to disseminate the second set of draft chapters to Committee members and for worldwide comments in March 2012. The pre-publication draft is scheduled for December 2012.

33. The Committee members were asked for general comments on the *CG*, and encouraged to provide case studies, especially related to the most significant changes introduced by *BPM6*.

34. There were a number of suggestions regarding material to include in the *CG*. Several members suggested including model survey forms for advanced and less developed economies in the *CG*. (The IMF replied that this was planned, and that, for example, model surveys for collecting data on international investment positions and on inward and outward foreign direct investment positions would be included.) Another member suggested including numerical examples on topics such as FISIM, fellow enterprises, and financial guarantees. Also, detailed guidance on how to estimate for missing data observations, and on how to estimate current and historical quarters when only an annual figure for a prior year is available, would be highly appreciated.

35. One Committee member suggested including a discussion of costs versus benefits with regard to implementing different data collection systems. Such a discussion could help compilers focus data improvement and enhancement efforts on areas that are most relevant for their particular circumstances. In this respect, the *CG*

² The *CG* website, <http://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>, has already been updated to include these papers.

could also provide advice on areas where compilers would benefit from coordinating their data collection with other statistical agencies.

36. The OECD representative offered to provide STA with queries the OECD has received from member states on compilation issues pertaining to direct investment. She also referred to research material that is available from the OECD that may help clarify issues regarding multi-territorial enterprises or voting power. Another participant informed the Committee that the Inter-Agency Task Force on Statistics of International Trade in Services (TFSITS) has agreed to prepare a 2010 compilation guide for the *Manual on Statistics of International Trade in Services (MSITS)* that complements the IMF *CG*. It would cover topics such as services provided by foreign affiliates, and modes of supply of services.

37. Also in connection with the *CG*, a member indicated that translation into foreign languages would be helpful.

38. Many of the Committee members informed STA of their intention to provide detailed comments on the first shipments of chapters during the course of the next weeks.

39. In regard to action items, the IMF will update the *CG* website after the Committee meeting to post chapters and appendices that were sent to the Committee for comment, and will include model survey forms (for advanced and less developed economies) in the *CG*.³ In addition, the IMF agreed to consider including in the *CG* (a) a discussion of costs versus benefits of implementing different data collection systems; (b) numerical examples on topics such as FISIM, fellow enterprises, and financial guarantees; (c) detailed guidance of how to estimate for missing data observations; and (d) detailed guidance on how to estimate current and historical quarters when only an annual figure for a prior year is available.

Agile Estimates of Private Capital Flows: *Paper by Central Bank of Russia* (BOPCOM-11/09)

40. Ms. Troshina (Central Bank of Russia (CBR)) presented the paper entitled “Agile Estimates of Private Capital Flows”, which was introduced at the 58th World Statistics Congress of the International Statistical Institute (ISI) in Dublin during August 21 – 26, 2011. In this paper Ms. Troshina informs that the CBR disseminates on its website “flash estimates” of balance of payments, external debt, and so-called private capital flow data two to three business days after the end of the reporting quarter. This initiative is highly appreciated by users despite the preliminary status of these data.

³ The *CG* website was updated soon after the conclusion of the Committee meeting, and additional chapters and appendices will be posted as they are completed.

41. Ms. Troshina explained the concept of private capital flows includes the highly volatile BOP financial account transactions of banks and other private sectors, plus net errors and omissions (the assumption is that most errors and omissions pertain to private financial flows). These quarterly and monthly data sets are especially of interest for monetary policy and macroeconomic analysis purposes and attract much attention. The data receive high media interest, not only because they are timely, but because they appear to be easily understood by journalists. The series are estimated by taking the sum of estimated current account transactions, and general government and monetary authorities' financial transactions, and reversing the sign.

42. Ms. Burgi-Schmelz thanked Ms. Troshina for the very interesting paper. Ms. Burgi-Schmelz then noted the increasing importance being placed by data users on data that are timely. She emphasized that there are almost always trade-offs between timeliness and accuracy, and that the experience of the CBR (whose data users support rapid availability of estimates) is an important example. In this context, Ms. Burgi-Schmelz noted the OAP/STA Joint Regional Seminar "Enhancing Monitoring Capacity of Capital Flows in Asia", which is planned in Tokyo during January 17–18, 2012. The IMF also indicated that it would post Ms. Troshina's paper on the IMF's *CG* website.⁴

43. Committee members also congratulated Ms. Troshina on this very interesting paper, and especially on producing early estimates with relatively small discrepancies compared to the final results.

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

44. Mr. Kozlow (IMF) reported on the progress of updating the *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (Guidelines)*. The main actions completed according to the timetable were: (i) updating of the core text of the five chapters of the *Guidelines* to improve clarity; (ii) updating of the five original appendices included in the *Guidelines*; (iii) drafting of three new appendices for the *Guidelines*; and (iv) posting of the complete material (core text and all eight appendices) on the Fund's website for world-wide consultation. The material was shared in parallel with RESTEG members for comments.

45. Mr. Kozlow reminded the Committee that the core text of the *Guidelines* maintains the current numbering of paragraphs in each chapter. However, to address many issues that are not covered in the current *Guidelines* or where guidance is scattered across several chapters, three new appendices were included: Reserve Assets and Currency Unions: Statistical Treatment of Lending to the IMF, Lending to IMF Managed Trusts and Special Drawing Rights; and Frequently Asked Questions on the Characteristics of Reserve Assets.

⁴ The paper has been posted on the *CG* website. See footnote 2.

46. The update on the existing five chapters and appendices is focused on bringing the principles of *BPM6* into the *Guidelines*, and clarifying areas where the current advice was considered unclear. The new appendix on Reserve Assets and Currency Unions provides methodological guidance on the reporting of reserve assets for an economy that is a member of a currency union. The new appendix on the Statistical Treatment of Lending to the IMF, IMF Managed Trusts, and SDRs, aims at clarifying these concepts, while the new appendix on Frequently Asked Questions on the Characteristics of Reserve Assets provides questions and answers to assist countries in identifying reserve assets under the updated international standards.

47. Mr. Kozlow also presented a summary of main comments received during the initial public comment period which ended on September 7, 2011. It was mentioned, however, that RESTEG Secretariat will try to accommodate comments that are received after that date.

48. In general, the comments were supportive of the proposed changes in text. Some comments were to clarify the treatment of repos, reverse repos, swaps, and collateral guarantees. More specifically, it was suggested that the guidance in the *Guidelines* be fully consistent with the treatments in *BPM6*.

49. Mr. Kozlow noted that the work is on track for the preparation of a pre-publication draft at end-December 2011, but the schedule remains very tight.⁵

50. A Committee member inquired on the timeline of implementation of the updated *Guidelines*. Mr. Kozlow indicated that it is desirable to implement the new standards (including the guidance in *BPM6*) as soon as possible, but that no fixed date by which countries must change over to the updated standards has been specified.

Progress of the Inter-Agency Task Force on Finance Statistics: Report by IMF (BOPCOM-11/11)

51. Ms. Cruz (IMF) reported on the main activities of the Inter-Agency Task Force on Finance Statistics (TFFS) since the Committee meeting in 2010. These include progress in the preparation and dissemination of the *Public Sector Debt Statistics (PSDS) Guide* and the Public Sector Debt (PSD) Statistics Database; proposals for the structure and timetable for the update work of the External Debt Statistics (EDS) Guide; enhancements to the Joint External Debt Hub (JEDH); and countries' participation in the Quarterly External Debt Statistics (QEDS) database.

52. A participant commended on the very good progress of the TFFS. With respect to the availability of debt data and the plan to invite advanced economies to report existing data on the debt of general government sector to the PSD statistics online centralized database, he indicated that data provided to the IMF can be shared

⁵ The schedule was adjusted after conclusion of the Committee meeting, and the pre-publication draft was posted on the IMF website in February 2012.

with the World Bank. Another participant commented that it would be appropriate to include a reference to the OECD's *Central Government Yearbook* in this report. On capacity building, a Committee member said that demand for balance of payments training courses in South America has declined, and it may be useful to offer courses in external debt and foreign direct investment to strengthen compilation in these areas.

Enhancements to the Coordinated Portfolio Investment Survey: Report by IMF (BOPCOM-11/12)

53. Ms. Cruz (IMF) updated the Committee on the work being undertaken on the CPIS Data Enhancement Project and related developments that impact CPIS, including requests for broader sharing of confidential information and growing interest in shadow banking. It was recalled that the CPIS Data Enhancement Project has three broad objectives: (i) increasing economy participation; (ii) enhancing data quality through improvements in the frequency, timeliness and scope of data; and (iii) enhancing data accessibility.

54. The key developments along these objectives were reported. In terms of economy coverage, 74 economies participated in the 2009 CPIS, one more than in previous year's survey. The number of G-20 economies participating in the CPIS remains at 18. The IMF has continued outreach efforts to increase CPIS participation through country technical assistance and country/regional training missions. On enhancing data quality, the IMF has redesigned the CPIS and SEFER forms to indicate semi-annual frequency, and enhanced scope, i.e., introducing new encouraged items, to obtain separate data on short or negative positions, and on the institutional sector of foreign debtor. The IMF deployed a new validation tool on a test basis for the 2010 CPIS to reduce STA's turn-around time for data review. On data accessibility, the IMF has focused on utilizing new technologies for presenting and exchanging data through the launch of IMF elibrary, complemented by applications for handheld devices such as iPhone, iTouch, and Android. An online CPIS metadata questionnaire was also developed following the software tools developed for the Coordinated Direct Investment Survey metadata questionnaire.

55. With respect to data sharing, Ms. Cruz reported that the IMF Executive Directors generally supported exploring the possibility of generating less aggregated data for COFER, SEFER and INFER, to facilitate better understanding of global capital flows and financial interconnectedness. Ms. Cruz also highlighted the growing interest in shadow banking, which pertains to credit intermediation services involving entities and activities outside the regular banking system. The shadow banking system may provide market participants and corporations with alternative source of funding and liquidity. However, it can also become a source of systemic risk through its interconnectedness with the regular banking system. As such, interest in the CPIS institutional sector breakdowns, in particular on other financial institutions and on their cross border interconnections, is increasing. Interest has also been expressed in a quarterly CPIS.

56. It was further emphasized that the proposed CPIS enhancements have expanded since the 2010 Committee meeting, with the addition of a from-whom to-whom matrix that cross-classifies sector of holder data by sector of issuer, on an encouraged basis.
57. The Committee members were asked to give their views of a quarterly CPIS. They also were asked how to achieve an expansion of the number of economies participating in the CPIS, and an expansion in the number of economies providing the encouraged breakdowns on a voluntary basis. They also were asked their views of the draft matrix table that would collect data on sector of holder cross-classified by sector of issuer. Further, they were asked for their views of broadened sharing of SEFER and INFER data.
58. In regard to a CPIS data frequency, Committee members understood that the collection of data beginning with the June 2013 measurement date would reflect semi-annual frequency. With that as a starting point, most members were supportive of adopting quarterly frequency at a later date to be determined. A number of economies (mostly those with security-by-security data reporting systems) said that they now could provide quarterly CPIS data, whereas others indicated that it would take some time to develop these estimates. Another member raised a concern that increasing CPIS data frequency at the same time that economies are implementing *BPM6* could raise resource challenges.
59. In regard to expanding the number of CPIS participants, a member suggested sending a mission to host a seminar in the Persian Gulf region to explain the importance of the program, and to invite senior level staff to meet on the final day of the mission. He noted that it otherwise may be difficult to obtain country commitments at seminars, because usually senior level staff do not attend. Other Committee members agreed that this suggestion may also serve to increase CPIS participation from countries in their regions.
60. In regard to how to achieve an expansion in the number of economies providing the encouraged breakdowns on a voluntary basis, Committee members had similar suggestions, i.e., to meet with senior level officials (perhaps on the final day of seminars and other missions) to seek their commitment.
61. In regard to the draft table that collects data on sector of holder cross-classified by sector of issuer, some members thought that there would be a significant number of suppressed data cells. Others considered that it would be burdensome to compile by countries without a security-by-security data reporting system. However, if the table were “voluntary” (in the sense that an economy could continue to participate in or join the CPIS exercise without providing the table), no one expressed strong objections to the table.
62. In regard to enhanced data sharing of SEFER and INFER data, one participant noted that this was more of a political decision than a statistical question. Some Committee members wanted more information before responding. One member

indicated that these data are routinely published in her country and so enhanced data sharing is agreeable, whereas another said that these data are considered highly sensitive in his organization and that he could not support any further data sharing. Another participant noted that BIS is ready to help in providing support for classifying reported data based on its experience in developing computer processing systems that distinguish between a number of different levels of confidentiality.

63. Ms. Burgi-Schmelz stressed that CPIS/SEFER/INFER/COFER data are essential for the study of financial interconnectedness and for IMF surveillance purposes. She also stressed that there is a demand from country authorities and other data users for more comprehensive data from these surveys, and for the data to be disseminated or shared more broadly.

64. In regard to action items, the IMF will consider increasing the frequency of CPIS data reporting to quarterly at a later date to be determined. In regard to increasing the number of countries participating in the CPIS, and in regard to increasing the number of CPIS countries that provide the encouraged breakdowns on a voluntary basis, the IMF will adopt the Committee's suggestion to meet with senior management upon conclusion of seminars and missions, to seek their commitment. The IMF will disseminate the matrix table that collects data on sector of holder by sector of issuer when it corresponds with CPIS participating countries concerning proposed enhancements in CPIS data frequency, timeliness, and scope.⁶ In regard to enhanced sharing of SEFER and INFER data, the IMF expects to correspond (perhaps early in the next calendar year) with countries that report on these surveys, to share its proposals.

**Results of the Coordinated Direct Investment Survey: *Report by IMF*
(BOPCOM-11/13)**

65. Ms. Cruz (IMF) reported on the results of the first Coordinated Direct Investment Survey (including from-whom-to-whom direct investment data), the features and usefulness of the CDIS results webpage, principal results of the metadata questionnaire, and improvements as a result of economies participation in the CDIS. Moreover, she briefly informed the Committee of new updates to the metadata questionnaire as well as of the outreach programs that have been/will be carried out, and the next steps for the CDIS project.

66. Committee members were asked if they have comments on the results of the 2009 CDIS, and were encouraged to give their views on how to increase the level of participation in the CDIS. A large number of comments were made on a number of different aspects of the CDIS project.

⁶ The revised CPIS report forms reflecting enhancements in frequency and scope, including the matrix table that will collect data on sector of holder cross-classified by sector of issuer, were sent to CPIS participants on January 4, 2012.

67. To broaden country participation, some members suggested contacting high level country authorities (rather than staff who attend training course) and to urge participation.
68. Other members raised users' concerns about the acceptance of multiple different methods for valuing FDI, and potential challenges posed by the use of multiple valuations. One member noted that there is a need for countries to provide data users reasons if different valuation methods are used for compiling data in the IIP and in the CDIS. Other members noted that there is no single correct method for determining the value of unlisted direct investment equity, and considered it appropriate to allow compilers to select from multiple methods, and even for a single country to publish national estimates that are based on more than one valuation method, to highlight how a statistical agency's decisions about valuation methods can impact the calculation of FDI positions.
69. Some concerns were raised about the bilateral data inconsistencies that became apparent partly because of the CDIS, as well as the highlighting of such data inconsistencies. Others, however, did not want to downplay the fact that there are large bilateral data inconsistencies – focusing attention on them can lead to efforts to address them. It was also acknowledged that the main message from the CDIS data improvements questionnaire was a highly positive one, i.e., a large majority of countries made significant-to-highly-substantial FDI data improvements due at least in part to their CDIS participation. This should be the main point from the exercise, not the work that remains to be accomplished to improve data consistency.
70. Some members indicated that the CDIS workshops were highly effective and useful. A large Middle Eastern economy indicated that it will participate in the CDIS soon.

Recent Activities of the OECD Working Group on International Investment Statistics: Report by OECD (BOPCOM-11/14)

71. Ms. Bertrand (OECD) reported on the main activities of the Working Group on International Investment Statistics (WGIIS) since the last Committee meeting in October 2010, covering the implementation of the *OECD Benchmark Definition of Foreign Direct Investment, 4th edition (BMD4)*; globalization research agenda, including harmonization and integration of FDI statistics and statistics on the Activities of Multinational Enterprises (AMNE); green FDI; bilateral FDI data hub; and FDI restrictiveness index.
72. The report noted some country experiences with regard to the implementation of *BMD4*. Ms. Bertrand also updated the Committee on its research agenda on the harmonization and integration of FDI statistics with statistics on activities of multinational enterprises, and provided examples. It was reported that the MNE Statistics Advisory Group has prepared its first draft report. OECD will apprise Committee members on further developments and invites members to provide

comments to the draft report before it is submitted to the Investment Committee in 2012.

73. On green FDI, Ms. Bertrand reported that the WGIIS agreed to contribute to the exercise of the Investment Committee on defining and measuring green FDI and to incorporate this work in its globalization research agenda.

74. Ms. Burgi-Schmelz thanked Ms. Bertrand for the report. The Committee took note of the recent activities of the WGIIS.

SDMX Data Structure Definition for *BPM6*-based Data: Report by IMF (BOPCOM-11/15)

75. At the last Committee meeting in 2010, Mr. Piché (IMF) presented an overview of the Statistical Data and Metadata eXchange (SDMX) standard and explained its benefits in the transmission of external sector statistics data. SDMX is sponsored by seven international organizations; namely the BIS, ECB, Eurostat, IMF, OECD, United Nations, and the World Bank. The purpose of establishing SDMX is to move away from the situation where the same data are transmitted in different formats to different international organizations, and to have one standard format that can be used by all organizations.

76. Ms. Hammer (IMF) updated the Committee on the work currently being undertaken to leverage the SDMX standard for external sector statistics. The IMF has closely worked with the ECB and Eurostat, in collaboration with the OECD and the BIS, on preparing a Data Structure Definition (DSD) for *BPM6*-based data reporting in SDMX format. It was agreed to create the “dimensions” in the construction of the DSD based on the core BOP and IIP methodological concepts. This allows the exchange of time series using a common approach. The finalization of the DSD for pilot-testing is planned prior to the STA dissemination of *BPM6*-based data in August 2012, although minor enhancements may still be made for a period of additional months.

77. Ms. Hammer also informed the Committee that the proposed *BPM6*-DSD for external sector statistics will be the basis to support datasets like CPIS, CDIS, and data sets of interest for other international or regional organizations. The *BPM6*-DSD will also include components for the Extended Balance of Payments Services (EBOPS) classification, in coordination with the TFSITS. An integrated DSD is being developed by the WGIIS for detailed direct investment statistics building on the *BPM6*-DSD. The Committee was invited to provide views on the best way to encourage the implementation of SDMX, particularly for very large datasets like CPIS.

78. Following the outcome of the third SDMX Global Conference in May 2011, the ECB, Eurostat, and IMF are in the process of drafting a proposal for a governance structure that would complement the technical side for the development, implementation and future maintenance of the BOP DSD project. At last year’s

Committee meeting, it was felt that the Committee could play a role in this, because the Committee is the expert group responsible for dealing with methodological matters related to *BPM6* and relationships within the scope of external sector statistics. Under the current proposed governance structure the three organizations currently in the lead for the *BPM6*-based DSD (IMF, ECB, and Eurostat) would regularly report to the SDMX-Sponsors and to the Committee. The Committee would then be the forum to review and approve the subject-matter issues related to the *BPM6*-based DSD.

79. Ms. Burgi-Schmelz underlined that there is a governance structure in place for the technical side of SDMX, and invited Committee members to express their views on whether the Committee is agreeable to be consulted on methodological aspects concerning the *BPM6*-DSD.

80. The Committee was enthusiastic about the SDMX initiative, as it is seen as a way to reduce the costs of sending data to different international organizations, at different dates, with different breakdowns. At the same time, discrepancies in national datasets published by different organizations will be diminished, and the availability of data be aligned. It was also felt that the introduction of the new methodological standards provides an opportune moment to introduce the new DSD. One participant noted that comprehensive guidance may now be needed for launching the new DSD at an operational level. Another suggested including FDI data items relevant to the OECD's work in the *BPM6*-based DSD. This latter suggestion was not widely supported, partly for pragmatic reasons – for example, including these items would complicate the DSD, and a limited number of economies would be expected to compile these data.

81. The Committee endorsed the proposed governance structure (no dissensions), and expressed great willingness to contribute to this work.

Summary of Selected Statistics Department Developments: *Report by IMF* (BOPCOM-11/16)

82. Ms. Hammer (IMF) presented a summary paper on IMF developments in external account areas such as CPIS, IIP, SWFs, remittances, and global discrepancies. The paper also informed on developments regarding the Monetary and Financial Statistics Manual, the Government Finance Statistics Manual, Financial Soundness Indicators, and SDDS Plus.

Coordinated Portfolio Investment Survey

83. Ms. Hammer presented the CPIS results for end-2009 data with seventy-four economies participating in the survey. The main development was that cross-border holdings of securities increased by 21 percent in 2009. The top ten holders of portfolio investment remained unchanged, while the ranking from the largest to the smallest holder changed somewhat.

International Investment Position Statistics

84. With regard to IIP statistics, Ms. Hammer informed the Committee that the current focus of STA in this area had been to increase the number of quarterly reporters to STA. Quarterly reporting of IIP statistics was endorsed in 2010 by the report to the G-20, *The Financial Crisis and Information Gaps*, and through the decision to prescribe quarterly IIP reporting in the SDDS by end-September 2014. At the end of October 2011, 70 economies reported quarterly IIP to STA, 15 more compared to November 2010; thus, 21 SDDS subscribers do not yet report quarterly IIP. A total of 126 economies report annual IIP, an increase of four compared to last year.

85. STA published in March 2011 the pamphlet, *Quarterly International Investment Position Statistics: Data Sources and Compilation Techniques*. It provides guidance on how to compile quarterly IIP statistics, data sources, compilation practices, revision policies, and includes case studies prepared by Committee members. The document is available for downloading on the IMF website⁷, and will be translated into foreign select languages.

Sovereign Wealth Funds

86. With regard to SWFs, Ms. Hammer informed the Committee of the outcome of the survey the International Forum of SWFs (IFSFW) conducted at the end of 2010 in collaboration with MCM. The survey inquired about the experiences SWFs have made with the application of the *Santiago Principles*. With regard to data issues, all respondents indicated that they have fully or partially implemented GAPP5⁸. The SWF reports statistical data to its owner (often, the Ministry of Finance), and the owner in turn should provide relevant statistical data to the economic accounts compiling agencies. To achieve inclusion of these data in macroeconomic datasets, STA will continue to work with compilers in SWFs countries, and advise on the correct sectoral allocation and functional classification of the data.

Remittances

87. Ms. Hammer informed the Committee about the activities in the field of remittances statistics. Since last year's meeting STA conducted a training seminar in Ghana in collaboration with the West African Institute for Financial and Economic Management (WAIFEM); participated in a two-day workshop organized by the CBR that was attended by eight members of the Commonwealth of Independent States (CIS); and took part in a video conference with countries participating in the MiRPAL

⁷ <http://www.imf.org/external/np/sta/iip/2011/030111.htm>

⁸ GAPP5 of the Santiago Principles states, that "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."

project (the World Bank's Migration and Remittances Peer-Assisted Learning Network).

Global Discrepancies

88. Ms. Hammer informed about the global discrepancies with reference to 2009 data. Updated information usually becomes available in November and is reflected in the Committee's Annual Reports.

Update of macroeconomic manuals, Financial Soundness Indicators, and SDDS Plus

89. Ms. Hammer informed the Committee of the medium-term project STA has initiated to combine the *Monetary and Financial Statistics Manual* (MFSM) with the compilation guide (MFSCG), and to incorporate changes based on the *2008 SNA* and *BPM6*. STA has formed an MFSM Expert Group, which will meet early 2012. A first draft for public comment is expected for the first half of 2013.

90. The release of the updated *Government Finance Statistical Manual* (GFSM) is expected towards the end of 2012. In February 2011, the GFS Advisory Committee met for the first time. Similar to the IMF's Balance of Payments Committee, it was established to allow consultation with country compilers and international organizations.

91. Ms. Hammer noted that the work on *Financial Soundness Indicators* (FSIs) commenced in early 2000 in order to contributing to strengthening the international financial system. The website currently contains data from 63 countries. In addition to increasing the number of reporters, existing reporters are being encouraged to rapidly build time series of FSI data as part of the G-20 Data Gaps Initiative. The list of FSIs will be reviewed in light of the lessons learned during the global crisis. First proposals are discussed by the Financial Soundness Indicators Reference Group (FSIRG) in November 2011.

92. Lastly, Ms. Hammer informed about *SDDS Plus*, an upper tier to the existing IMF's Data Standards Initiatives to address data gaps especially for countries with systemically important global financial sectors; the IMF Executive Board identified such 25 jurisdictions covering about 90 percent of the global financial system. STA has begun to reach out to market participants and SDDS subscribers to solicit their views. The CPIS, CDIS, and the currency composition of foreign exchange reserves in the Reserves Template are the categories proposed for the external sector. SDDS Plus will be discussed within the *Eighth Review of the IMF's Data Standard Initiatives* scheduled in 2012, while the official launch of SDDS Plus is intended to be at the earliest by end-2013 or the beginning of 2014.

93. Three Committee members raised concerns about the lack of flexibility options and their interest in long transition periods. Especially with respect to items that are not yet part of the regular SDDS requirements, it is difficult for potential subscribing countries to commit to SDDS Plus without prior assessment of the

feasibility. It was also noted that countries that might be able to comply with 95 percent of the SDDS requirements would not be able to join the SDDS Plus unless there were flexibility options for the remaining 5 percent.

94. Ms. Burgi-Schmelz noted that the suggestion to implement SDDS Plus was put forward by the IMF Executive Board. The original intention was to implement a new standard to address data gaps in financial sector statistics. STA, however, persuaded the Board to build on the infrastructure of the existing SDDS standard instead of creating a separate standard. Countries that join SDDS Plus signal to markets and other countries that they are capable of complying with the added requirements. Flexibility options and extended transition periods would contradict this purpose, so the challenge is to strike the right balance.

Discussions of Recent Developments with Impact on Methodology and Compilation

Production Sharing Agreements: Paper by Central Bank of Russia (BOPCOM-11/17)

95. Ms. Troshina (CBR) presented this paper, which describes the methodology employed to account for an oil production sharing agreement (PSA) in the manner that is consistent with *BPM6*.

96. A PSA is a contract in which rights to prospect, explore, and extract mineral resources from a specific area over a specified time are conveyed from the Government to investors. An oil activity that arises under a PSA meets the definition of an institutional unit that should be classified as a direct investment enterprise under international statistical definitions, because the activities are quite substantial and occur over prolonged periods, sometimes over decades. A major difficulty in accounting for these activities as direct investment enterprises is that they do not prepare a full set of accounts, such as balance sheets and income statements, that would allow for appropriate recording in international economic accounts.

97. The paper explained in some detail the estimation methodology employed by the CBR to develop positions and transactions (including income) by using available information on PSAs.

98. Ms. Burgi-Schmelz thanked Ms. Troshina for the very informative paper.

99. The Committee was very appreciative of the methodology developed by the CBR. While it was noted that data estimation was complicated and difficult, it was important in this circumstance, because of the large size of PSAs in Russia.

100. PSAs exist in many other countries. The CBR has kindly agreed to allow its paper to be posted on the IMF website, so that others may be able to borrow from the techniques used to construct high quality estimates on PSAs.

The Effects of the Great Japan Earthquake on Japan's BoP Statistics: *Paper by Central Bank of Japan (BOPCOM-11/18)*

101. Mr. Takeda (BOJ) presented this very interesting paper, which describes the facts about the quake in Japan, identifies some quake-related transactions, and sources of data and statistical treatment in the BOP. The paper also enumerates some actions relating to statistical reporting and release of information which were taken by concerned Ministries/agencies in Japan in the aftermath of the quake.

102. In particular, the Japanese statistical agencies – as well as its government and people much more broadly – had to deal with a natural disaster of unimagined proportions. In the aftermath of the earthquake, statistical estimation techniques did not exist for collecting data on donations from abroad. Japan adopted the *BPM6* treatment of insurance claims (and recorded such claims under capital transfers instead of current transfers received) to avoid a sharp revision in 2014, when Japan plans to adopt most other *BPM6* methodologies. A number of statistical surveys were suspended for the earthquake region, and the filing deadline for other surveys was extended. Missing values were imputed using predefined rules.

103. Ms. Burgi-Schmelz thanked Mr. Takeda for the very interesting paper. The members of the Committee also greatly appreciated the paper, and considered it highly informative regarding techniques that might be employed when extraordinary adverse circumstances arise.

Basel III and the Implication for External Sector Statistics: *Presentation by BIS (BOPCOM-11/19)*

104. Mr. Philippe Mesny (BIS) made a presentation on the proposed Basel III objectives, requirements, and main goals of the capital framework. With regard to balance of payments and IIP statistics, Mr. Mesny saw only limited impacts from the new capital requirements and liquidity standards under the status of Basel III at the time of the meeting. Regarding capital requirements, the need for additional resources could be satisfied through more FDI equity capital investment and retained earnings. The enhanced liquidity standards could trigger increased purchases of government debt (domestic and foreign), and change trends towards holding securities with longer maturities. There might evolve an impact on *BPM6* methodology with the review of the Trading Book by end 2011. However, conforming to *BPM6*, the Basel III Committee supports the IASB initiative to move to the Expected loss approach. There is no mention yet in the Basel III documents whether Hybrid Tier 1 capital is classified as equity or as debt instrument.

105. In regard to the classification of Hybrid Tier 1 capital as equity or debt, the relevant criterion under the international standards is whether the holder of the instrument has a claim on the residual value of the issuer upon liquidation. If the holder of the instrument has a claim on the residual value of the corporation after the claims of all creditors have been met, then the instrument should be recorded as

equity (*BPM6* paragraph 5.21), otherwise it should be recorded as debt (if there is a payment of principal or interest at some point(s)) or as a financial derivative.

106. Ms. Burgi-Schmelz thanked Mr. Mesny for the presentation. The Committee took note of the paper on the implications of Basel III for external sector statistics.

Lending to European Union Governments: An Overview: Paper by the European Commission (Eurostat) (BOPCOM-11/20)

107. Ms. Comini (Eurostat) provided this overview of the five different financial assistance schemes that are currently in place or planned to assist European Union governments in financial distress. She explained the main features, and provided guidance on how to record the activities in the balance of payments and IIP statistics.

108. Apart from legal, procedural and structural differences of the funding, the statistically relevant question refers to the correct sectoral and geographical allocation of the institutional unit holding the claim on the borrowing countries, and any related income and service fees. Two of the lending schemes are directly managed by the EU Commission, i.e., the BoP assistance, and European Financial Stabilization Mechanism (EFSM); one is based on bilateral arrangements between countries, i.e., the Greek Loan Facility (GR-LFA); and one is based on lending made by a special purpose entity created in Luxembourg, with a guarantee provided by all members of the euro area, the European Financial Stability Facility (EFSF). The European Stability Mechanism (ESM) will replace the EFSM and EFSF from mid 2013 onwards. Eurostat is of the preliminary view that the ESM be classified as EU Institution, pending the decision on the final aspect of the instrument.

109. Amongst those mentioned above, the EFSF has attracted most attention, politically and statistically, due to its impact on the government's debt of the countries that provide the loan guarantees, and because of its possible expansion in scope and volume. With Eurostat's decision that the EFSF is not to be considered an institutional unit in regard to its claims on borrowers, the principal amounts of the loans granted by the EFSF are rerouted to the government accounts of the member states, according to their specific shares in the capital of the ECB. The debt instruments issued by the EFSF, however, are considered as issued by a financial corporation located in Luxembourg, due to practical reasons.

110. Eurostat drafted detailed guidance on how to record the activities in the national accounts and balance of payments. Furthermore, Eurostat provides to all euro area member states on a monthly basis the figures that have to be recorded related to the EFSF loans, to avoid inconsistencies. In the case of bonds issued by the EFSF, the issuer is classified as a financial corporation resident in Luxembourg. In the case of bonds issued by the EFSM, the issuer is the European Commission, which is a regional international organization (and not a resident in Luxembourg) classified in the Government sector.

111. Eurostat was complimented on preparing a well structured paper with a large amount of information.

**New Developments in the BIS International Financial and Banking Statistics:
*Report by BIS (BOPCOM-11/21)***

112. Mr. Philippe Mesny gave an overview of the developments in international banking statistics, debt securities statistics, and foreign exchange and derivative statistics. He also touched on BIS' contribution to the joint external debt statistics hub, enhancements in the BIS publication/website, and meetings with central bank staff in charge of compiling BIS data.

113. Mr. Mesny referred to his other presentation for updates on debt securities statistics. On foreign exchange and derivatives statistics, he reported that the preliminary results of the 2010 triennial survey on global foreign exchange markets were released on September 1, a month ahead of similar release in 2010. New semi-annual reporters have been identified on the basis of the triennial survey. Beginning December 2011, Australia and Spain will start contributing to the semiannual survey.

114. In connection with the G-20 exercise on closing information gaps, he also reported that a biennial meeting of central bank experts in international financial statistics was held in March 2011 to discuss methodological issues. In addition, he reported that a compilers workshop was held in October 2011 to present in detail technical aspects (including data submission using SDMX standards) related to initial CGFS recommendations pertaining to locational by nationality statistics.

115. Ms. Burgi-Schmelz thanked Mr. Mesny for his report. The Committee took note of new developments in BIS international banking and finance statistics.

World Investment Report 2011: *Report by UNCTAD (BOPCOM-11/22)*

116. Mr. Fujita (UNCTAD) presented the World Investment Report 2011. He reported on FDI trends indicating that global FDI has risen moderately in 2010 but has not yet bounced back to pre-crisis levels and that recovery is estimated over the next two years, barring any unexpected global economic shocks. He also reported that, for the first time, developing and transition economies absorbed about half of global FDI inflows. Mr. Fujita highlighted the growing importance of non-equity modes (NEMs) of international production and investment such as contract manufacturing and farming, services outsourcing, franchising and licensing, and other types of contractual relationship through which transnational corporations (TNCs) coordinate the activities of host country firms, without owning a stake in those firms. Mr. Fujita also stressed the importance of collecting data for NEMs. He noted that NEMs can yield significant development benefits but at the same time pose risks for developing countries, and emphasized that maximizing development benefits from NEMs will depend on sound policymaking, government support, and strong enabling legal and institutional framework.

117. Ms. Burgi-Schmelz thanked Mr. Fujita for his report. The Committee took note of the information that Mr. Fujita presented on the World Investment Report 2011.

Work of the Task Force on Statistics of International Trade in Services: Report by OECD (BOPCOM-11/23)

118. Ms. Wistrom (OECD) briefed the Committee on the work of the Task Force on Statistics of International Trade in Services (TFSITS), which she chairs. The *MSITS 2010* is available in electronic format on the website of the Task Force, and may become available in printed format soon. Ms. Wistrom noted that the Task Force agreed to accept the UNSD's offer to take the lead in setting up a group of national experts from central banks and national statistical offices, which will prepare the *MSITS 2010 Compilation Guide* that complements the IMF *CG*. Additionally, it will cover guidance for EBOPS, FATS and Modes of Supply. This expert group will report to the Task Force, and aims at finalizing the guide by mid 2013.

119. Ms. Burgi-Schmelz thanked Ms. Wistrom for the report. The Committee took note of the work of the TFSITS.

Gulf Area Statistical Data Improvements: Oral Report by Oman

120. Mr. Sabir Al-Harbi delivered an oral presentation to the Committee on recent statistical data initiatives undertaken in the Gulf area. He noted that, at a recent Gulf Cooperation Council (GCC) meeting of central bank department heads and heads of economic statistics departments in statistical offices, there was discussion of the status of GCC country implementation of *BPM6*. This included a discussion of the types of statistics required under *BPM6*, and consideration of ways to coordinate its implementation. Some participants in the meeting wanted to improve *BPM5* basis data, whereas others wanted to implement *BPM6*.

121. In addition, Mr. Al-Harbi reported that the Council of Ministers approved the formation of GCCSTAT, which is an organization that is designed to be somewhat similar in function to Eurostat. At the meeting of the Council of Ministers, a committee was formed to detail the responsibilities of GCCSTAT. Mr. Al-Harbi noted that he represents Oman in its dealings with GCCSTAT. GCCSTAT will have responsibility for covering all domains (including monetary, financial, social, national, and external statistics), and that developmental work on GCCSTAT is scheduled to be finished in April 2012, and it is scheduled to begin operations in January 2013.

122. Ms. Burgi-Schmelz thanked Mr. Al-Harbi for his report. The Committee took note of the Gulf Area statistical data improvements.

**Proposed Revised Terms of Reference of the Committee: *Report by IMF*
(BOPCOM-11/27)**

123. Mr. Kozlow (IMF) presented the proposed revised Terms of Reference (TOR) of the Committee. The revised TOR clarifies the mandate of the Committee to indicate that it advises the IMF on how to respond to data gaps in the external sector accounts while also retaining a focus on the world statistical discrepancy; emphasizes that members are expected to attend the full meetings and to actively participate; and deletes reference to the fifth edition of the IMF's Balance of Payments Manual, now that the sixth edition of the *Balance of Payments and International Investment Position Manual* has been issued.

124. Mr. Kozlow also informed the Committee that a change in the Annual Report of the Committee is being contemplated. The goal is to make it more concise, to be consistent with the presentation of many other informational papers to IMF management.

125. The Committee agreed that the proposed TOR incorporates appropriate updates and improvements. Several Committee members initially suggested including very specific activities, but concurred that the general statements in the proposed TOR could be read as already encompassing the proposed details.

126. In regard to coordinating data collection and exchanges, it was suggested and agreed to edit the text in the proposed TOR, to delete two words as follows: "The Committee will investigate ways in which data collection can be better coordinated among countries, with a view, inter alia, to facilitating the exchange of statistics ~~among countries~~ (e.g., bilateral transactions or stock data). It will also identify related areas for study and determine how work in those areas should be carried forward."

127. The Committee would accept an additional refinement to the TOR, in regard to the use of one term (international) over another (crossborder), in the two places where the term "cross-border" is used in the proposed TOR.

128. STA will consider the Committee comments and any other issues raised and then provide a revised TOR to the Committee that highlights revisions to the initially proposed TOR in track changes.

**Debt Securities Statistics - Debt Securities Statistics/Handbook on Securities Statistics New Developments Since the 2010 Meeting: *Presentation by BIS*
(BOPCOM-11/24)**

129. Mr. Philippe Mesny (BIS) presented new developments with regard to the *Handbook on Securities Statistics* (HSS), and debt securities statistics in particular, since last year's Committee meeting. The BIS drafted Part 1 of the HSS, and the ECB Part 2 and Part 3, with technical support provided by the IMF.

130. He noted that the implementation of the new collection system based on the stylized presentation in Part 1 of the *HSS* (published in May 2009) has proven to be a major exercise for many central banks and the BIS (which is organizing the data transmission according to the new methodology and through the use of SDMX protocols). The commitment to start publishing *national data* under the collection system has been postponed until early 2012. The first tables will cover the market of issue (domestic and international), currency, maturity, and interest rate across main sectors⁹. The focus of the BIS is on non-euro area G-20 countries, while the ECB provides data from the EU central banks via the STC¹⁰.

131. In September 2010, Part 2 of the *HSS*, which covers debt securities holdings, was published in coordination with the ECB and the IMF. The publication format and timetable needs to be fine tuned. The inclusion of the *residence* of the securities holder, and the *whom-to-whom framework* between sectors and countries goes in line with the planned enhancements to the CPIS data collection.

132. In early 2011, the ECB coordinated work on Part 3 of the *HSS* with the extension to cover issues and holdings of equity securities (with a breakdown into listed and unlisted securities), and investment fund shares and units. The Review Group met mid-October in Washington D.C. and approved the last draft.

133. More specific compilation guidelines may also be developed, including the establishment of national and international security-by-security databases.

134. One Committee member suggested merging the 3 separate parts of the *HSS* into a single document; this will be considered.

Cross-Sectoral Data Consistency: Report by IMF (BOPCOM-11/25)

135. Ms. Cruz (IMF) presented this paper to inform the Committee members of STA's Cross-Sectoral Data Consistency (CSDC) project which aimed to assess data quality by reviewing data consistency across economic sectors, with a view to improving consistency across statistical domains, investigating possible reasons, and providing recommendations to address the inconsistencies. The project examined balance of payments (BP) data vs. Financial Institutions (FI) data; BP data vs. real sector (RE) data; and FI data vs. government finance (GO) data. The exercise, which covered G-20 countries plus five other pilot countries, aims to address data inconsistencies that could affect economic analysis of member countries, IMF financial programming operations, and surveillance work conducted by the IMF's Area Departments. The main findings suggest that data inconsistencies exist for most

⁹ At last year's Committee meeting, one member suggested improving the presentation table on positions by adding a separate line for accrued interest.

¹⁰ STC = Statistics Committee of the European System of Central Banks.

countries, regardless of their size and level of development. Given the initial results, STA is proposing the continuation of its work on this project.

136. Committee members were asked whether they supported STA's efforts to raise awareness of inter-sectoral inconsistencies, and how STA could enhance those efforts. They also were invited to share information on work undertaken or underway in their countries, to improve data consistency.

137. The Committee appreciated the presentation and had a rich discussion. Nearly all Committee members believed that this type of exercise was very useful and relevant, and expressed strong support for STA's work and recommendations on this area.

138. Some Committee members shared information on their own experiences. For example, one Committee member commented that, in his country, there is an increased emphasis on data sharing between government agencies, and different agencies are beginning to rely on the same source data, to promote consistency. Another Committee member said that, in his country, there is a standing committee that looks into data coherence. Another Committee member described an initiative now underway to develop an integrated set of macroeconomic accounts (including data on production, income, financial assets, revaluations, etc.). A member indicated that this exercise is an obvious one for countries with centralized statistical agencies with full *Flow-of-Funds Accounts*. In addition, another Committee member described efforts conducted by the ECB, Eurostat, and the statistical office in her own country to examine reasons for discrepancies. She suggested that the IMF's efforts should be coordinated with these other efforts, so that countries do not have to re-explain reasons for discrepancies several times. The representatives from the ECB and Eurostat agreed that their institutions have done much work on promoting consistency across statistical domains, and offered their full support to the IMF initiative. They noted that while data consistency seems to have improved, further improvements and constant monitoring are needed.

139. Several Committee members emphasized the importance of having a structured exercise. They recommended that the IMF partly address inconsistencies by preparing a template identifying large inconsistencies. This template would be shared with an appropriate contact person in individual countries (such as an SDDS coordinator, head of research departments, or other contact person), so that countries could work on identifying causes and proposing possible courses of action to address their data consistency problems.

Medium Term Work Program of the Committee: Report by IMF (BOPCOM-11/26)

140. Mr. Kozlow (IMF) presented the updated medium-term work program of the Committee and the research agenda, and solicited the input of the Committee. The only changes in the level of priorities that are assigned to topics involve the work on

the CDIS. The CDIS was considered a top priority last year, and is proposed as a medium priority, reflecting the fact that the CDIS is now an on-going annual exercise.

141. The implementation of *BPM6*, the *BPM6 Compilation Guide*, the *Reserve Template Guidelines*, and the CPIS enhancements remain top priorities. In addition, expanding the number of countries reporting annual or quarterly IIP data remains a top priority.

142. Although not noted in the proposed work program, work on improving data on global liquidity and financial account transactions is gaining interest by G-20 and other data users and could soon become a priority. Work on improving the timeliness and availability of IIP data was highly appreciated by policy makers and other data users, and similar data improvements may soon be sought in the areas of liquidity and financial transactions. The Committee is invited to express its views on the need, and its support, for improved data in these areas although no new initiative is entered into the proposed work program.

143. The *External Debt Guide* is currently being updated to reflect adoption of the sixth edition of *BPM6*, and it is scheduled to be posted on the IMF website at end-December 2012. The work on external debt remains a medium priority.

144. The Committee generally agreed with the proposed medium-term work program. One participant noted that STA is actively seeking to broaden the sharing of restricted or confidential statistical data with the consent of the data provider, and suggested that this work be noted in the work program (STA agreed with this suggestion). Others suggested that STA's work in the area of data flow (including the expansion in the use of SDMX technologies and the adoption of several data reporting templates) could be explicitly noted under the topic that deals with implementing *BPM6*.

145. In regard to potential initiatives in the area of global liquidity and financial account transactions, a member asked how and when STA will communicate with the Committee. Ms. Burgi-Schmelz responded that, while it remains unclear how and when STA would communicate, she assured the Committee that STA would consult with the statistical community when more specific needs for statistics in these areas became known.

Summary of Discussion: Report by IMF (BOPCOM-11/28)

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