BOPCOM—13/16

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IMF Committee on Balance of Payments Statistics
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Summary of Selected Statistics Department Developments

Prepared by the Statistics Department
International Monetary Fund

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I. Summary of Selected STA Developments

1. This paper aims at informing the members of the IMF Committee on Balance of Payments Statistics (Committee) of IMF Statistics Department (STA) developments in selected areas since the 2012 meeting. These developments cover the following selected areas: Cross-Sector Data Consistency, Global Discrepancies, Sovereign Wealth Funds, and Remittances. The paper also reports on the IMF G-20 Outreach, the first IMF Statistical Forum on *Statistics for Global Economic and Financial Stability*, and progress involving the Special Data Dissemination Standard Plus.

II. Developments in Selected External Sector Statistics Areas

A. Cross-Sector Data Consistency

2. STA has stepped up its efforts in recent years to minimize inconsistencies in its disseminated data, and to understand reasons for inconsistencies that remain outstanding. In recognition of the importance of cross-sector consistency among the different areas of macroeconomic statistics (real sector, external sector, fiscal sector, and monetary and financial sector) for sound analysis and surveillance, STA established in early 2012 the Cross-Sector Consistency Group (CSCG). The CSCG provides a forum for identifying and discussing data inconsistencies, and developing plans and taking actions to address inconsistencies in collaboration with reporting countries. Cross-sector consistency work supports STA's data quality improvement goals, as articulated in several Board papers, including Data Provision to the Fund for Surveillance Purposes, the G-20/FSB DGI, and the Fund's Data Standards Initiatives.

3. The CSCG's work focused on an initial set of countries that reflected the diverse nature of the IMF's membership, and on selected data series.[1] Recently, data for additional countries have been carefully reviewed to identify any large inconsistencies[2] and new data series have been added to the list of indicators used for checking cross-sector data consistency.[3] Data inconsistencies across macroeconomic datasets have been found to exist for most countries, regardless of their size and level of development. Such inconsistencies may arise from a variety of reasons, including methodological differences and different data vintages. An important outcome of the work on enhancing cross-sector data consistency is that a number of member countries have now identified and implemented various ways to

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[1] See also BOPCOM-12/23.

[2] Inconsistencies are analyzed by the CSCG by looking at both percentage and absolute value differences. Inconsistencies that are sizable in terms of both percentage (above 25 percent) and absolute value (much more than ten million U.S. dollars) are the main focus of further review by the CSCG.

[3] General government assets and general government liabilities (comparison between International Investment Position and government finance statistics).

address inconsistencies (e.g., improved primary source data, established working groups or new procedures to identify and resolve inconsistencies). Many countries have submitted revised data to STA. However, it should also be noted that, in spite of ongoing efforts, many inconsistencies persist, and new inconsistencies may sometimes arise. In particular, member country resource constrains often limit the scope of their work in the short—and medium—term.

4. Close collaboration with reporting countries, other relevant international organizations that disseminate data for member countries, and IMF area departments has been essential to the success of this initiative. More specifically, because a number of agencies within a country may be involved in compiling macroeconomic statistics, the work on enhancing cross-sector data consistency strengthened national inter-agency cooperation to resolve inconsistencies. In addition, other international organizations—namely, the European Central Bank (ECB) and Eurostat—also have projects underway to identify and resolve inconsistencies in data provided by their members. The ECB and Eurostat are supportive of STA's initiative, and the CSCG is coordinating with them to follow-up with member countries on common issues.

5. The recent work undertaken by STA to further enhance data consistency has yielded significant positive results in a relatively brief period of time. In May 2013, a Board paper, "Improving Cross-Sector Data Consistency", was prepared to inform Executive Directors of STA's work to further enhance data consistency. In particular, it discussed (i) how STA's work in this area supports STA's efforts to improve data quality; (ii) areas of statistics where inconsistencies are often found; (iii) main outcomes and initial findings; (iv) cooperation with member countries and other relevant international organizations; (v) cooperation with other Fund departments; and (vi) the next steps. Executive Directors have expressed a strong interest in better and more consistent data, and have supported STA's efforts in this area.

6. The next steps of such work involve (i) expanding this work to eventually cover all countries; (ii) monitoring inconsistencies on an ongoing basis so that they are not allowed to persist without follow-up with countries; (iii) developing a list of methodological differences among the major macroeconomic statistical manuals.

B. Global Discrepancies[4]

7. According to data published in the 2012 *Balance of Payments Statistics Yearbook*, the global current account balance (reflecting the difference between current account receipts and payments) was consistently positive in 2005–11 (see Appendix Tables 1 and 2).

[4] See also: IMF Committee on Balance of Payments Statistics Annual Report 2012 (http://www.imf.org/external/pubs/cat/longres.cfm?sk=40532.0).

It increased to $454 billion in 2011, compared to $392 billion in 2010.[5] In both years, the balance on goods trade was largest, followed by services trade. The balances on primary and secondary incomes were much smaller. The global goods balance was $388 billion in 2011, compared to $334 billion in 2010, and the global services balance was $128 billion in 2011, compared to $110 billion in 2010.

8. The global financial account balance fell in 2011 from a positive $177 billion in 2010 to a positive $136 billion in 2011. These positive balances indicate that, at the global level, acquisitions of financial assets are overestimated and/or the incurrence of liabilities is understated.

9. In 2009, STA developed world and regional IIP aggregates–similar to the coverage in the balance of payments world and regional tables–by including estimates for nonreporting economies. Similarly, world assets increased from $116 trillion at end–2010 to $122 trillion at end–2011 (see Appendix Table 3). World liabilities increased from $116 trillion at end–2010 to $122 trillion at end–2011.

10. Updated data on global discrepancies will be available in November 2013 and included in the 2013 *Annual Report* of the Committee.

C. Sovereign Wealth Funds (SWFs)

11. The International Forum of Sovereign Wealth Funds (IFSWF) finalized the analysis from a survey measuring IFSWF members' experiences in implementing the Santiago Principles (SP).[6] The survey was carried out during the first half of 2013, and the key outcomes were presented during the annual meeting of the IFSWF in Oslo, Norway, on October 2–3, 2013. The meeting's agenda focused on the implementation of the SP, investment strategies for long-term sovereign investors, corporate governance and SWFs, and the future of innovation.

12. The information collected through the survey (online tool) supports member country adherence to Generally Accepted Principles and Practices. In particular, it promotes information-sharing among the membership, including on best practices. The online tool will also gauge long-term progress in implementing the SP, and identify challenges that are faced.

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[5] During its last meeting in January 2013, the Committee discussed possible reasons for the increase in the level of global current account discrepancies in the past couple of years: the adoption of *BPM6* entailing an increased use of different models and indirect estimation methods; compilation challenges for countries belonging to custom unions; and asymmetries caused by outsourcing, shuttle trade, smuggling, volatile exchange rates, and non-cash transactions (such as exchanges of shares).

[6] The Santiago Principles represent a set of voluntary generally accepted principles and practices that pertain to SWFs' investment practices and objectives. They cover three key areas: (i) legal framework, objectives, and coordination with macroeconomic policies; (ii) institutional framework and governance structure; and (iii) investment and risk management framework.

13. The number of members using the tool has increased to 84 percent in 2013 compared to 76 percent in 2011. About 86 percent of IFSWF members follow practices that are fully consistent with the SP, while 7 percent are partially implemented. Seventy-five percent of IFSWF members published their 2012 annual reports and/or monthly statements on the size and operations of their SWFs.

14. STA has continued its dialogue with balance of payments compilers in SWF countries to obtain and properly include relevant data in macroeconomic statistics. Particular attention to the statistical treatment of SWFs in reserves was given during one-week seminars at the Singapore Regional Training Institute (June 2012) and Joint Vienna Institute (August 2013) on Measuring Reserve Assets, as part of STA's outreach efforts following the recent updating of the international statistical standards on international reserves.

D. Remittances

15. Since the 2012 meeting of the Committee, STA completed the translation of the *International Transactions in Remittances: Guide for Compilers and Users* (*RCG*). The Arabic, Chinese, French, Russian, and Spanish language versions of the *RCG* are now available on the IMF website at http://www.imf.org/external/np/sta/bop/remitt.htm and in hard copy.

16. STA continued to provide compilation guidance on remittances statistics through technical assistance missions and training in the area of external sector statistics. In September 2013, in cooperation of the West African Institute for Financial and Economic Management (WAIFEM), a two-week course on external sector statistics was conducted in the Gambia that included a module on remittances statistics. The module was designed as a follow up to the Remittances Statistics seminar conducted for WAIFEM member countries in 2011. The course included participants from both WAIFEM and West African Economic and Monetary Union member countries.

17. Also, in response to an invitation from the World Bank, STA participated in two events related to remittances. The meeting of the Knowledge Partnership on Migration and Development (KNOMAD), held in Switzerland (December 3–4, 2012), initiated the five-year KNOMAD project aimed to provide a multidisciplinary platform to generate and exchange knowledge on migration and remittances. The workshop on Improving Data for Growth in Small States, which was jointly organized by the World Bank and Commonwealth Secretariat in Barbados (December 6, 2012), focused on examining options for strengthening data support for inclusive growth policies in the Caribbean.

III. Other Developments

A. G-20 Outreach

18. Among various global initiatives to address data needs, a primary focus of STA's efforts continues to be the IMF/Financial Stability Board (FSB)'s G-20 Data Gaps Initiative (DGI). The DGI is a comprehensive multi-year program launched in 2009 and endorsed by the G-20 Finance Ministers and Central Bank Governors and the IMF's International Monetary and Financial Committee (IMFC). It includes 20 recommendations to address data gaps in four main areas: build-up of risk in the financial sector, cross-border financial linkages, vulnerability of domestic economies to shocks, and improving communication of official statistics, as indentified in the report *The Financial Crisis and Information Gaps*[7] (presented to the G-20 Finance Ministers and Central Bank Governors in November 2009).

19. In the communiqué issued by the G-20 Finance Ministers and Central Bank Governors at their July 2013 meeting in Moscow, they reiterated their support for implementing the recommendations of the DGI and considered the data enhancements proposed under the DGI to be prerequisites for the development of parallel enhancements in policy analysis. Over the past five years, considerable progress has been made in implementing the DGI, both by international agencies and by the G-20 economies. At the international level, work on the DGI has been coordinated by the Inter-Agency Group on Economic and Financial Statistics (IAG), chaired by the IMF and encompassing the Bank for International Settlements (BIS), the European Central Bank (ECB), Eurostat, the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN), and the World Bank. Established in late 2008, the IAG has been playing a pivotal role in promoting and implementing the DGI. Through its quarterly video conferences and enhanced communication, the IAG has been successful in coordinating efforts among its member agencies to address data gaps and accelerate progress in filling these gaps. Progress on the DGI has also benefitted from intensive consultations with the G-20 economies. In the first half of 2013, STA undertook bilateral consultative missions to individual G-20 economies to discuss the progress achieved at the national level, work plans, and the timetable to further implement the DGI. In April 2013, STA, the ECB, and Eurostat jointly organized a regional conference in Frankfurt for the European economies to address specific issues facing these economies. In May 2013, STA and the Bank of the Russian Federation co-organized a G-20 technical meeting on the DGI in Moscow. More than 50 participants from 19 G-20 economies, and members of the IAG, exchanged information on their experiences in implementing the DGI recommendations, identified main challenges and issues, and proposed ways forward to address the challenges.

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[7] See http://www.imf.org/external/np/g20/pdf/102909.pdf.

20. The consultation process culminated in a global conference jointly hosted by the FSB and the IMF in Washington, D.C., in June 2013. The global conference gathered more than 60 senior data users and statisticians from the G-20 economies plus non-G-20 member economies of the FSB. Participants took stock of the progress made in implementing the DGI, as well as the policy use of the data and of action plans and timetables going forward. They noted the importance of continuing the work in several priority areas where proposed enhancements to datasets should be implemented: the global systemically important financial institutions (G-SIFIS); cross-border financial linkages, including the BIS' International Banking Statistics, the IMF's Coordinated Portfolio Investment Survey (CPIS) and International Investment Position; sectoral accounts and balance sheets; and general government finance statistics. The outcomes of the consultation provided important input for the annual IMF/FSB progress report on the DGI to the G-20 Finance Ministers and Central Bank Governors.[8]

B. First IMF Statistical Forum

21. STA will host the first IMF Statistical Forum on Statistics for *Global Economic and Financial Stability*, in Washington, D.C., during November 12–13, 2013. The forum will address the current global economic issues from a policy and analytical perspective and related statistical needs. Consequently, the target audience is both policy makers and statisticians.

22. This first IMF Statistical Forum will build on various multilateral initiatives such as the G-20/IMFC Data Gaps Initiative, and the IMF's Special Data Dissemination Standard Plus. The forum will address three broad questions: Do we have the right data to address the current global economic issues? Are we using the available data to the full? What else do we need? In this context, the forum is intended to create a medium for open discussion on cutting-edge statistical issues with data users, providers, and policymakers; deepen the understanding of different statistical perspectives and share information on data availability, usability, and interpretation; and to build a broader constituency for recent data initiatives.

23. STA envisages a publication based on the forum's invited papers and discussants' written comments.

C. Special Data Dissemination Standard (SDDS) Plus

24. The Special Data Dissemination Standard Plus (SDDS Plus), an upper tier of the IMF's Data Standards Initiatives, was approved by the IMF Executive Board at the time of

[8] Following the endorsement by the G-20 of the recommendations in November 2009, three reports (May 2010, June 2011, and September 2012) have been submitted. These reports are available on the IMF Website "IMF and the Group of Twenty": http://www.imf.org/external/np/g20/pdf/053110.pdf, http://www.imf.org/external/np/g20/pdf/063011.pdf; the 2013 Report will be posted later in the year.

the Eighth Review of the Fund's Data Standards Initiatives in February 2012. The SDDS Plus is open to all SDDS subscribers but is aimed at subscribers with systemically important financial sectors.[9]

25. In September 2012, STA held a SDDS Plus workshop to inform (invited) participants of the structure of this new initiative, including detailed presentations on the nine new data categories covered. Participants in the workshop provided staff with feedback on potential concerns and technical issues in taking the initiative forward, as well as broad endorsement of the desirability and feasibility of adherence. The workshop was followed up with a letter from STA (November 2012) inviting expressions of interest to adhere to the SDDS Plus, indicating that Fund staff would facilitate adherence including through missions (if requested). Several countries have expressed such interest and STA staff is liaising with them, as well as with two countries that are assisting in "piloting" and providing feedback on some of the design elements related to information technology (including a revamped National Summary Data Page).

26. An *SDDS Plus Guide for Adherents and Users*—which details the standards on the coverage, periodicity, and timeliness of the nine additional SDDS Plus categories—was prepared in December 2012 and a pre-publication version is available on the Dissemination Standards Bulletin Board (DSBB) of the IMF at http://dsbb.imf.org/.
The published version will be posted shortly on the DSBB.

27. The SDDS Plus complements the G-20 Data Gaps Initiative (DGI) to support the dissemination of data that can improve the functioning of markets through the identification and monitoring of the build-up of risk in the financial sector, cross border inter-linkages, and vulnerabilities and sectoral interconnections. Given the consistency between the information needs for the DGI and the SDDS Plus,[10] as countries make progress with the DGI, they would also be working towards adherence to the SDDS Plus.

[9] An overview of the SDDS Plus initiative is available in the Summary of Selected Statistics Department Developments: Report by the IMF (BOPCOM-12/15).

[10] See IMF Working Paper (WP/13/6), "Why are the G-20 Data Gaps Initiative and the SDDS Plus Relevant for Financial Stability Analysis?", by Robert Heath, available at http://www.imf.org/external/pubs/ft/wp/2013/wp1306.pdf.

Table 1. Global Balances on Current Account, 2005–2011

(In billions of U.S. dollars)

	2005	2006	2007	2008	2009	2010	2011	Average balance 2005-2011
Current account balance	**56.3**	**219.7**	**351.3**	**265.5**	**267.3**	**391.5**	**453.6**	**286.5**
Goods balance	64.5	140.3	223.5	192.8	229.6	333.7	387.8	**224.6**
Credit	10,140.2	11,730.5	13,622.6	15,729.9	12,226.2	14,909.9	17,867.8	
Debit	10,075.7	11,590.1	13,399.1	15,537.0	11,996.7	14,576.2	17,479.9	
Services balance	64.4	112.1	168.2	120.4	97.5	110.2	128.3	**114.4**
Credit	2,556.1	2,896.1	3,464.0	3,882.2	3,490.4	3,820.9	4,243.5	
Debit	2,491.8	2,784.0	3,295.8	3,761.9	3,392.9	3,710.7	4,115.2	
Primary Income balance	-50.0	-45.8	-44.8	-63.7	-35.3	-29.8	-36.0	**-43.6**
Credit	2,442.8	3,155.1	4,066.6	4,023.6	2,977.0	3,165.9	3,577.5	
Debit	2,492.8	3,200.9	4,111.4	4,087.3	3,012.4	3,195.7	3,613.4	
Secondary Income balance	-22.6	13.1	4.4	15.9	-24.4	-22.7	-26.6	**-9.0**
Credit	734.7	809.6	923.7	1,047.9	984.1	1,000.6	1,128.5	
Debit	757.3	796.5	919.3	1,031.9	1,008.5	1,023.3	1,155.1	
Memorandum items								
Current account balance as percent of gross current account transactions	0.2	0.6	0.8	0.5	0.7	0.9	0.9	**0.6**

Table 1. Global Balances on Current Account, 2005–2011 (*concluded*)

(In billions of U.S. dollars)

	2005	2006	2007	2008	2009	2010	2011	Average balance 2005-2011
Goods balance as percent of gross goods transactions	0.3	0.6	0.8	0.6	0.9	1.1	1.1	**0.8**
Services balance as percent of gross services transactions	1.3	2.0	2.5	1.6	1.4	1.5	1.5	**1.7**
Primary Income balance as percent of gross primary income transactions	1.0	0.7	0.5	0.8	0.6	0.5	0.5	**0.7**
Secondary Income balance as percent of gross secondary income transactions	1.5	0.8	0.2	0.8	1.2	1.1	1.2	**1.0**
Capital account balance as a percentage of gross capital account transactions	13.5	5.4	8.1	2.2	3.6	15.9	10.4	**8.4**

Table 2. Global Balances on Capital and Financial Accounts, 2005–2011

(In billions of U.S. dollars)

	2005	2006	2007	2008	2009	2010	2011	Average balance 2005-2011
Capital account balance	**28.7**	**13.9**	**-17.8**	**4.7**	**-7.9**	**37.7**	**25.1**	**12.1**
Credit	120.4	136.0	101.1	110.1	104.0	137.9	133.3	
Debit	91.7	122.2	118.9	105.4	111.9	100.2	108.2	
Financial account balance	**74.2**	**144.0**	**331.3**	**65.0**	**151.8**	**176.6**	**135.7**	**154.1**
Direct investment	-120.4	-84.7	153.3	181.9	4.6	-34.6	-52.9	**6.8**
Assets	1,305.2	1,721.8	2,770.6	2,436.2	1,408.5	1,651.8	2,014.0	
Liabilities	1,425.5	1,806.5	2,617.3	2,254.2	1,403.9	1,686.3	2,067.0	
Portfolio investment	-206.8	-160.9	-153.3	-292.3	226.9	-213.4	-319.1	**-159.8**
Assets	2,571.5	2,829.1	2,562.2	-55.7	1,822.6	1,323.1	105.8	
Liabilities minus LCFAR[1]	2,778.2	2,990.0	2,715.5	236.6	1,595.7	1,536.5	424.9	
Liabilities including LCFAR	3,186.1	3,511.4	3,639.1	1,116.5	2,320.9	2,447.6	1,128.2	
LCFAR (in Portfolio investment)	407.9	521.4	923.6	879.9	725.3	911.1	703.3	

[1] Liabilities constituting foreign authorities' reserves. The data in liabilities constituting foreign authorities' reserves were derived from information collected by the IMF from a sample of large reserve-holding countries. These data were used to adjust portfolio and other investment liabilities to align the data better with corresponding asset series.

Table 2. Global Balances on Capital and Financial Accounts, 2005–2011 (*concluded*)

(In billions of U.S. dollars)

	2005	2006	2007	2008	2009	2010	2011	Average balance 2005-2011
Financial Derivatives (other than reserves)								
and Employee Stock Options	11.3	-70.6	123.0	338.7	-93.3	-94.8	-11.3	**29.0**
Assets	-452.5	-354.0	-444.2	-797.5	-965.5	-1,143.0	-1,487.6	
Liabilities	-463.8	-283.4	-567.2	-1,136.2	-872.2	-1,048.2	-1,476.4	
Other investment	330.6	334.6	32.6	-305.8	-277.1	303.3	416.6	**119.3**
Assets	2,973.4	3,471.0	5,787.1	-1,020.2	-2116.3	2,176.2	2,423.1	
Liabilities minus LCFAR[1]	2,642.8	3,136.5	5,754.6	-714.5	-1,839.3	1,872.9	2,006.6	
Liabilities including LCFAR	2,811.9	3,338.4	5,937.7	-903.9	-1,825.0	1,928.6	2,303.4	
LCFAR (in Other Investment)	169.1	202.0	183.2	-189.4	14.2	55.7	296.9	
Reserves minus LCFAR	59.5	125.5	175.7	142.5	290.6	216.1	102.4	**158.9**
Reserves	636.4	848.9	1,282.5	833.0	1,030.1	1,182.9	1,102.6	
LCFAR	576.9	723.4	1,106.8	690.5	739.5	966.8	1,000.1	
Net errors and omissions[2]	-10.8	-89.6	-2.1	-205.2	-107.6	-252.6	-343.0	**-144.4**

Source: *Balance of Payments Statistics Yearbook*, Volume 63, Part 2, 2012

Note: In the financial account balance, a positive sign indicates a net increase in assets and/or a net decrease in liabilities, while a negative sign indicates a net increase in liabilities and/or a net decrease in assets.

[1] Liabilities constituting foreign authorities' reserves. The data in liabilities constituting foreign authorities' reserves were derived from information collected by the IMF from a sample of large reserve-holding countries. These data were used to adjust portfolio and other investment liabilities to align the data better with corresponding asset series.

[2] The sum of recorded transactions with sign reversed.

Table 3. Global IIP—Assets and Liabilities, 2005–2011

(In billions of U.S. dollars)

	2005	2006	2007	2008	2009	2010	2011
Assets							
World Total	65,343	82,976	104,761	102,202	106,310	116,086	122,232
Advanced Economies	58,788	74,359	93,405	90,302	92,563	100,343	104,770
Emerging and Developing Economies	6,555	8,617	11,357	11,900	13,747	15,743	17,462
Developing Asia	1,875	2,520	3,539	4,056	4,747	5,650	6,390
Europe	993	1,505	2,169	2,192	2,327	2,487	2,631
Central and Eastern Europe	367	602	822	864	913	926	933
CIS and Mongolia	626	903	1,348	1,328	1,414	1,560	1,698
Middle East and Northern Africa	1,571	2,068	2,488	2,540	2,656	2,846	3,283
Sub-Saharan Africa	279	353	438	444	819	963	1,045
Western Hemisphere	1,838	2,170	2,723	2,668	3,197	3,797	4,114
Liabilities							
World Total	66,537	83,977	105,570	102,407	105,919	115,673	121,750
Advanced Economies	59,446	75,203	94,105	91,554	92,405	99,744	105,017
Emerging and Developing Economies	7,091	8,774	11,465	10,853	13,515	15,930	16,733
Developing Asia	1,776	2,200	2,732	2,893	3,658	4,598	5,260
Europe	1,585	2,265	3,341	2,903	3,337	3,657	3,576
Central and Eastern Europe	870	1,256	1,762	1,749	1,941	2,039	1,955
CIS and Mongolia	715	1,009	1,578	1,154	1,396	1,618	1,622
Middle East and Northern Africa	784	962	1,221	1,340	1,447	1,568	1,663
Sub-Saharan Africa	472	483	582	527	897	1,044	1,090
Western Hemisphere	2,474	2,863	3,589	3,189	4,175	5,063	5,144
Net IIP[1]	**-1,194**	**-1,001**	**-808**	**-205**	**391**	**413**	**482**

[1] The balances in IIP assets and liabilities for all economies and international organizations combined should be a net positive figure at the world level, by the value of holdings of gold bullion included in monetary gold.