

**Twenty-Sixth Meeting of the  
IMF Committee on Balance of Payments Statistics  
Muscat, Oman  
October 28–30, 2013**

**Summary of Discussion**

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



## TWENTY-SIXTH MEETING OF THE IMF COMMITTEE ON BALANCE OF PAYMENTS STATISTICS

### Summary of Discussion

#### Opening Remarks

1. The meeting was opened by Ms. Salima Al Harthi, Acting Director General of Economic Statistics, National Center for Statistics and Information (NCSI) who welcomed the Committee to Muscat. She noted the pivotal role of the International Monetary Fund (IMF) in the context of the current global climate, and the value to its membership in providing technical advice on the financial sector. Regarding the Committee's work, she underscored the importance of moving forward on the implementation of the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* as key to ensuring the accuracy of external sector statistics. Ms. Al Harthi highlighted the creation of the Gulf Cooperation Council Statistics Centre (GCC-Stat) as playing a much-needed role in the field of statistics. Noting the importance of coordination between GCC-Stat and the national central banks and statistical offices of GCC member states, she challenged GCC-Stat to aim for new horizons and called for excellence and reliability to be important attributes for the organization's outputs.
2. Opening remarks were also delivered by Mr. Ducharme, Director of the IMF's Statistics Department (STA), who, as a newly appointed Director of STA, was chairing his first BOPCOM meeting. Mr. Ducharme expressed his appreciation to the NCSI for hosting this meeting, and to Mr. Sabir Al-Harbi and Mr. Khalid Al Mudhafar for their roles in planning and implementing exceptional arrangements for the meeting.
3. In his remarks, Mr. Ducharme pointed to the importance of the Committee's current work: the magnitude of the recent economic and financial crisis had continued to provide a strong policy impetus to reassess and act on the scope and coverage of economic and financial datasets. Mr. Ducharme emphasized that the IMF Managing Director's Global Policy Agenda (GPA), articulated at the recently-concluded IMF/World Bank Annual Meetings in Washington, D.C., underscored the important role of the financial surveillance strategy in analyzing the implications of financial interconnectedness between countries. As part of the efforts to strengthen financial systems, the GPA accorded priority to continuing support for data dissemination and the G-20 DGI. Furthermore, looking ahead, one of the most important strategic priorities for the IMF's surveillance would be to deepen the understanding of the nature and implications of cross-border linkages and spillovers.
4. Mr. Ducharme emphasized that, against this background, the work of the Committee remained of utmost importance. The agenda this year covered four broad areas i) implementation of *BPM6*; ii) global interconnectedness; iii) reserve assets; and iv) the reporting of new developments by international organizations.

5. Mr. Ducharme underlined that the implementation of *BPM6* remained an important topic for the Committee. The past year had seen the preparation of a complete draft of the *BPM6 Compilation Guide*, as well as the increasing number of economies reporting balance of payments (BOP) and IIP data on a *BPM6* basis. STA has also been closely collaborating with the IMF Research Department in its endeavor to implement the *BPM6* framework in its publication, *World Economic Outlook* in October 2014. In addition to STA reporting on these developments, Mr. Ducharme noted the number of presentations by countries and international organizations on progress in implementing *BPM6*, including papers on the finalization of the Statistical Data and Metadata eXchange (SDMX) Data Structure Definition (DSD) for *BPM6*-based data, the *BPM6* sign convention, and best practices for communicating the *BPM6* migration.

6. Mr. Ducharme underlined the full and stimulating agenda for the meeting, and encouraged the Committee to share its visions on the Committee's medium term agenda. In concluding, Mr. Ducharme emphasized the Committee's long tradition of leading and shaping statistical policies and methodologies on external sector statistics, and noted that he was pleased to be joining the Committee and continuing this tradition.

7. Mr. Ducharme welcomed the new members<sup>1</sup> and other participants to the meeting: Mr. Fernando Rocha, Banco Central do Brasil; Ms. Jian Han, SAFE, China; Mr. Pim Claassen, De Nederlandsche Bank; Mr. Hitoshi Hirokawa, Ministry of Finance, Japan; Mr. Philip Wooldridge, BIS; and Mr. Nadim Ahmad, OECD Statistics Directorate.

**The Role of the Gulf Cooperation Council Statistics Centre (GCC-Stat) in Improving Statistics in the Region: Paper by GCC-Stat (BOPCOM-13/04)**

8. Mr. Al-Harbi, the newly appointed Director General of the Gulf Cooperation Council Statistics Centre (GCC-Stat) presented this paper on the role of GCC-Stat. As background, he pointed to the global financial crisis and to the economic and social challenges of the region as providing the impetus for focusing on statistical improvements in the six GCC member states. He highlighted strengths and weaknesses of existing national statistical systems in these member states, and cited opportunities and challenges associated with advancing statistical improvement work in the region. He noted that GCC-Stat is a new venture (it started its operations in June 2013, in Muscat) and noted that its purpose was to “empower GCC nations with knowledge to drive progress and prosperity.” Mr. Al Harbi also presented the Centre's main strategic direction, and he concluded by identifying the key projects approved for 2014 and beyond.

9. The Committee posed questions that allowed Mr. Al Harbi to further clarify GCC-Stat's mandate. He emphasized that the Centre will not replace national statistical offices

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<sup>1</sup> 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” or “participant,” and sometimes to one of these more specific categories.

of the GCC countries, and that it is tasked with compiling and disseminating official GCC aggregates.

10. Mr. Ducharme thanked Mr. Al-Harbi for his very informative presentation.

### ***Implementation of BPM6***

#### **Conversion of BOP and IIP Statistics to a *BPM6* Basis: Paper by IMF (BOPCOM-13/05)**

11. Mr. Austin (IMF) informed the Committee that, as of August 2013, about 30 countries had implemented the *BPM6* framework and reported their own *BPM6* estimates to STA. He noted that many countries that compiled data on a *BPM5* basis, including most developed countries, had indicated their plans to implement *BPM6* by end-2014. Furthermore, Mr. Austin reported that there had been a number of demands for *BPM6* basis data for years prior to 2005 and that STA had considered allowing the public to access its pre-2005 *BPM6*-basis estimates. Mr. Austin also reported on IMF internal and external collaboration initiatives to promote the use of *BPM6*.

12. Furthermore, Mr. Austin reminded the Committee that, as agreed at its meeting in 2011, STA would exclude the data on migrants' transfers from the "generic" *BPM6* estimates for *BOPSY* 2014 to better align the converted *BPM6* estimates with *BPM6* concepts. With regard to STA's initiative, discussed at the previous Committee meeting, to compile data on IIP assets and liabilities by composition of currency, Mr. Austin indicated that no country had yet submitted currency composition data to STA for publication. In regard to data on other financial corporations, he noted that several countries had started reporting data to STA using the *BPM6* report forms, and that these data had been disseminated in STA's statistical publications. Mr. Austin assured the Committee that STA would continue to emphasize the importance of compiling data on currency composition of IIP assets and liabilities, and on other financial corporations, for surveillance and analytical purposes.

13. Committee members were asked whether they had encountered unanticipated conversion problems that they wished to highlight. In addition, their views were requested on whether STA should allow the public to access pre-2005 *BPM6*-basis estimates.

14. Committee members from countries that have converted did not report encountering unanticipated conversion problems.

15. In regard to the question of whether to allow the public to access pre-2005 *BPM6*-basis estimates, several participants raised a question of the timing of granting such access. In particular, a number of participants in the Committee meeting (particularly those from Europe) noted that they would adopt *BPM6* in 2014, and that therefore it would be best for STA to incorporate official country estimates for any years for which *BPM6*-basis data would be released by countries rather than releasing its own estimates. A concern was raised that there should not be multiple *BPM6*-basis estimates for the same year, noting that the availability of *BPM6* data from two different sources may raise

questions of data accuracy and reliability, particularly if the data were different. While it was recognized that STA would accept a country's official *BPM6*-basis estimates once they became available, there nonetheless was concern about STA releasing unofficial estimates. Committee members highlighted their work on, and/or plans for, recasting time series data as far back as possible, and asked whether the IMF would use official country series, if available. Mr. Ducharme noted that if a country disseminates a pre-2005 *BPM6*-based series, this would be used instead of the generically-converted data.

16. A few Committee members acknowledged that STA's plan to release pre-2005 *BPM6*-basis estimates may be most applicable to countries with no plans to adopt *BPM6* in the near future. Several Committee members urged that individual reporters' consent be sought prior to the release; another suggested that a possible approach is for the IMF to brand the output as its own, and to explain to users that the data were not endorsed by national authorities. The underlying methodology should also be clear. One participant noted that the issue was more of timing, and not whether the release of unofficial estimates to researchers was appropriate.

#### **Progress on *BPM6* Compilation Guide: Paper by IMF (BOPCOM-13/06)**

17. Mr. Austin (IMF) reported on the progress that had been made in preparing the *BPM6* Compilation Guide (*BPM6* CG), a complete draft of which was posted on the IMF website in July 2013.

18. Mr. Austin summarized STA's work on the *BPM6* CG since the last meeting, including the collection of case studies from outside contributors, the drafting of new inputs to existing chapters and appendixes based on public comments received, as well as drafting Appendix 3 (FISIM) and the List of Acronyms. He also reported that STA had hired an expert (Mr. Stuart Brown, a former Committee member from the UK) to review the complete draft before it was sent to the IMF's Communications Department for the preparation of a pre-publication draft.

19. Mr. Austin explained that the *BPM6* CG now comprises four case studies that elaborate upon general compilation issues or specific topics within the *BPM6* framework: (i) conducting a private capital flows survey in Anglophone Africa (prepared by the balance of payments team within the DFID project on enhanced data dissemination initiatives); (ii) using the Centralized Securities Database in the European system of central banks in compiling BOP and IIP statistics (ECB contribution); (iii) implementing the *BPM6* methodology on insurance, pension schemes, and standardized guarantee schemes (contributed by the Oesterreichische Nationalbank); and (iv) compiling data on special purpose entities in Mauritius (input from the Bank of Mauritius).

20. Mr. Austin reported that the *BPM6* CG had been quickly embraced by compilers as soon as draft chapters and appendixes were posted on the IMF external website for public comments, and that IMF staff and experts were often referring to it during technical assistance missions and training.

21. Mr. Austin informed the Committee that the internal target date for completion of the *BPM6 CG* is end-December 2013, and that translations into five additional languages (Arabic, Chinese, French, Russian and Spanish) would begin soon after.

22. Mr. Ducharme thanked the Committee for its valuable comments and inputs in preparing the *BPM6 CG*, including its contribution to case studies.

23. Committee members were then asked whether they had general comments on the *BPM6 GG*. They were also asked whether they had any comments on the work that had been completed since the Committee meeting in January 2013, or on the planned work ahead. In addition, they were asked whether they had suggestions regarding activities that should be undertaken for promoting the *BPM6 CG*.

24. Two participants expressed an interest in providing additional comments on the *BPM6 CG* Appendix III (FISIM), not least to reflect emerging views on the underlying reference rate. Another Committee member expressed appreciation for the IMF's work on the *BPM6 CG* and noted that its use would be best promoted by rapidly advancing work on the translations into additional languages. In regard to the planned work ahead, one Committee member suggested that *BPM6 CG* be made a live document and that case studies on country experiences be added over time. He noted that this could be done through the creation by the IMF of an electronic centralized repository that would store and disseminate updated information. The Chair considered this a useful suggestion and indicated that STA would examine the feasibility of implementation.

**Best Practices for Communicating the *BPM6* Migration: Paper by IMF (BOPCOM-13/07)**

25. Ms. Hammer (IMF) presented this summary of best practices for compilers to communicate the *BPM6* Migration to data users, such as country authorities, data redistributors and resellers, international organizations, students, academia, and the business community. This paper was prepared in response to the Committee's request at the January 2013 meeting, and follows papers on experiences for communicating to users the introduction of *BPM6* prepared in recent years by the Central Bank of Russia (BOPCOM-12/08), the Australian Bureau of Statistics (BOPCOM-12/09), the Central Bank of Chile (BOPCOM-09/06), and by the US Bureau of Economic Analysis (published on its website in May 2010).

26. Ms. Hammer explained that the paper prepared by STA contained separate sections for best practices: (i) before the release of *BPM6*-basis data; (ii) simultaneous with the first release of the data; and (iii) after data are first released. She emphasized that STA always encourages coordination between BOP and National Accounts compilers.

*Before the release of BPM6-basis data:*

27. Ms. Hammer informed that a comprehensive communication plan could include press briefings/releases, meetings with users, informational papers, FAQs posted/linked to on the website, or announcements on the national summary data page (NSDP). Users

should be informed well ahead of the date when *BPM6* data will be released, the main methodological and presentational changes (including breaks in series), the possible impact of these changes on BOP and IIP statistics, the start of the time series, and the identification of a contact person or email box.

*Simultaneous with the first release of the data:*

28. Ms. Hammer continued that a press release could be issued to update users on new developments, and refer to papers and articles previously prepared. With the release of the data, the updated BOP/IIP metadata reports should be released with detailed information about new concepts, data sources, and changed estimation methods. Ms. Hammer mentioned that comments boxes and footnotes attached to data, as well as more comprehensive papers explaining breaks in time-series, would also be also useful.

*After data are first released:*

29. With regard to after data are first released, Ms. Hammer concluded that the FAQs should be updated to address any issue that arose subsequent to the initial release of the data; articles and papers could be released explaining main changes from adopting *BPM6* and their impact on data; and that compilers may wish to consider extending the historical time-series and also gradually adding information on new standard and supplemental data items in BOP and IIP.

30. The Committee was then asked for additional insights on best communication practices.

31. The Committee welcomed the paper and expressed its appreciation for its comprehensiveness. Some Committee members indicated that their communication plans were consistent with those mentioned in the paper, or that they would use the paper in developing such a plan. Other Committee members offered to provide the IMF with documents on their communication with stakeholders that can be publicly shared. Committee members reported on their intention to issue press releases, organize visits to main stakeholders, publish detailed articles and FAQs, or inform users through the Central Bank's Monthly Bulletin at the different stages (before release, simultaneous with release, after release) of the changeover to *BPM6*. Members also agreed that—especially with regard to the change in sign convention—an early announcement is important so that users may anticipate the presentational changes introduced with *BPM6*.

32. A Committee member recommended preparing a typography (or taxonomy) of stakeholders associated with the different communication strategies, depending on the familiarity of the stakeholder with statistical concepts.

33. The ECB representative informed the Committee of the first meeting of the recently created European Statistical Forum, which would take place on November 15, 2013. Among other topics, the European Statistical Forum will discuss communication strategies with regard to the new statistical standards in macroeconomic statistics. In January 2014, the Committee on Monetary, Financial and Balance of Payments Statistics



(CMFB) will work out the strategy in some greater detail. An aim is to achieve consistency in communication strategies, as well as to promote consistency in the data that are published, through coordination among European institutions as well as with the IMF and OECD. The ECB representative noted that the IMF may be invited to contribute to the CMFB meeting in January.

34. With regard to the operational level of coordination, Eurostat underlined the high level of cooperation between ECB and Eurostat, and between these institutions and the member states. The representative explained that two websites had been implemented (one for national accounts and the other for BOP/IIP accounts) that hyperlink to corresponding national websites of statistics institutes and central banks as well as other international organizations, and that key EU documents, such as the *2010 European System of National and Regional Accounts*, are translated into all national languages of the member states.

35. Mr. Ducharme thanked the Committee for its comments. He referred to the suggestion of different communication practices for different stakeholders, and noted that this suggestion may be incorporated into the FAQs on Conversion. Mr. Ducharme also acknowledged the kind invitation to contribute to the CMFB's discussions in January 2014.

**Moving towards *BPM6*: IMF/DFID Enhanced Data Dissemination Initiative: Balance of Payments Statistics Module: Paper by Bank of Uganda (BOPCOM-13/08)**

36. Mr. Egesa (Bank of Uganda) informed the Committee of the “Enhanced Data Dissemination Initiative (EDDI)”, a five-year project (2010–2015) financed by the U.K. Department of International Development (DFID) to improve macroeconomic statistics in The Gambia, Ghana, Kenya, Mauritius, Mozambique, and Nigeria. The DFID-EDDI project aims to establish an annual (and subsequently quarterly) enterprise survey in each of the countries that meets the needs of the IMF's Coordinated Direct Investment Survey (CDIS) and *BPM6*, covering all foreign assets and liabilities. The project aims at expanding data sources, including the International Transactions Reporting System (ITRS), to better capture data on a variety of transactions, including those that involve portfolio investment, real estate, services and income.

37. Mr. Egesa explained that, once annual surveys are fully established and producing reliable data, quarterly surveys covering on average about twenty large companies are envisaged for producing current estimates with increased timeliness. The sample is comprised of companies that already produce quarterly data for shareholders or for company management purposes. Mr. Egesa further explained that countries participating in the EDDI project will explore the scope for introducing direct reporting covering foreign direct investment in real estate, services and income, as well as inward portfolio investment. In addition, Mr. Egesa reported on a need to redesign the ITRS in these countries, so that it may be used as a supplement to direct reporting. He noted the *BPM6* training that has been provided to the EDDI project countries in formal workshops and during IMF technical assistance missions. A concern in the EDDI countries is that the introduction of new data sources has resulted in substantially revised estimates; there has

been a delay in incorporating these estimates, while they are being reviewed. Mr. Egesa also noted a need for resources to transition from physical visits to enterprises to implementing an IT data collection system that eliminates the need for physical visits.

38. Responding to a question raised by a Committee member on how the international community could help address the issue of limited resources, Mr. Egesa indicated that there was scope for support in the information technology area. Nonetheless, he also pointed to the sustainability framework of the EDDI project, which foresees that DFID target countries utilize their own resources once the project ends. In addition, he informed the Committee of the EDDI module that covers National Accounts.

39. Mr. Ducharme explained to the Committee that STA's role during multisector missions and Reports on the Observance of Standards and Codes (ROSCs) could include a recommendation to augment resources for the compilation of statistics; however, it is ultimately the authorities' decision to follow this recommendation.

40. Mr. Kozlow (IMF) took the opportunity to express STA's appreciation for the assistance provided to countries through the DFID-EDDI project and acknowledged its success. Mr. Kozlow also informed the Committee of a IMF Technical Note ("Direct Reporting of Private Sector Cross-Border Financial Flows and Stocks in Selected African Countries") authored by Messrs. Egesa, Murad, and Quin that highlights the positive outcomes of this project with respect to timeliness, quality, and frequency of disseminated external statistics.

41. Mr. Ducharme thanked Mr. Egesa for his very informative presentation.

**US Bureau of Economic Analysis (BEA) Experience in Evaluating Alternative Data and Methods to Improve Travel Statistics: *Paper by BEA (BOPCOM-13/09)***

42. Ms. Thompson (US Bureau of Economic Analysis (BEA)), in her presentation, focused on BEA's experience in evaluating alternative methods for estimating trade in travel services, with a particular emphasis on several travel expenditure surveys. Ms. Thompson noted that the BEA decided to explore alternative methods due to concerns about the quality and continued availability of one of its primary data sources—the Survey of International Air Travelers (SIAT). Ms. Thompson discussed BEA's exploration of the use of credit card data, but also highlighted the issues compilers face in using such data. She also highlighted BEA's work on the use of partner country data, and presented a comparative analysis of the data sourced from SIAT, partner countries, and credit cards (the latter with and without expansion to address non-credit card travel transactions).

43. In terms of next steps, Ms. Thompson explained that the BEA in its June 2014 revision will align its presentation of travel statistics with international guidelines. So far, the BEA had excluded education-related travel, health-related travel, and expenditures by border, seasonal, and other short-term workers from its international travel statistics and included them in other categories of trade in services. In the revision, BEA plans to present also the business/personal split.

44. Mr. Ducharme thanked Ms. Thompson for her very informative presentation as it not only presented an alternate way of calculating travel services, but also raised some practical issues in using so-called “Big Data” (large data sets that are difficult to process using traditional applications). He invited discussion from the Committee.

45. The Committee appreciated the presentation and had a rich discussion. Some members saw the prospects of using credit-card data as appealing, but noted that it would likely be difficult for them to gain access to such data. They noted that BEA’s experience highlighted the importance of triangulating data sources for optimal outcomes. Some Committee members also shared their compilation approaches for travel, and one called for greater standardization of classification codes across international organizations so as to bring source data collections in line with the current international statistical methodologies. The Committee also discussed the implications of access to “Big Data” and underlined the need for caution in substituting data sources without careful study. One participant raised the issue of how to accurately capture cash travel transactions of US travelers in dollarized economies, and Ms. Thompson noted that was an important observation that would be examined.

**Challenges to Implement BPM6 in SACU Countries: Paper by South African Reserve Bank (BOPCOM-13/10)**

46. With his paper, Mr. Walters (South African Reserve Bank) informed the Committee of the South African Customs Union (SACU) arrangements and of South Africa’s approach in implementing *BPM6*.

47. Mr. Walters noted that the South African Reserve Bank (SARB) is responsible for both the compilation of National Accounts (specifically for GDP based on the expenditure approach) and external sector statistics. The simultaneous implementation of *2008 SNA* and *BPM6* by the end of 2014 would contribute significantly to harmonized macroeconomic statistics.

48. Mr. Walters informed the Committee that, in preparing to implement *BPM6*, South Africa undertook a census of South Africa’s foreign assets and liabilities. The SARB used the opportunity to review and expand some of its questionnaires, and to establish representative sample surveys for collecting quarterly and annual BOP data in-between census years.

49. Furthermore, he informed that the SARB had reviewed and expanded the number of items to be recorded in the ITRS. In addition, the South African Revenue Service had given special attention to implementing a more comprehensive set of categories of merchandise trade between South Africa and the other SACU member countries, which was expected to lead to more accurate coverage adjustments in SACU trade data for BOP purposes. Last, the Bank had been working on analyzing financial derivatives data, and expected to include transactions in derivatives in the BOP from 2015 onwards.

50. Mr. Walters also reported on South Africa’s key challenges in implementing *BPM6*. Merchanting activities by multinational companies, and manufacturing services

performed mainly by mining-related companies would be captured by sample surveys; surveys for maintenance, repair, and other services (including insurance, pension, and FISIM) were being revised and extended to capture comprehensive data for inclusion in BOP according to *BPM6*. Mr. Walters explained that the SARB played a key role in assisting the Department of Science and Technology in developing a so-called “technology balance of payments”<sup>2</sup> for South Africa, and reliable and fairly detailed data were required on a continuous basis to support policy formulation pertaining to trade in high technology products. A main challenge in the financial account will be capturing data on transactions between fellow enterprises.

51. With regard to SACU, Mr. Walters explained how the single customs territory operates through the Common Revenue Pool into which member states (Botswana, Lesotho, Namibia, South Africa, and Swaziland) pay customs, excise and additional duties, and receive a share from the pool, calculated in accordance with the Revenue Sharing Formula outlined by the SACU Agreement. He pointed out the difficulties of member states to record payments to and contributions from the Common Revenue Pool, partly because the payments to the Pool, and the actual payments from the Pool to member states, are not synchronized.

52. Mr. Walters concluded that SACU members would have to continue to communicate, coordinate, and cooperate to arrive at a consistent treatment of intra-SACU transactions for the implementation of *BPM6*.

53. Committee members were particularly interested in the development of a technology balance of payments for South Africa, and the data sources used to compile the dataset. Mr. Walters explained that the technology balance of payments was largely based on ITRS data, supplemented with data from Statistics South Africa, and that demand for these estimates initially arose from academia. Another Committee member confirmed a large long-time interest in her country for a technology balance of payments. Mr. Ducharme noted that the dataset was also constructed in Canada, where great interest also exists in this dataset.

54. Mr. Ducharme thanked Mr. Walters for his very informative presentation.

#### **Progress in Implementing *BPM6* in Japan: *Presentation by Bank of Japan* (BOPCOM-13/11)**

55. Mr. Takeda (Bank of Japan (BOJ)) explained that the BOJ defines three pillars of the “*BPM6* Project”: (i) implementation of *BPM6* with January 2014 data; (ii) other improvements in data quality; and (iii) introduction of a new revision policy in April 2015. Mr. Takeda informed the Committee that the first monthly BOP/IIP data according to *BPM6* would be published in March 2014 starting with January 2014 data, together

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<sup>2</sup> “The technology balance of payments registers the commercial transactions related to international technology and know-how transfers.” Basic Science and Technology Statistics, OECD, Dec 2000.

with *BPM6*-based historical data for the years 1996–2013. The BOJ had started reaching out to users by publishing an explanatory paper.

56. Mr. Takeda noted that overall the project was progressing as scheduled, but that some challenges remained. He explained that inquiries from reporters have increased, especially with regard to the reporting of FDI, and that the BOJ organizes bilateral meetings to support reporters. He also noted that the new revision policy proved to be challenging for staff (“more work with fewer resources”), and that major improvements of the new policy would be the (i) incorporation of delayed and corrected reports for two previous years, and (ii) the revision of reinvested earnings to correctly attribute the income to the period when it is earned.

57. Mr. Takeda concluded that the BOJ planned to further review the compilation process, work toward enhancing staff skills, and assess user requests for more granular data. The BOJ hoped to learn from practical experience of other countries.

58. During the Committee discussion of the presentation, a question arose on the reason for deciding to change the revision policy. Mr. Takeda replied that there is a trade-off between stability of data over time (i.e., not to confuse users with too many revisions) and improving the quality of data (i.e., making corrections for large misreporting). He noted that the BOJ and the Japanese Ministry of Finance came to an agreement on the new revision policy, which also follows a recommendation by the IMF during a data module ROSC mission to Japan.

59. Mr. Ducharme thanked Mr. Takeda for his very informative presentation, and also congratulated Japan for being on track with the implementation of *BPM6* and for adopting the new revision policy.

**Progress in the Coordinated Implementation of *BPM6* in the European Union:  
Report by ECB/Eurostat (BOPCOM-13/12)**

60. Mr. Silva (ECB) presented a summary of developments in implementing *BPM6* in the European Union (EU) since the January 2013 Committee meeting. He informed the Committee of (i) the simplification and rationalization of ECB/Eurostat data requests following the translation of *BPM6* into EU legal acts; (ii) about ECB/EU initiatives to harmonize (and further clarify) *BPM6* methodology, for instance, with regard to fees related to securities lending and gold loans (without cash collateral) in the income account, and superdividends; and (iii) of other implementation aspects.

61. Mr. Silva informed the Committee that the first transmission by member states (MS) to Eurostat and ECB of *BPM6* data would occur on June 24, 2014, and the first publication according to *BPM6*, including back data mostly converted from *BPM5*, was planned for Q4 2014. Mr. Silva also elaborated about the steps taken to simplify and rationalize data requests with MS. He noted the development of a “change-over webpage” including FAQs, details on legal acts, and links to national webpages, in line with STA best practices on communicating with users; a detailed Excel tool to help MS convert data originally compiled according to *BPM5* into *BPM6*; and the harmonized revision policy

for National Accounts and BOP/IIP accounts developed by the CMFB, and to be implemented with the new statistical standards.

62. With regard to the appropriate functional allocation of accrued fees related to securities lending and gold loans (without cash collateral) in the income account according to *BPM6*, Mr. Silva informed the Committee that there was some confusion with regard to the functional classification of the income component, and the missing link between the income component and the financial stock. The discussion was initiated during the Working Group on External Statistics meeting last June in the context of the new BOP-DSD.

63. Mr. Kozlow explained that securities lending and gold loan fees are treated as interest by convention<sup>3</sup>, the corresponding entries are included under other accounts receivable/payable in the income account rather than with the instrument that was lent. The rationale behind this treatment is because there is no change in economic ownership of the instrument being lent; the commitment to reverse the change in legal ownership in the future means that the original owner retains the risks and rewards of changes in the price of the asset. He noted that, because there is no portfolio investment “position” recorded in the IIP for the agreement between the lender and borrower of portfolio investment securities without cash collateral, there is also no basis for recording the overall fee in portfolio investment.

64. STA and the ECB had agreed that - by convention and to keep symmetry between the financial and the income accounts - the interest (fees) on securities lending without cash collateral are recorded in other investment.

65. One Committee member raised concerns about the current treatment and suggested a review in future updates of the standards.

66. Another concern was raised by Mr. Silva pertaining to the guidance of *BPM6* in paragraph 11.27 on identifying “superdividends” (“If the level of dividends declared is greatly in excess of previous dividends and trends in earnings, the excess should be excluded from dividends and shown as a withdrawal of equity.”). The ECB deemed this advice insufficient and anticipated asymmetrical reporting of superdividends by partner countries. The Committee generally agreed that a case-by-case approach was worthwhile, and classification of distributions as superdividends only if there was clear evidence of the payments being extraordinary (such as those resulting from major changes in corporate structure).

67. One Committee member also raised the concern of noncomparable data on receipts and payments of superdividends, because superdividends are more easily identified when the payer is a resident. Mr. Silva encouraged European countries to share these cases with the ECB, eventually for inclusion on the debtor side of the Centralized Securities Database (CSDB) and for sharing under the FDI Network (which allows the

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<sup>3</sup> See *BPM6*, paragraphs 11.67-11.68.

sharing of data (including confidential data) on foreign direct investment transactions between European countries).

68. Mr. Kozlow reminded the Committee that this issue is discussed in a paper presented by Brazil during BOPCOM 2011 (BOPCOM-11/07), which led to adding advice on how to identify superdividends in the *BPM6 Compilation Guide*. He noted that there was agreement that superdividends be identified in exceptional cases. He also reminded the Committee that the treatment of superdividends in foreign direct investment has an impact on subcomponents of the current and financial accounts, but not on overall current and financial account balances. In contrast, superdividends in portfolio investment do affect overall current and financial account balances.

69. Mr. Ducharme thanked Mr. Silva for the informative presentation.

**Frequently Asked Questions on Conversion: Sign Convention: Paper by IMF (BOPCOM-13/13)**

70. Ms. Hammer (IMF) presented this paper as a follow-up to a BOPCOM request at the January 2013 meeting. In 2012, STA prepared a set of FAQs on Conversion from *BPM5* to *BPM6*, and attached them to last year's paper on *BPM6* conversion (BOPCOM-12/04). The FAQs were intended to guide users through the conversion of BOP/IIP data to a *BPM6* basis starting with the August 2012 editions of the IMF's *International Financial Statistics (IFS)* and the online Balance of Payments Statistics (BOPS) database. They were organized into four sections covering (i) changes in methodology; (ii) changes in presentation; (iii) changes in STA's major publications for external sector statistics; and (iv) how to request assistance and further information. At the January 2013 BOPCOM meeting, it was suggested that a more detailed illustration be given of changes in sign conventions from *BPM5* to *BPM6*.

71. In her presentation, Ms. Hammer referred to the 2004 Committee Meeting, where the Committee agreed to the staff proposal to change the headings and signs in the BOP financial account in *BPM6* from "credit" and "debit" to the SNA terms "changes in assets" and "changes in liabilities" (in BOPCOM-04/35: Headings and Signs). The *BPM6* terms were later refined to "net acquisition of financial assets" and "net incurrence of liabilities." Ms. Hammer noted that a positive sign represented an increase, and a negative sign represented a decrease, in the asset or a liability account to which it relates, consistent with the IIP; and that, although not emphasized for the financial account presentation, the accounting entries for credits and debits remained valid for transactions.

72. Ms. Hammer outlined the nine new FAQs dedicated to the new sign convention and explained that, in the paper, examples of BOP statements were used based on *BPM5* and *BPM6* to help highlight the different signs. The FAQs also explained how to derive net lending/net borrowing and net errors and omissions, and how to interpret the values shown for direct investment (change in sign convention, and changeover from directional principle to gross asset/liability presentational basis). The FAQs included a numerical example on the use of signs from the *BPM6 Compilation Guide*.

73. Committee members were asked for comments on these FAQs, and for suggestions for additional FAQs on conversion.

74. The Committee welcomed the illustration of the change in sign convention as a useful addition to the FAQs on Conversion, and noted that it will further support countries in migrating to *BPM6*, including in developing their communication strategies.

**Interconnectedness-related Initiatives: Report by IMF (BOPCOM-13/14)**

75. Mr. Austin (IMF) presented this paper, which covered STA's interconnectedness-related initiatives, with a focus on the implementation status of recommendations under the G-20 Data Gaps Initiative (DGI).

76. Mr. Austin explained that interconnectedness-related initiatives covered the following areas: the Coordinated Portfolio Investment Survey (CPIS; enhancements to the survey), Coordinated Direct Investment Survey (CDIS; recent results and growing participation), IIP (improved reporting of data), Cross-Border Exposures of Nonbank Financial Institutions, Global Flow of Funds, and Direction of Trade Statistics (DOTS).

77. On the **CPIS**, Mr. Austin reported on the increase in the number of CPIS reporters and on the status of STA preparations for implementing the CPIS. On the **CDIS**, Mr. Austin noted the large and expanding participation of economies in the CDIS database, and underscored that STA is continuing its efforts to improve direct investment data quality and to enhance the results of the CDIS. In regard to the **IIP**, he outlined STA's ongoing efforts to increase the number of economies reporting IIP data through its IIP Pipeline Project, as well as to increase the number of quarterly data reporters. Work on implementing *BPM6*-based data reporting and on data consistency were also noted.

78. Regarding **cross-border exposures of nonbank financial institutions**, Mr. Austin reported that templates summarizing the data on cross-border positions of financial and nonfinancial corporations available in participating international organizations (BIS, ECB, IMF, and OECD) had been completed and posted on the PGI website. Further, in regard to **global flow of funds**, he outlined the ongoing work in STA to construct a global flow of funds matrix aimed at mapping domestic and external financial positions. He noted that this is a new initiative that drew upon existing data sources in different statistical domains, to show what could be achieved with available data. The work is still in the early development stage, and based on the feedback, STA would consider what priority to give this work within the STA accountability framework and budget envelope.

79. Finally, in regard to **Direction of Trade Statistics (DOTS)**, Mr. Austin explained that STA produces monthly country level data on the value of merchandise exports and imports disaggregated according to their most important trading partners. He further noted that the DOTS is one of the most sought after datasets produced by STA, and he outlined the work ahead for migrating the database to a new IT platform that would support increased standardization and automation of data processing, as well as enhanced visualization to streamline the validation of the data.



80. Committee members were asked to give their views on the ongoing work on these initiatives. They were also asked if they were aware of a demand by national policymakers for data on interconnectedness, and if yes, what would be these types of demands, and were these demands becoming increasingly important.

81. Some Committee members considered that financial interconnectedness data were important for the purposes of monetary policy and financial assessments, and in shaping investment decisions. One member highlighted the importance of IIP data in understanding how an economy responds to financial shocks. Another reported increasing interest by direct investment data users for information on an ultimate controlling parent basis, and another reported interest in data on global value chains. However, a few other Committee members stated that they saw no strong indications of heightened demand by national data users for data on financial interconnectedness, but that there were heightened demands for data in other areas. In particular, national policy agendas, in some cases, are giving rise to new data demands in areas such as wealth and income distribution, and fiscal indicators. One Committee member also noted the increasing focus on financial soundness indicators.

82. On the work on global flows of funds, the issue of inconsistent valuation across financial instruments (market value for securities, nominal value for some types of debt, and “own funds at book value” as one basis for direct investment) was discussed; concerns were also raised about bilateral asymmetries. In response to these concerns, Mr. Kozlow noted that the external sector accounts emphasize the use of market values, and that “own funds at book value” is considered a proxy where market values do not exist. He also noted that STA has recently contacted CDIS participants, to bring large data asymmetries to their attention. One Committee member asked whether STA could analyze the metadata that were provided by CDIS participants, to assist in identifying possible reasons for large bilateral asymmetries. (Mr. Kozlow agreed that this analysis could be performed and the results shared with countries.)

83. Mr. Kozlow also noted a draft United Nations concepts paper (“Measuring Economic Internationalization and Globalization”) that proposed to create an agenda-setting biannual global forum to advance work on economic statistics, particularly statistics on trade and globalization. Several members and other participants at the meeting indicated that, while coordination is important, they did not see a need for the creation of another committee or bureaucratic structure. It was considered that the IMF had a clear need for data on financial interconnectedness for surveillance purposes, and that the OECD was in the lead in some other areas, including trade in value added.

**The Effects of Including SPEs on BOP and FDI: Paper by The Nederlandsche Bank (BOPCOM-13/15)**

84. Mr. Claassen (De Nederlandsche Bank) introduced his paper by describing Special Purpose Enterprises (SPEs) and their importance in the Netherlands’ external sector statistics. He noted the challenges for compilers to cover SPEs in their statistics. He discussed key issues affecting the interpretation of BOP and FDI data when SPEs are included, focusing on the application of the two approaches: the extended directional

principle, and the asset/liability approach. Mr. Claassen outlined how De Nederlandsche Bank (DNB) was exploring new avenues for the presentation of headline figures for FDI distinguishing between financial and economic relationships. He also discussed valuation issues, including the possible drawbacks of valuing assets at “own funds at book value,” and noted the DNB’s work on estimating market values from book values of capital participations. He noted that the outcome of the extended directional principle depends on a country’s data collection strategy (e.g., whether countries collect data at the level of the enterprise group). Also, he noted that the extended directional principle (which is used in the CDIS), results in asymmetries in bilateral FDI data (one country’s inward data could be reflected either as outward or negative inward investment in the counterpart country’s data). These drawbacks could be addressed by collecting and presenting CDIS data on the assets and liabilities basis. Therefore, he suggested the IMF to reconsider its CDIS requirements by aligning them with IIP requirements. He suggested a collaborative approach to address the challenges of developing more user relevant direct investment statistics.

85. Mr. Claassen’s presentation generated much discussion. Some members noted that varying country practices on valuation, coverage of SPEs, and/or recording basis results in problems with data analysis and interpretation. One Committee member saw the issue in terms of seeking to develop direct investment statistics on a two-dimensional level: an ownership/financial view versus a production-based view.

86. The Committee discussed the implications of alternative headline measures of direct investment data, with some noting that multiple measures may be problematic for some data users. One Committee member noted that data compiled on both approaches (the extended directional principle, and the gross asset/liability basis) have been well received by users.

87. Mr. Ducharme thanked Mr. Claassen for the informative presentation.

**Summary of Selected Statistics Department Developments: Report by IMF (BOPCOM-13/16)**

88. Ms. Hammer (IMF) presented a summary paper on IMF developments in the following selected areas: Cross-Sector Data Consistency, Global Discrepancies, SWFs, and Remittances. The paper also reported on the IMF G-20 Outreach, the first IMF Statistical Forum on Statistics for Global Economic and Financial Stability, and progress involving SDDS Plus.

*Cross-Sector Data Consistency*

89. Ms. Hammer reported that the Cross-Sector Consistency Group (CSCG) was established in March 2012 (and introduced to the Committee at its last meeting) to address inconsistencies in macroeconomic datasets that are reported to STA. 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. Ms. Hammer noted that inconsistencies may arise, for instance, from

methodological differences and different data vintages, and had been found for countries irrespective of their size or level of development.

90. Ms. Hammer informed that in May 2013, a Board paper, “Improving Cross-Sector Data Consistency”, was prepared to inform IMF Executive Directors of (i) how this work supports STA’s efforts to improve data quality; (ii) areas of statistics where inconsistencies are often found; (iii) main outcomes and initial findings; (iv) that close collaboration with reporting countries, other relevant international organizations (e.g., ECB), and IMF area departments had been essential to the success of this work; and (v) the next steps of such work. Ms. Hammer emphasized that IMF Executive Directors had expressed a strong interest in better and more consistent data, and support STA’s efforts in this area.

91. Ms. Hammer concluded that 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.

#### *Global Discrepancies*

92. Ms. Hammer presented data for 2011 on global discrepancies which were, for the first time, presented on a *BPM6* basis. She explained that updated data on global discrepancies would be available in November 2013 and included in the 2013 Annual Report of the Committee.

#### *Sovereign Wealth Funds (SWFs)*

93. Ms. Hammer informed the Committee of the main activities of the International Forum of SWFs (IFSWF). She noted that a survey was carried out during 2013 measuring IFSWF members’ experiences in implementing the Santiago Principles (SP). The key outcomes were presented during the annual meeting of the IFSWF in Oslo, Norway, on October 2–3, 2013. With regard to the outcome of the survey, she noted that about 86 percent of IFSWF members follow practices that are fully consistent with the SP, and 75 percent of IFSWF members published their 2012 annual reports and/or monthly statements on the size and operations of their SWFs.

94. Ms. Hammer also explained that STA had 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 had been given during one-week seminars on Measuring Reserve Assets at the Singapore Regional Training Institute (June 2012) and Joint Vienna Institute (August 2013), and during two additional seminars that would be held in Kuwait and Mauritius in November and December, respectively. Ms. Hammer explained that these courses followed the recent updating of the international statistical standards on international reserves.

### *Remittances*

95. With regard to remittances statistics, Ms. Hammer reported that translations had been completed of the *International Transactions in Remittances: Guide for Compilers and Users* into Arabic, Chinese, French, Russian, and Spanish; and that hardcopies are available. She further noted that STA had continued to provide compilation guidance on remittances statistics through technical assistance and training, and that STA had participated in two events organized by the World Bank in the area of remittances.

### *Other Developments*

#### *G-20 Outreach*

96. Ms. Hammer summarized the various efforts and events with regard to the IMF/Financial Stability Board (FSB)'s G-20 DGI. She emphasized that in the communiqué issued by the G-20 Finance Ministers and Central Bank Governors at their July 2013 meeting in Moscow, they had reiterated their support for implementing the 20 recommendations of the DGI addressing data gaps in four main areas: (i) build-up of risk in the financial sector; (ii) crossborder financial linkages; (iii) vulnerability of domestic economies to shocks; and (iv) improving communication of official statistics.

97. Ms. Hammer listed the meetings on DGI that had taken place throughout 2013: (i) bilateral consultative missions of STA to individual G-20 economies to discuss progress achieved, work plans, and the timetable to further implement the DGI; (ii) a regional conference in Frankfurt in April 2013 organized by STA, ECB, and Eurostat for specific issues of European economies; (iii) a G-20 technical meeting in Moscow in May 2013 organized by STA and the Bank of the Russian Federation; and (iv) the global conference jointly hosted by the FSB and the IMF in Washington, D.C., in June 2013.

#### *First IMF Statistical Forum*

98. Furthermore, Ms. Hammer informed about the first *IMF Statistical Forum on Statistics for Global Economic and Financial Stability*, hosted by STA during November 12–13, 2013, to review current global economic issues from a policy and analytical perspective, and identify related statistical needs. Building on the G-20-DGI and the IMF's SDDS Plus, the participating policy makers and statisticians would 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? STA envisaged a publication based on the forum's invited papers and discussants' written comments.

#### *Special Data Dissemination Standard Plus*

99. Last, Ms. Hammer reported that, following the SDDS Plus workshop that was held in September 2012 for countries likely to adhere to this new initiative, STA followed up with a letter in November 2012. This letter invited expressions of interest, and indicated that Fund staff would facilitate adherence, including through missions (if requested). Several countries expressed such interest and STA staff are liaising with them.

100. Ms. Hammer informed the Committee that the *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 that a pre-publication draft is now available on the Dissemination Standards Bulletin Board (DSBB). The final published version would be posted shortly on the DSBB.

101. During the discussion of the paper, STA was asked to clarify the relationship between the first *IMF Statistical Forum* and other existing statistical initiatives, including the G-20 DGI. (STA responded that the DGI was mainly concerned about the identification of data gaps highlighted by the recent crisis, whereas the *IMF Statistical Forum*, while also reviewing work under the DGI, was more forward looking.) One Committee member noted that it could be more important to broaden the number of countries implementing the current DGI recommendations than to identify additional data gaps. However, other Committee members replied that statisticians have to be responsive to users, and that they see this Forum as a welcome opportunity to maintain a dialogue with knowledgeable data users.

102. Another member asked what next steps were envisaged in regard to promoting cross-sector data consistency. Mr. Kozlow responded that an inventory of methodological inconsistencies among major macroeconomic manuals (including *BPM6*, *2008 SNA*, *Government Finance Statistics Manual*, *Monetary and Financial Statistics Manual*, and the *Handbook on Securities Statistics*) is being developed, largely through the recruitment of an expert. He also reported that the goal is to eventually extend the work to identify substantial inconsistencies for all countries for whom STA publishes data.

103. A representative from an international organization noted that the *IMF Statistical Forum* is in general a good idea, and similar to the Statistical Conferences that the ECB organizes on a biannual basis. Interaction with high-level users to advertise the DGI and at the same time absorb new ideas is crucial; however, efforts are also needed on an operational level to provide appropriate support to those countries (G-20 and, in the future, also others) that lag in implementing the DGI recommendations.

**Measuring Global Production and Trade: Paper by Statistics Canada (BOPCOM-13/17)**

104. Mr. O’Hagan (Statistics Canada) presented the paper “Measuring Global Production and Trade”, which discussed challenges in measuring goods for processing (trade in services), merchanting (trade in goods), and the special case of factoryless goods producers (FGP) against the background of increased global fragmentation of production and trade by enterprises, international outsourcing, and increased engagement in global distribution channels. It is becoming more challenging to measure these activities in a consistent and internationally comparable way.

105. Mr. O’Hagan explained that “FGP is a special case of manufacturing where all (or the vast majority) of the physical transformation of goods takes place in another economy”, and typically entail product design and production chain management. The International Standard Industrial Classification Rev. 4 (ISIC4) recommends classifying

FGP under distributive trade when the FGP does not provide (or own) the material inputs subject to processing.

106. Mr. O'Hagan noted that this treatment had been questioned by the UNECE Task Force on Global Production (TFGP) established in late 2011. The factors that gave rise to this questioning were the work of the TFGP on global production related to the (i) typology of global production arrangements, (ii) economic ownership considerations, and (iii) considerations involving intellectual property products (IPP). The 2012 North American Industry Classification System added classification criteria, including ownership of IPP, control of production process, and ownership of final outputs. In view of this, it was noted that "in the case of an enterprise which offshores all of its manufacturing to a non-affiliate or affiliate, but controls the intellectual capital and production process as well as owns the final products, it can be argued that this enterprise is a manufacturer — a factoryless one that purchases manufacturing services as part of its production."

107. Mr. O'Hagan informed the Committee that the UNECE had been reviewing this issue in the context of providing practical guidance to support the implementation of 2008 *SNA* and *BPM6* recommendations on processing, merchanting and FGPs. In summary, the "TFGP recommended that the ownership of material inputs should not be the sole determining factor in classifying an FGP, and that a FGP that may or may not own material inputs but controls the outcome of the production process and provides (or owns) the IPP inputs to a contract processor should be classified to manufacturing as a separate subset of existing classifications that highlights the factoryless characteristic of the firm." Mr. O'Hagan explained that these TFGP recommendations had received general support by national accountants in different forums, but, at that point, it was not clear that ISIC4 could be revised to reflect the clarification/update to *SNA2008* that the TFGP was proposing.

108. In view of the challenges for recording goods for processing, merchanting, and FGP, Mr. O'Hagan further noted that the majority of countries in their conversion to the updated manuals have not adopted the recommendations for goods for processing and merchanting. Mr. O'Hagan noted that the paper explored different data sources and approaches for collecting the necessary data, and that the country compilers will likely adopt global production measures and adjustments to trade flows by using a mix of data sources and methods. He also pointed out that compilers would have to make pragmatic decisions on how to adjust their measures as well as how far to go towards the new standards, especially with respect to factoryless goods production, and that the sharing of experiences will be a useful addition to international data coordination efforts.

109. In the ensuing discussion of the classification of FGPs, Committee members agreed that the current ISIC definition should be revised. A granular approach would be needed to classify FGP not only by terms of ownership of physical production activity, but also by determining whether other activities, such as the control of the intellectual capital and the production outcome, are involved. The industrial classification of FGP

firms has a substantial impact on supply-use tables, and it was argued that ISIC4 should be expanded to capture the underlying activity.

110. The Committee acknowledged that much work still lies ahead, and that continuing discussions would be necessary within the broader statistical community. The mandate of the TFGP had been extended by one year to reflect on these and other issues. The Eurostat representative suggested that international organizations could play a facilitating role with regard to countries exchanging information on a bilateral level for the reconciliation of trade flows and input/output data.

111. Mr. Ducharme appreciated the work of the TFGP, and agreed that much additional work is needed to keep up with the transforming global economy.

**Report on the Finalization of the SDMX Data Structure Definition (DSD) for *BPM6-based Data: Report by the SDMX Steering Group for the Balance of Payments DSD (presented by IMF) (BOPCOM-13/18)***

112. Mr. Austin (IMF) updated the Committee on the work being undertaken to leverage the SDMX standards for the exchange of external sector statistics. As background, Mr. Austin explained that BOPCOM is a key part of the governance structure, as it is the domain group that approves the BOP DSD. Mr. Austin highlighted the outcomes of the August 2013 BOPCOM Review of the BOP DSD, and drew attention to Appendix I of the paper, which detailed how comments were addressed. He noted that BOPCOM members had responded positively to the final review and approval process that took place during August 2–30, 2013, and that, in the absence of any unresolved major comment, the BOP-DSD was formally approved by BOPCOM members at the end of the review and approval period that concluded on August 30, 2013.

113. Mr. Austin also informed about the review and approval process of the FDI DSD by the Working Group on International Investment Statistics (WGIIS). He concluded with an outline of the communication strategy, and an overview of the maintenance agreements which followed the principles articulated in the draft guidelines on governance of commonly used SDMX artifacts adopted by the SDMX Sponsors.

114. The Committee's discussions centered mainly on the adoption of an annual revision cycle, and on the procedures for effecting changes to the BOP-DSD. Noting the role of the Committee as the domain group for the BOP-DSD, one member expressed concern that the Committee was asked to sign off on a product that was not final, because updates were made in response to individual Committee member comments. He argued against fast track and also annual changes to DSDs, and noted that this would increase the risk that different countries would use different DSDs. He also noted that, when revisions to DSDs occur relatively slowly, changes are consolidated and this results in fewer updates, which he considered optimal. He stressed the need for a longer DSD update cycle (such as triennially) on the grounds that all stakeholders were still on the learning curve with regard to management and maintenance of the system, and also in consideration of financial costs associated with updating IT systems in response to changes in the DSD. Some Committee members supported these views, and there were

calls that fast track changes be carefully controlled and limited to such things as updates to code lists and not changes in structure. (It was also noted that there may be a need to utilize fast track change procedures in the first year after release for the correction of errors.) Others stressed that flexibility and adaptability are essential for modern statistical systems.

115. One participant noted that ownership of the DSDs (BOP, FDI, and National Accounts) resides ultimately with the constituencies, and called for these constituencies to be consulted in updating structures.

116. Some Committee members indicated support for the formation of a task force to consider the issues raised. However, after Eurostat noted plans for a meeting in December 2013, Mr. Ducharme suggested that the Committee await the outcome of that meeting before making decisions on the creation of a task force to strengthen the governance. Eurostat invited the IMF to attend the meeting, which will be held at the ECB headquarters. Eurostat also noted it has plans to organize a joint meeting of the BOP and National Accounts Steering Groups.

### ***Reserve Assets***

#### **Update on Reserves-related Initiatives: Report by IMF (BOPCOM-13/19)**

117. Mr. Austin (IMF) reported on developments on reserves-related initiatives since the BOPCOM meeting in January 2013. These developments covered four areas: update on data sharing and confidentiality; project to review data reported on the *Reserves Data Template* (RDT) on SDR basket and non-SDR basket currencies; and the publication of the updated *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (Guidelines)*.

#### *Data sharing and confidentiality*

118. Mr. Austin updated the Committee on the status of STA's undertakings with regard to proposals related to confidential surveys on reserve assets, namely the *Survey of Securities Held as Foreign Exchange Reserves* (SEFER) and the *Instrument Composition of Transactions in Foreign Exchange Reserves* (INFER). He indicated that SEFER reporters had received the new reporting forms that would be used to begin reporting semi-annual data (starting with end-June 2013 data that would be reported by end-December 2013), and highlighted the consultations undertaken with INFER reporters on developing sub-aggregates for internal IMF use.

#### *Reserves Data Template*

119. With regard to basket and non-SDR basket currencies in the RDT, Mr. Austin reported on the outcomes of STA's correspondence with the 63 SDDS subscribers that reported on the RDT that they included assets in reserves that were denominated in currencies outside the SDR basket. The aim was to assure that all assets included in reserves fulfill the criteria in the statistical definition of reserves,



*International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (Guidelines)*

120. Mr. Austin informed the Committee that hard copies of the English language edition of the updated *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (Guidelines)* became available in September 2013.

121. At the conclusion of the presentation, a participant stated that he welcomed the phased approach the IMF was taking with regard to COFER, SEFER and INFER. He underlined the need for caution before disseminating regional breakdowns, given that activities in reserve management by large assets holders could influence prices and exchange rates. He also noted that simply releasing the names of reporters could have the effect of causing residual disclosure, because if a large reserve holding country begins participating in one of these surveys, its data could be estimated from the changes in levels shown before and after its participation. In his view, this would act as a disincentive for new reporters.

122. Mr. Ducharme thanked the participant for his insights.

**Results of the Survey of Foreign Exchange Market Intervention: Paper by IMF (BOPCOM-13/20)**

123. Mr. Austin (IMF) reminded the Committee that, at the January 2013 meeting, the Committee was informed of the IMF Executive Board discussion in November 2012 on Data Provision to the Fund for Surveillance Purposes. At that meeting, some Executive Directors had asked about the provision to the IMF of additional foreign exchange market intervention data. Mr. Austin explained that STA therefore reconvened the Reserve Assets Technical Expert Group (RESTEG<sup>4</sup>) in July 2013, and conducted a survey during August-September 2013 of RESTEG members' views on foreign exchange market intervention.

124. Mr. Austin summarized the results under two main broad themes: defining and measuring foreign exchange intervention and current country dissemination practices; and a draft definition of intervention, which built on the feedback from RESTEG members.

*Intervention is a monetary policy tool, other than standard monetary policy operations, in which the central bank or other domestic monetary authorities take an active role in influencing the foreign exchange value of the domestic currency, including actions taken in support of other (nonresident) monetary authorities. These actions include both spot and forward market activities, and direct and indirect market activities that are taken to build reserves, stabilize exchange rates, or correct misalignments, such as an economy's current account balance. Intervention includes both sterilized operations (i.e., operations*

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<sup>4</sup> RESTEG consists of three IMF staff plus 19 members from economies in all regions of the world and in different stages of economic development as well as major international financial institutions.

*where the authorities take action to offset the impact of intervention on domestic money supply) and nonsterilized operations.*

125. The Committee members were asked (i) what comments they had on the definition of intervention; and, building from RESTEG member feedback, (ii) what views did Committee members have on the best practices for the collection and dissemination of data. Furthermore, Committee members were asked (iii) what were their views in regard to possible next steps by RESTEG; (iv) whether RESTEG should continue its work by firming up the definition of foreign exchange market intervention; and (v) whether RESTEG should firm up a list of best practices in the collection and dissemination of intervention data.

126. Mr. Austin noted that the RESTEG survey results and outcomes of the Committee's discussion would be shared with RESTEG.

127. The Committee thanked the IMF for undertaking the survey and for reporting on the results. In regard to the definition of intervention placed before the Committee, several members underlined the importance of "intent to influence the domestic value of the currency" as a key element of the definition, while some others stressed that reserve asset accumulation should be the main component of the definition. One participant underscored the importance of so-called oral interventions, but it was also recognized that it could be difficult to clearly define oral interventions, partly given that some remarks by officials may have an unintended impact. Another participant suggested that the definition should say that intervention was a "policy tool" (as opposed to saying that it was a "monetary policy tool"), to make it clear that, in some countries, treasuries and finance ministries undertake intervention activities.<sup>5</sup>

128. In regard to possible next steps by RESTEG, some participants expressed concerns about the direction of the initiative; in particular, they expressed concerns that the endorsement of future methodological work on currency intervention may be perceived as endorsement of expanded data dissemination, which was considered a step much too far considering the level of opposition by some policy makers. Before proceeding further, it was argued that it would be worthwhile to seek clarification and high-level support from IMF member countries. Mr. Kozlow clarified that the exercise originated from the IMF Executive Board's discussion of Data Provision for Surveillance Purposes, during which it was argued that the IMF could utilize expanded data on intervention activities given its role in multilateral surveillance. He also noted that data for surveillance purposes would not necessarily need to be publicly released.

129. Another Committee member noted that next steps may include encouraging countries to report data on a best efforts basis and continuing work towards developing broad guidelines on the types of data that countries should consider producing, but

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<sup>5</sup> However, it should also be noted that the statistical definition of monetary authorities includes the central bank and certain operations usually attributed to central banks but sometimes carried out by others government institutions (including finance ministries) or commercial banks.

without setting new data dissemination standards and without agreeing on definitions, at least in the short term.

130. The Chair thanked the Committee for the informative discussion. He also agreed that continued high-level support for the work is desirable before moving ahead.

**Valuation of Other Equity in the IMF: *Paper by IMF (BOPCOM-13/21)***

131. Ms. Hammer (IMF) reminded the Committee that, for the Committee meeting in January 2013, STA drafted the paper *FAQs on Gold Sale Windfall Profits (BOPCOM-12/22)*. This earlier set of FAQs were prepared to assist compilers and users of BOP, government finance, and monetary statistics in understanding (i) the correct recording of the distribution of windfall profits from gold sales to IMF members, and (ii) any subsequent contributions to the IMF Poverty Reduction and Growth Trust.

132. Ms. Hammer noted that, according to the IMF's Articles of Agreement (Schedule K, paragraph 2), member countries have claims on the residual value (equity) of the IMF, and that the present paper would present guidance on what may constitute equity (residual value) of the IMF, and on the valuation of "other equity" in the IMF by its member countries.

133. Ms. Hammer continued to outline that the IMF meets the requirement for treatment as an institutional unit, and as such, it is established and owned by its member countries. Following this rationale, its owners have claims on the residual value of the IMF. Ms. Hammer further explained that equity is usually identified by referring to a company's balance sheet, which lists assets, liabilities other than equity, and equity separately, and that a balance sheet may not necessarily reflect current market values.

*Calculation of Residual Value/Equity of IMF*

134. Ms. Hammer explained that the residual value of the IMF can be calculated by referring to its Consolidated Statements of Financial Position (CSFP), and that these are prepared in accordance with International Financial Reporting Standards (IFRS). She examined the IMF's CSFP by individual account, and explained whether each account should be adjusted in some manner in calculating total other equity of the IMF.

*Calculation of other equity in the IMF for individual members*

135. With regard to the calculation of other Equity in the IMF for individual members, Ms. Hammer explained that a rough approximation of other equity in the IMF for some individual member countries could be obtained by applying the member country's percentage share of the overall quota to the value of the total other equity of the IMF; however, this calculation would be imperfect for a number of reasons: First, under the Articles of Agreement (Schedule K, paragraph 2), the value of gold held on August 31, 1975, and assets held in the Special Disbursements Account, would be distributed only to those members that were members on August 31, 1975, in proportion to quota shares on that date, and that any remaining gold holdings, and any other assets, would be distributed according to different formulas, such as quota shares on the date of liquidation. Second,

the allocation of the residual value of the IMF to countries that emerged from the splitting apart of countries that had been IMF members requires a careful examination on a country-by-country basis.

*Practical Consideration in Recording Other Equity in the IMF in Macroeconomic Statistics*

136. Ms. Hammer concluded that the calculation of other equity in the IMF by individual IMF member country was not straightforward, and that a regular update of these data (either by STA or by member countries) would require a very careful effort. Furthermore, the inclusion of data in macroeconomic statistics on other equity in the IMF would implicitly suggest expanding the coverage to member country equity in other international organizations, which could be a major challenge for individual compilers. Another option could be for IMF member countries to continue to follow the approach described in the FAQs on windfall gold sales profits – the FAQs recommended an ad hoc recording of an entry under “other changes in volume of financial assets and liabilities account” equal to the superdividends – and that each IMF member’s other equity in the IMF remains at zero based on practical grounds for the time being.

137. The Committee members were asked whether they had any comments on the calculation of other equity in the IMF, and whether they had comments regarding the method to be applied for deriving calendar quarter data from fiscal quarter financial statements. Furthermore, because the inclusion of “other equity” in the IMF in the international economic accounts of IMF members would carry implications for other statistical domains (national accounts, monetary and financial statistics, and government finance statistics), the members of the Committee were asked whether STA should bring this matter to the attention of the ISWGNA. Also, the Committee members were asked for their views on the practicality of including other equity in the IMF in their macroeconomic statistics. Last, Committee members were asked whether a review of other equity in IOs should be included in the list of issues for the next update of the *Balance of Payments Manual* and other major macroeconomic statistics manuals.

138. The Committee appreciated the efforts by STA to explore matters with regard to calculating other equity in the IMF. The Committee agreed that, conceptually, IMF members have an other equity claim on the IMF. The Committee also agreed that the methodology proposed by the IMF produced “fit-for-purpose” aggregate estimates. Further, the Committee agreed that allocating the aggregate estimates to individual countries was not straightforward, for reasons specified in the paper. The views of the Committee about the way forward were split. Some argued that, from a statistical viewpoint, it would be appropriate to continue with the initiative, and suggested that the IMF take the lead by calculating and disseminating data on other equity for all of its members. Others considered this to be a very low priority, especially considering the difficulties in calculating and continually updating the estimates, and also because the amounts involved at the individual country level were not considered material. Some suggested that the treatment of illiquid equity in international organizations be taken up with *BPM7*, because there may be good arguments to omit it from calculations of IIPs.

139. Mr. Ducharme thanked the Committee for its views and indicated that STA would reflect on the various comments received from the Committee before coming to a conclusion.

*New Developments at International Organizations*

**OECD:**

**Recent Activities of the OECD Working Group on International Investment Statistics: Report by OECD (BOPCOM-13/22)**

140. Mr. Ahmad (OECD) presented this brief report on the work of the OECD Working Group on International Investment Statistics (WGIIS). The WGIIS was active in a number of areas, including in defining green FDI.

141. Mr. Ducharme thanked Mr. Ahmad for the informative presentation.

**Work of the Interagency Task Force on Statistics of International Trade in Services (TFSITS): Report by OECD (BOPCOM-13/23)**

142. With his presentation, Mr. Ahmad (OECD) informed the Committee of the mandate of the Task Force on Statistics of International Trade in Services (TFSITS), and the outcome of the TFSITS meeting in October 2013. Mr. Ahmad noted that the TFSITS mandate comprises (i) the focus on statistical requirements of the General Agreement on Trade in Services, i.e. covering the four modes of supply; (ii) strengthening of cooperation between International Organizations; (iii) promoting development of international standards; (iv) improving the availability, quality and comparability of statistics; and (v) facilitating of the provision of technical assistance in compilation of relevant statistics (including FATS). Mr. Ahmad also noted that there were plans to merge this task force with the Task Force on International Merchandise Trade Statistics, and that the next meeting of these task forces in March 2014 would cover both merchandise trade and services trade issues.

143. With regard to the summary of the task force meeting (and focusing on issues relevant to the Committee), Mr. Ahmad reported that the OECD and WTO suggested the TFSITS should work on a streamlined metadata questionnaire across IOs for trade in services (EBOPS) that could be used by all agencies and sent to countries once the *BPM6* standards have been implemented. He further noted that the questionnaire should be web based and avoid duplicating IMF metadata collection by re-using existing information.

144. About the *2010 MSITS Compilers Guide (CG)*, Mr. Ahmad emphasized that it would complement the *IMF BPM6 Compilation Guide* and focus on the compilation of data by EBOPS 2010 categories, with particular emphasis on the compilation of trade in services data by partner country. He noted that, while many countries had provided, or would work towards providing this level of detail, most countries currently would not comply with this important recommendation of the *MSITS 2010*.

145. Mr. Ahmad further explained the outline of the *CG*, i.e., (i) Part I provides an overview of the general framework; (ii) Part II focuses on data collection; (iii) Part III elaborates on various issues of data compilation; and (iv) Part IV covers several key cross-cutting topics and provides guidance on metadata, data quality management, data and metadata dissemination, and use of information and communication technology. Mr. Ahmad noted that the final editing of the *CG* would be concluded around June 2014.

146. With regard to finalizing the *CG* by around March 2014, Mr. Ahmad emphasized that much work still needed to be done in order to streamline the material included in some of the chapters, and further encourage countries to provide case studies on innovative ways to measure trade statistics. Mr. Ahmad underlined that that the finalization of the *CG* also depended on the outcome of discussions of the Task Force on Global Production.

147. Mr. Ducharme thanked Mr. Ahmad for his very informative presentation.

***BIS:***

**New Developments in the BIS International Financial and Banking Statistics: Report by BIS (BOPCOM-13/24)**

148. Mr. Wooldridge (BIS) outlined key features of the BIS international banking statistics (IBS), and updated the Committee on the progress made in implementing the enhancements that were agreed in 2012. He also noted BIS efforts to close gaps in banking statistics, as well as the uses of the data for compiling balance of payments/IIP statistics, assessing external vulnerabilities, and conducting financial stability analysis. Mr. Wooldridge highlighted trends in the derivatives market, as well as the most notable results of the BIS Triennial Central Bank Survey.

149. A Committee member queried what steps were being taken to enhance the timeliness of the IBS. Mr. Wooldridge responded that the BIS is constrained by country data reporting lags, but that the possibility of sharing partial data with balance of payments compilers and/or statistical offices could be considered. In response to another member's questions, he noted that the BIS was examining user demands for derivatives data on a resident-nonresident basis, and that the BIS was also examining its basis for valuing outstanding positions. A Committee member also raised the issue of identifying the residency of the counterparty to securities trades on organized securities markets. Mr. Kozlow responded that the *BPM6* convention is based on the residency of the issuer of the security.<sup>6</sup> The challenges of indentifying hedge funds were also raised by one Committee member; she noted that distinguishing between hedge funds and private equity are becoming increasingly difficult as the nature and composition of hedge funds is evolving. Committee members underlined the continuing importance of the IBS for statistical and analytical purposes, including risk assessments. Looking toward the future,

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<sup>6</sup> See *BPM6* paragraph 3.8 and 4.153-4.154.

key challenges were noted as the keeping up with changes in risk concepts, and in improving the measure of cross-border risk transfers.

***UNCTAD:***

**World Investment Report 2013: Report by UNCTAD (BOPCOM-13/25)**

150. Mr. Fujita (UNCTAD) was unable to attend the meeting, and this paper, which summarized UNCTAD's *World Investment Report 2013 (WIR 2013)*, was not discussed at the meeting.

151. The *WIR 2013* presented the latest trends in foreign direct investment (FDI) and contained in-depth analysis of policy developments, investment prospects, and key emerging issues related to investment -- including financial flows via offshore centers, and divestments. The report found that (i) global FDI flows declined in 2012 to below the pre-economic crisis level, due mainly to economic fragility and policy uncertainty for investors; and (ii) in 2012 - for the first time ever, developing economies absorbed more FDI than developed countries. In addition, they generated almost one third of global FDI outflows.

152. The 2013 WIR focused on global value chains (GVCs) and their role in development. The report showed how GVCs form a nexus between trade and investment: The vast majority of global trade is linked to the international production networks of transnational corporations, which are increasingly segmented between locations and countries. Goods circulate from one country to another as they are transformed from raw materials into finished products with higher value added. This process offers new opportunities to less-wealthy countries, but also poses some risks. The report argued that to move up these value chains, developing nations must coordinate investment and trade policy better. Ultimately, the trend towards more complex value chains could enable these nations to expand their economies and to create more and better paying jobs. The report also proposed a social and environmental governance framework for GVCs to help countries maximize the development benefits of international production.

***BIS/ECB:***

**Debt Securities Statistics/Handbook: Presentation by BIS/ECB (BOPCOM-13/26)**

153. Messrs. Bier (ECB) and Wooldridge (BIS) presented an overview of the current status of recommendation #7 of the G-20 DGI. In accordance with this recommendation #7, the three parts of the Handbook on Securities Statistics (HSS) would be released as one handbook in the first half of 2014; and the BIS debt securities statistics for domestic or total issues were now available by residence and sector for 56 countries. Progress was being made in completing Template I, with breakdowns by sector, currency, maturity, and interest rate.

154. Messrs. Bier and Wooldridge noted that recommendation #7 was related to G20 DGI recommendation #15, which promotes the compilation and dissemination of data consistent with the balance sheet approach (BSA), flow of funds, and sectoral accounts.

The minimum requirements for debt securities would be a breakdown by nine sectors, by debt and equity securities, Money Market funds (MMFs), and non MMFs investment shares/units, and by maturity. Also related to recommendation #7 were the SDDS Plus requirements for debt securities, a subset of the HSS. It concerns full from-whom-to-whom holdings of debt securities, for stocks, by total original maturity, and broken down by five SNA sectors. Mr. Bier emphasized that the whom-to-whom relationship was the most demanding requirement but at the same time the most interesting and relevant one for measuring interconnectedness.

155. Mr. Bier emphasized that, for securities statistics in the EU, the CSDB is an important tool to develop securities statistics on a security-by-security (s-b-s) basis. As of 2014, the Securities Holdings Statistics Database (SHSDB) in conjunction with the CSDB would enable the ECB and the national central banks to compile statistics on securities on a from-whom-to-whom basis.

156. With regard to the CSDB, one participant asked what benefits have ensued from its large investment. A number of participants mentioned a range of benefits arising from the CSDB, including timely input into the compilation of various data sets (GFS, BOP, IIP, and CPIS), its use for work on consistency, and its merit for supervisory purposes. Mr. Bier added that the CSDB was a long term strategic investment that would be useful in addressing forthcoming financial stability and supervisory needs within the European System of Central Banks (ESCB).

157. Mr. Ducharme thanked Mr. Wooldridge and Mr. Bier for their very informative presentation.

***AEG/ISWGNA:***

***Outcome of AEG/ISWGNA Meeting on Freight/Insurance in International Trade: Presentation by IMF (BOPCOM-13/27)***

158. Ms. Hammer (IMF) presented the Outcome of the AEG/ISWGNA Meeting on Freight/Insurance in International Trade; the meeting took place during May 28–31, 2013. Ms. Hammer noted that this presentation followed up on a discussion at the last Committee meeting, when STA presented a paper written by Anne Harrison (Editor of the *2008 SNA*) about differences between the *2008 SNA* and the *BPM6* in regard to measuring the way in which the cost of transporting goods from the supplier to the purchaser is recorded. As background, cross-border trade should be recorded in the BOP on a “free-on-board (FOB) - basis”. The *2008 SNA* is consistent with *BPM6* when transactions occur internationally, but for entirely domestic transactions, goods transactions are based on who is responsible for transport, and no re-routing to a FOB basis is performed.

159. Ms. Hammer informed the Committee that the AEG agreed with the IMF recommendation to clarify that the *2008 SNA* is consistent with *BPM6* in requiring FOB valuation of international trade in goods. The AEG also came to the conclusion that this would probably be unsatisfactory in the long run, because of its conceptual inconsistency



with the 2008 SNA's central change of ownership accrual principle for goods transactions between residents of the same economic territory, as well as, practically, with the trends in administration of international trade (economic and customs unions), the containerization of international transport, and the fragmentation of globalized value chains in goods production.

160. Ms. Hammer concluded that the AEG recommended placing this issue on the research agenda and working with the Committee and the Expert Group on International Merchandise Trade Statistics (IMTS) to consider the adoption of the change of ownership basis, and basic price valuation, for trade in goods in the next revision of the 2008 SNA, BPM6, and IMTS: *Concepts and Definitions 2010*. The AEG also requested Canada, as Chair of the Friends of the Chair Group on Internationalization, to bring this issue to the attention of this Group.

161. During the discussion of the presentation, some Committee members noted that the current FOB-convention in measuring cross-border trade was unsatisfactory, and that the eventual adoption of the change of ownership and basic price valuation principle in 2008 SNA was a desirable outcome. Another Committee member informed the Committee that the decision taken to place this issue on the research agenda was of practical nature in order not to interfere with the current implementation of BPM6 and the 2008 SNA.

***Interagency Task Force on Finance Statistics (TFFS):***

**Progress Report on Work of the Interagency Task Force on Finance Statistics (TFFS): Report by IMF (BOPCOM-13/28)**

162. Ms. Hammer (IMF) reported on the main activities of the Inter-Agency Task Force on Finance Statistics (TFFS) since the 2012 meeting of the Committee. The annual meeting of the TFFS at the OECD during March 14–15, 2013 was an occasion to discuss:

***Remaining work on the update of the External Debt Statistics: Guide for Compilers and Users (EDS Guide):***

163. Ms. Hammer noted that, based on a paper for discussion prepared by the IMF, the TFFS had reviewed the changes in the complete updated draft of the 2013 EDS Guide that arose from worldwide comments. As scheduled, the pre-publication draft of the EDS Guide was posted in September 2013.

***Public Sector Debt Statistics Guide (PSDS Guide)***

164. Ms. Hammer reported that in December 2011, the final version of the PSDS Guide was posted on the TFFS website.

***Joint External Debt Hub (JEDH)***

165. Ms. Hammer informed the Committee that the TFFS had agreed to create a subgroup involving the BIS, IMF, OECD, and World Bank to review and further enhance

the Joint External Debt Hub (JEDH). This initiative included (i) the review of the JEDH comparator table to improve the benefits to users; (ii) to give greater prominence to the Coordinated Portfolio Investment Survey (CPIS) in JEDH; (iii) to review the website link to the QEDS; and to (iv) identify ways to promote the back series of data given that only four quarters are presented on the home page.

*Availability of Debt Data on the Quarterly External Debt Statistics (QEDS) Database*

166. Ms. Hammer reported that more than 110 economies had reported quarterly external debt position data to the QEDS database as September 2013. She further noted that work focused on the update of the QEDS database to fully align it to the *BPM6* and the *2013 EDS Guide*.

*Availability of Debt Data on the PSD Statistics Database*

167. Ms. Hammer informed the Committee that 76 economies had provided gross public sector debt position data for the PSDS Database as of September 2013. She further reported that the participating international organizations (World Bank, OECD, IMF) had continued encouraging economies to join the initiative; and that quarterly videoconferences had taken place to discuss the transmission of public sector debt data to the centralized database, ensure inter-organizational consistency, and address any outstanding issues.

*Capacity Building*

168. Ms. Hammer reported that STA had resumed its training in external debt statistics at the IMF's regional training centers (Vienna and Singapore) and at IMF headquarters. Furthermore, ComSec and UNCTAD also provided support to countries in the production and dissemination of debt statistics through conferences, regional workshops, and country-specific activities.

*Forward Work Program of the TFFS*

169. Ms. Hammer concluded the presentation by listing the forward work activities of the TFFS: (i) the launch of the *2013 EDS Guide*; (ii) updating the QEDS database in line with *BPM6* and the *2013 EDS Guide*; (iii) expanding debt data reporting—both to the external debt and public sector debt statistics databases; (iv) further enhancing the JEDH; (v) revamping the TFFS website, and (vi) preparing a DSD to explain the "debt statistics" in general with national accounts and balance of payments DSDs.

170. One participant noted that, in the aftermath of the global financial crisis, the focus had been on developments in advanced economies. The focus is shifting to emerging markets, and in this context he expressed strong support for the work underway to update the web site of the JEDH, which provides valuable creditor-side data.

**Medium–Term Work Program of the Committee: Report by IMF (BOPCOM-13/29)**

171. Mr. Kozlow (IMF) outlined proposals for the Medium-Term Work Program of the Committee for 2014 and compared them to the proposals in the Medium-Term Work Program of the Committee for 2013. With the near completion of work on the *BPM6 CG*, this item should be removed as a separate top priority issue. A report on the IMF's work to improve understanding of cross-border financial interconnectedness, including identification of data gaps, was added as a top priority item. Further, Mr. Kozlow also shared an internal document that discussed the Medium-Term Vision, for the information of the Committee.

172. These documents generated much discussion. In regard to the proposed Medium-Term Work Program of the Committee for 2014, many Committee members proposed additional items or sub-items to consider, including performing research into: global value chains, new or better measures of foreign direct investment, statistics needed for surveillance, *BPM7*, asymmetries, illegal activities, merchanting and goods for processing, and global inconsistencies. Others suggested changing the work program format of the document (which lists key project areas) to emphasize the type of input and direction sought from the Committee (e.g., conceptual guidance on methodological issues) rather than on STA deliverables.

173. Similar sorts of comments were received on the Medium-Term Vision, but they are not summarized in detail here because it was an internal document intended solely for the information of the Committee and not for outside release.

174. Mr. Kozlow responded to the comments that were offered on the Medium-Term Work Program.

175. Mr. Ducharme noted that he considered that it might be useful for the Committee to adopt Work Programs for more than a single year.

**Summary of Discussion: Report by IMF (BOPCOM-13/30)**

176. Mr. Kozlow took the Committee through the draft Summary of Discussion.