



## Twenty-Eighth Meeting of the IMF Committee on Balance of Payments Statistics

Rio de Janeiro, Brazil  
October 27–29, 2015

BOPCOM—15/13.c

# Japan's Experience in Compiling Enhancements to IIP



# Japan's Experiences in Compiling Enhancements to IIP

The 28<sup>th</sup> Meeting of the IMF Committee on  
Balance of Payments Statistics  
October 27-29, 2015



Takeshi Nakamura  
Director, Head of Balance of Payments Division  
International Department, Bank of Japan



# Contents

1. What challenges are there?
2. What are now available in Japan's IIP?
3. How did we overcome the challenges?



# 1. What challenges are there?

- International Investment Position (IIP)
  - is a key data source which provides information on assets and liabilities of the external position with a detailed instrument breakdown.
- Growing interest in examining vulnerabilities using balance sheet data
  - are reflected in the IMF's manual (*BPM6*).

# Standard components and additional analytical data regarding currency composition in *BPM6*

**Table A9-I-1a. Debt Claims on Nonresidents**  
Year ... (latest year under review)

(1) More detailed sector breakdowns  
(standard components)

(2) Currency composition  
(additional analytical data)

	Central bank	General government	Deposit-taking corporations, except the central bank	Other sectors <sup>5</sup>			Inter-company lending <sup>6</sup>	Total
				Total	OFC	Other		
<b>Total<sup>2</sup></b>								
Domestic currency								
Foreign currency								
U.S. dollar								
Euro								
Yen								
Other currencies								
Unallocated <sup>3</sup>								
<b>Of which one year or less<sup>4</sup></b>								
Domestic currency								
Foreign currency								
U.S. dollar								
Euro								
Yen								
Other currencies								
Unallocated <sup>3</sup>								
<b>Reserve assets<sup>7</sup></b>								
In SDR basket								
Not in SDR basket								



## 2. What are now available in Japan's IIP?

- Japan has started compiling both
  - (1) more detailed sector breakdowns, and
  - (2) currency composition of assets and liabilitiesfor data from year-end 2014\* onward.
- ✓ These enhancements are also set as preferred targets by G-20 Data Gaps Initiative.

\* Japan has switched to the *BPM6*-based statistics at the same time.

## 2. What are now available in Japan's IIP?

### (1) Separate identification of OFC

- Japan's IIP is now broken down into 5 sectors, particularly available for the OFC sector.

Table. Change of sector breakdown

<i>BPM5</i> -based statistics	<i>BPM6</i> -based statistics
Public sector	Central bank
	General government
Banks	Deposit-taking corporations, except the central bank
Other sectors	<b>Other financial corporations</b>
	Others

Note: "Others" include nonfinancial corporations, households, and nonprofit institutions serving households.



## 2. What are now available in Japan's IIP?

### (2) Currency composition

- Japan now compiles currency compositions of not only asset side but also liability side.

Table. Availability of currency composition

	<i>BPM5</i> -based statistics	<i>BPM6</i> -based statistics
Asset	Portfolio investment	Portfolio investment and <b>Debt instruments of Other investment</b>
Liability	n.a.	<b>Portfolio investment</b> and <b>Debt instruments of Other investment</b>

# Debt Position (Assets/Liabilities) by Currency

	Deposit-taking corporations, except the central bank	Other financial corporations	Others
<b>Total</b>			
Japanese yen			
U.S. dollar			
Euro			
Others			
<b>Of which:</b>			
<b>Short-term</b>			
Japanese yen			
U.S. dollar			
Euro			
Others			

Note: Figures for currency breakdowns of "central bank" and "general government," Japan publishes another table "Debt Position (Assets/Liabilities) by Currency (Foreign Currency/Japanese Yen), " where the categories are broken into foreign currency and Japanese yen.



### 3. How did we overcome the challenges?

- When compiling the statistics, there is always trade-off between
  - ✓ the accuracy of the statistics and
  - ✓ the reporting burdens.
    - Japan's BOP/IIP statistics are compiled by using several reporting formats which are required by the Foreign Exchange and Foreign Trade Act.
- In implementation of enhancements to IIP, Japan has employed a mixed strategy.



## 3. How did we overcome the challenges?

### (1) Sector breakdowns

Japan has revised the reporting formats, requiring the respondents to show more detailed sector breakdowns.

- At the same time, we
  - ✓ publish the clear-cut explanation documents about reporting formats and
  - ✓ sincerely answer inquiries about practical issues of reporting.

### 3. How did we overcome the challenges?

#### (2) Currency composition

Japan has made efforts to compile some figures instead of increasing reporting burdens:

- First of all, the existing reporting format\* requires data either
  - denominated in Japanese yen or
  - all other foreign currencies are denominated in U.S. dollar

\* Reports on Assets and Liabilities Position of Banks, etc.(Form 26).



### 3. How did we overcome the challenges?

#### (2) Currency composition (contd.)

- To get detailed information about foreign currencies, we
  - use other reporting format\*\* in combination, and
  - estimate some figures if necessary.

\*\* Reports on banks' debt claims on or debt liabilities to nonresidents by country (Form 33).

Note: This format are mainly used for compiling  
"BIS International Locational Banking Statistics and  
International Consolidated Banking Statistics in Japan."



Thank you for your attention.

Any questions or comments will be appreciated.