



Thirty-Sixth Meeting of the IMF Committee on Balance of Payments Statistics

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For information

Overview of the Work of the Direct Investment Task Team

Prepared by the Direct Investment Task Team (DITT)

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Overview of the Work of the Direct Investment Task Team¹

This report presents an overview of the activities and the progress made by the Direct Investment Task Team (DITT). DITT's work plan includes the preparation of guidance notes (GNs) covering methodological and measurement issues, and supplemental presentations, all associated with direct investment. Out of the 17 GNs, five were prepared for this round; two will be presented at this Committee meeting, and three will be discussed via written procedure following the meeting. Five GNs were presented in February 2021; one has moved to approved status, and four are being revised based on the questions and comments raised during the last Committee meeting. The DITT works in close coordination with the OECD Working Group on International Investment Statistics, and as part of its consultation process, has shared some GNs with other Task Teams. Going forward, the DITT has adopted a staged approach for producing the remaining GNs ahead of the end of its mandate in March 2022.

INTRODUCTION

- 1. The [Direct Investment Task Team](#) (DITT)² has been established to provide technical inputs and make recommendations on the methodology of direct investment (DI) statistics within the framework of the *BPM6* update.** Given its specificity, the DITT works in close coordination with the OECD Working Group on International Investment Statistics (WGIIIS) as the outcomes of DITT's work are also expected to inform the update of the [OECD Benchmark Definition of Foreign Direct Investment, fourth edition](#) (BD4). The DITT is co-chaired by the IMF and the OECD. To have a more coordinated view of the discussions, three Government Finance Statistics (GFS) experts have joined the DITT membership.
- 2. The DITT has, to date, prepared, altogether, 13 Guidance Notes (GNs), of which five have been specifically prepared for this Committee meeting.** D.5 “*Eliminating Imputations for an Entity Owned or Controlled by General Government that is Used for Fiscal Purposes*”, D.8 “*Public-Private Partnerships (PPPs)*”, D.11 “*Removing Debt Between Affiliated Insurance Corporations and Pension Funds from Direct Investment*”, D.14 “*Financial Conduits*”, and D.18 “*Cash Pooling in Direct Investment*” have been drafted, discussed within the DITT and circulated within the Balance of Payments Task Team (BPTT) for review before moving to public consultation. D.5 and D.8 are being presented at this meeting, with D.5 having been shared with the Advisory Expert Group (AEG). D.11, D.14, and D.18 will be cleared by the Committee via written procedure.
- 3. Out of the five GNs presented at the February 2021 Committee meeting, D.12 “*Including intra-concern [between affiliates] derivatives in direct investment*” has moved to [approved status](#).** With this, three GNs in total are in approved status. The other four notes discussed at the February 2021

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² The DITT was officially launched on June 9, 2020, with a mandate that spans until March 2022. Key issues to be addressed by DITT, as drawn from the research agenda of the Committee, are presented in the Compendium of Issues adjoining its [terms of reference](#).

meeting and D.9³ have not moved to approved status yet as the drafting teams are revising them to respond to the questions and comments raised by members during previous Committee meetings.

4. **Moving forward, the DITT will prepare the four remaining GNs for the October 2021 meeting.** These are: D.2 “*Valuation of Unlisted Equity*”, D.10 “*Can DI be Achieved other than by Ownership of Equity*”, D.15 “*Treatment of Payments Made by Non-Resident Affiliates on Behalf of DI Enterprises*”, and D.16 “*Treatment of Retained Earnings*.”

5. **The DITT would like to acknowledge the significant contributions of Dr. Raymond Mataloni from the U.S. Bureau of Economic Analysis (BEA), who died unexpectedly in April, to the work of the DITT.** His work leading the drafting of two GNs, contributions to other drafting teams, his comments and insights into the statistics and behavior of MNEs, and collegial approach were greatly appreciated by his colleagues. The DITT welcomes Ms. Jessica Hanson of the U.S. BEA to the work of the DITT.

6. **The DITT continued working in close collaboration with the WGIIIS and coordinates with the Globalization Task Team (GZTT) on specific issues.** The WGIIIS has reviewed the five GNs prepared for this round, simultaneously with the BPTT. During this review process, WGIIIS members have shown no strong objection to the content, discussion, and recommendations within the GNs. Most comments provided related to thorough responses to the questions posed for discussions and expressions of preferences, as well as suggestions for further clarification and examples on certain issues. During this round, GN D.5 has been shared with the GZTT for consultation.

7. **As was done in previous rounds, comments received from the WGIIIS review were integrated together with those gathered during the public consultation.** The WGIIIS organized a webinar on June 1, 2021, to provide its members an additional opportunity to discuss the GNs and the feasibility of the proposed recommendations. The GNs’ lead authors presented the GNs and all team members were invited to the webinar to be part of the discussion and collect additional feedback. The outcome of these discussions will be used to support the *BD4* update, formally launched at the WGIIIS November 2020 meeting.

8. **The DITT will proceed with its work program as per its proposed timeline** (see Appendix I). The teams will be given sufficient time to integrate and discuss comments received from within the DITT, as well as other task teams and have the GNs sent for public consultation before being presented at the Committee. The DITT will hold its fourth virtual meeting after the Committee has reviewed all GNs from this round to notify its members about the outcomes, to discuss its work plan, and also to inform them on the overall work associated with the update of the manuals.

³ GN D.9 “*Reconciling DI Statistics with FATS/AMNE Statistics*”, further to the discussion at the October 2020 Committee meeting, will be revised by adding a definition of multinational enterprise (MNE), not only to reconcile with AMNE/foreign affiliate statistics (FATS) but also with the work of the GZTT on MNEs. A joint IMF/OECD stock taking survey is expected to be launched to gather compilers’ feedback on the proposed framework for reconciling DI and AMNE statistics for possible inclusion in *BPM7*. This stocktaking questionnaire will also be used to gather information to finalize D.1 “*Greenfield Investment and Extensions of Capital*.” The revised GNs will then be considered by the Committee through written procedure.

Appendix I. Table of DITT Research Issues – Sequence and Timing of the GNs

| Issue | Teams (Lead and Contributors) | Committee Meeting | Current Status |
|--|---|----------------------|-----------------------|
| High Priority | | | |
| D.1 Greenfield and extensions of capital | UNCTAD (co-lead), Eurostat (co-lead) , Japan, UK, and Zambia | February 2021 | Under revision |
| D.2 Valuation of unlisted equity | Spain (lead) , Canada, China, Russia, ECB, and IMFBP | October 2021 | Under preparation |
| D.3 Treatment of collective investment institutions | USA (lead) , Brazil, Luxembourg, South Africa, and ECB | February 2021 | Under revision |
| D.4 Corporate inversions | USA (lead) , Italy, and UK | February 2021 | Under revision |
| D.5 Eliminating imputations for entities owned or controlled by general government for fiscal purposes | IMFBP (lead) and Eurostat | June 2021 | Under consultation |
| D.6 Ultimate investing country/ultimate host country and removing pass-through capital | OECD (co-lead), Russia (co-lead) , Germany UK, and IMFBP | October 2020 | Approved |
| D.7 Sectoral breakdown of DI | IMFBP (lead) , Canada, France, Zambia, and UNCTAD | October 2020 | Approved |
| Medium Priority | | | |
| D.8 Public private partnerships | Zambia (lead) , IMF, and South Africa | June 2021 | Under consultation |
| D.9 Reconciling DI statistics with FATS/AMNE statistics | UK (lead) , OECD, UNCTAD, and IMF (RES) | October 2020 | Under revision |
| D.10 Can DI be achieved other than by ownership of equity? | Japan (lead) , and Australia | October 2021 | Under preparation |
| D.11 Removing debt between affiliated insurance corporations and pension funds | France (lead) , Canada, and Luxembourg | June 2021 | Under consultation |
| D.12 Including intra-concern derivatives in DI | Poland (lead) , Italy | February 2021 | Approved |
| D.13 Treatment of large construction financed by government | South Africa (lead), France, and IMFBP | June 2021 | Dropped |
| D.14 Financial conduits | Luxembourg (lead) , Germany, IMFBP, Russia, and OECD | June 2021 | Under consultation |
| D.15 Treatment of payments made by non-resident affiliates on behalf of DI enterprises | Brazil (lead) , Australia, and China | October 2021 | Under preparation |
| D.16 Treatment of retained earnings | ECB (lead) , Brazil, Eurostat, and IMFBP | October 2021 | Under preparation |
| D.17 Identifying super dividends and the borderline between dividends and withdrawals of equity | Germany (lead) , Australia, Spain, USA, and IMFBP | February 2021 | Under revision |
| D.18 Cash pooling in direct investment | ECB (lead) , and IMFBP | June 2021 | Under consultation |

| Proposed Timeline for the Next Set of GNs for Discussion at the October 2021 Committee Meeting | | | |
|---|-----------------|-------------------|-----------------------------|
| Action | Duration | Start Date | End Date |
| Drafting of the GN for October 2021 Meeting | | Whenever | No later than June 26, 2021 |
| Consultation within the TT members and finalization of draft | 2 weeks | June 28 | July 12 |
| Addressing comments from DITT | ~1 week | July 13 | July 16 |
| Draft GN circulated to FITT ⁴ | 1 weeks | July 19 | July 23 |
| Addressing comments from FITT | 1 week | July 26 | July 30 |
| Draft GN submitted for review to BPTT and WGIIS/AEG (summer vacations) | 4 weeks | August 2 | August 27 |
| Incorporate comments from BPTT/WGIIS/AEG | 1 week | August 30 | September 3 |
| Posting for public consultation | 4 weeks | September 6 | October 4 |
| Outcomes of public consultation sent to BOPCOM | 1 week | October 5 | October 12 |
| BOPCOM Discussion/Decision | | October 26 | October 28 |

⁴ FITT consultation is applicable only for some specific GNs. This round, D.16 (and probably D.10) will need to go to the FITT for review.