



Progress on the Work of Updating the *BPM5*

In June 2004, the three technical expert groups (TEGs) for the update of *BPM5* met for the first time. In total 44 experts from 25 IMF member countries and 7 other international agencies met in Paris and Washington to discuss issues relating to direct investment, currency unions, and other balance of payments matters. This article explains how these groups came to be created and their different roles, other developments regarding the update process, and information on how compilers and users can contribute to this project.



L to R: Manik Shrestha (Secretariat), Robert Heath (Alternate Chair), Neil Patterson (Chair), and Robert Dippelsman (Secretariat) at BOPTEG meeting.

Background

As economic developments occur and needs in economic analysis change, international guidance for balance of payments data needs to evolve. Against the background of significant changes in the international economic and financial environment since the fifth edition of the *Balance of Payments Manual (BPM5)* was published in 1993, the International Monetary Fund (IMF) Committee on Balance of Payments Statistics (Committee) agreed that it would be appropriate to revise *BPM5*. The revision is being coordinated with the simultaneous review of the *System of National Accounts 1993 (1993 SNA)* that is being undertaken by the international statistical community.

The possibility of updating the *BPM5* was raised initially at the 1999 meeting of the Committee. Subsequently, at its meetings in 2000 and 2001,

the Committee considered the issues that would need to be addressed for updating *BPM5* and the process of updates. At its 2002 meeting, the Committee agreed on a target date of 2008 for the completion of the update to *BPM5*, which is also the target date for completing the review of the 1993 *SNA*. It also agreed on a draft structure for the revised manual. Following the Committee's decision at its 2002 meeting, IMF staff produced an annotated outline, which was reviewed by the Committee and other interagency groups. At its 2003 meeting, the Committee deliberated and decided on issues for finalizing the annotated outline, agreed on processes and timetable for preparing the revised manual by 2008, endorsed the establishment of three technical expert groups to assist the *BPM5* update project, and drew up lists of issues to be addressed by these groups.

Annotated Outline

In April 2004, the IMF published for public comment the *Annotated Outline for the Revision of the Balance of Payments Manual, fifth edition (AO)*. The AO raises issues that have been identified and points to possible solutions. The AO is designed to provide a framework for discussions on the updating of *BPM5*. To assist reviewers, questions about key issues are included. The AO is circulated to give compilers and users an opportunity to provide views.

The AO was sent to all balance of payments compilers and other interested parties asking for their comments. It was also posted on the IMF's website at <http://www.imf.org/external/np/sta/bop/bopman5.htm>. The Note for Reviewers at the beginning of the AO informs reviewers about different ways to submit comments. The AO is being translated into Arabic, Chinese, French, Russian, and Spanish.

Establishment of Technical Expert Groups

To assist in the research and resolution of more complex methodological issues and to undertake a general review of the draft of the manual, three technical experts groups have been established. These groups are as follows.

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- (1) Direct Investment Technical Expert Group (DITEG). A range of issues are associated with direct investment. DITEG is a joint group of OECD and IMF. The work of DITEG is to be coordinated with the OECD revision of the *Benchmark Definition of Foreign Direct Investment*.
- (2) Currency Union Technical Expert Group (CUTEG). The issues associated with currency unions are specialized and will be given increased priority in the new manual, so this group will assist in dealing with the issues identified.
- (3) Balance of Payments Technical Expert Group (BOPTTEG). This group will examine all other issues related to the update of BPM5.

the three TEGs are welcome and should be emailed to bpm5update@imf.org.

DITEG may complete its work by March 2005 and the other two TEGs may complete their work by 2006 or 2007.

In addition to the TEGs, various interagency task forces/groups will provide inputs for BPM5 update. In particular, the Inter-Agency Task Force on Statistics of International Trade in Services and Inter-Agency Task Force on Finance Statistics will advise the Committee on the services-related and external debt-related issues, respectively.

Process for the Update

The next two years are particularly important for the update process because this period encompasses the most intensive review of and consultation on the methodological issues. Continuing contact will be maintained between the balance of payments community and the national accounts community, the latter represented by the Intersecretariat Working Group on National Accounts (ISWGNA) and the Advisory Expert Group on National Accounts (AEG), established by ISWGNA to assist in the 1993 SNA review. By April 2006, the balance of payments community

needs to report to the ISWGNA on the balance of payments issues that affect the 1993 SNA review, after which no more substantive methodological changes are to be considered. After October 2006, new issues will not, for the most part, be considered for inclusion in the revised manual. Later in 2006, a draft of all chapters is scheduled for release on the IMF website for public review and comment. Specific questions or comments on draft chapters or on the general update of BPM5 can be emailed to bpm5update@imf.org.

In 2007–08, a program of broad consultation and review of the draft chapters will take place. It is planned that the Committee will approve a final draft of the manual at its meeting in late 2008, at which time the final draft, subject only to editing, will be placed on the IMF website. It is expected that the revised manual will be made available in hard copy in 2009 in English, with publication in other languages to follow.

Contributor: Manik Shrestha

Terms of reference for the TEGs have been drawn up and the membership established. The membership of these groups includes representatives from selected IMF member countries from all regions of the world and international



Almut Steger (Bundesbank) and Frank Ouddeken (De Nederlandsche Bank) confer during the BOPTTEG meeting.



L to R: Khady Camara (Central Bank of West African Countries), Markus Van Wersh (Eurostat) and Rainer Widera (Bank for International Settlements) during the BOPTTEG meeting

organizations. The documents of these TEGs (such as list of topics, issues papers, outcome papers) are posted on the IMF's website (<http://www.imf.org/external/np/sta/bop/bopman5.htm>) for information and comment. Specific questions and comments on the papers of

The Sixteenth Meeting of the IMF Committee on Balance of Payments Statistics

The sixteenth meeting of the IMF Committee on Balance of Payments Statistics (Committee) was held at the IMF Headquarters in Washington, D.C. during December 1–5, 2003. Central to the work of the Committee are the update of the Balance of Payments Manual, fifth edition (BPM5) and the Coordinated Portfolio Investment Survey (CPIS), and these are discussed in other articles of this Newsletter. This article highlights the other work of the Committee during 2003 in the areas of data quality; the concept of residence; portfolio investment; direct investment; income; and several other topics. Information on the Committee and its work program is available on its website at <http://www.imf.org/external/bopage/bopin-dex.htm>, as are the Committee's annual reports and selected working papers reviewed by the Committee.

Data Quality Assessment

Since the financial crises of the 1990s, policymakers and other users of statistics are giving increased attention to the availability of comprehensive, timely, and reliable financial and economic data. In view of the IMF's responsibility for economic surveillance of its members' economic policies, and to assist users of the data to evaluate data quality, the IMF's Statistics Department (STA) introduced the Data Quality Assessment Framework (DQAF) in 2001 for macroeconomic statistics. The DQAF provides a systematic approach and a common language for the assessment of data quality. The IMF's website has a special site dedicated to DQAF (<http://dsbb.imf.org/Applications/web/dqrs/dqrsdqaff/>).

Following a request by the IMF's Executive Board in 2002 that IMF staff continue to elucidate good practice for data revision policy, the Committee considered the experiences of Chile, India, and Japan in the field of balance of payments statistics. Several important issues emerged, including the trade-offs between the "stability" of historical data and the need to incorporate current information, and between accuracy and timeliness. The need to harmonize revision policies among various datasets, perhaps compiled in different agencies, was also stressed. In the context of discussing an IMF paper on Revisions Policy for Official Statistics: A Matter of Governance (<http://www.imf.org/external/pubs/cat/longres.cfm?sk=17379.0>), the Committee supported a project to seek good practices for revisions of official statistics.

The Committee also discussed the convergence of approaches to data quality among international agencies, examining the DQAF's focus on process-oriented indicators (qualitative measures) and Eurostat's focus on output-oriented indicators (quality measures).

Residence

The Committee considered the question of residence, in particular, the treatment of nonpermanent workers and entities without physical presence. The Committee discussed whether the one year rule for determining residence of nonpermanent workers is appropriate. Nonpermanent workers are considered as those that maintain significant ties with their home countries—while having a definite contract to work in the host country they may pay taxes and maintain a dwelling in home country, visit it regularly, and intend to return home after completing the contract. At issue is the location of their center of economic interest. It was agreed that the statistical treatment of nonpermanent workers is an issue to be considered during the update of BPM5.

Portfolio Investment

Beyond the CPIS itself, the Committee addressed three other topics of importance to the measurement of portfolio investment.

- The Committee discussed the possibility of collecting data on third-party holdings (TPH), that is holdings of securities by non-resident custodians. It had set up a Technical Group on Third Party Holdings (TGTPH) in 2000. TPH are securities placed by investors resident in one jurisdiction with a custodian resident in another. The coverage of such holdings in the CPIS and international investment position statistics poses specific problems as the foreign custodians cannot be approached directly by the home compiler and coverage of investors such as households and small enterprises are usually not well covered in surveys of end-investors. The TGTPH found that there was no simple approach that would permit these holdings to be readily identified, not least because of the multiple custodian chains. Central depositories such as Euroclear and Clearstream did not appear to be in a position to identify the beneficial owners. The Committee agreed to the TGTPH's proposal that the next step is to ex-

plere how holdings on TPH might be identified by those few jurisdictions with major custodial business.

- The European Central Bank's (ECB's) global securities database (GSDB) has an important role in improving the quality of statistics on issues and holdings of equity and debt securities. As a security-by-security database, the GSDB would not only support compilation of portfolio and related income flows, but also monetary and financial statistics, and external debt data. The ECB anticipates that the database will be operational towards the end of 2004 or early in 2005.
- The results of a questionnaire on the information systems of financial institutions that are involved in reverse transactions (repurchase agreements, and securities lending without cash collateral) was discussed. These results suggest that in some countries, repurchase agreements are reported as both collateralized loans and transactions in the underlying security. The present international guidelines recommend that a collateralized loan only be recorded.

Direct Investment

The Committee considered a number of issues related to direct investment. It focused on direct investment activity with respect to various investment vehicles (such as mutual funds, hedge funds, holding companies, trusts, estates, shell corporations, and insurance corporations). The appropriate recording treatment in most of these cases needs to be clarified, and this will be taken up in the context of the update of *BPM5*.

The Committee also discussed a proposal that STA had presented to the IMF's Executive Board to undertake a feasibility study as a precursor to a possible Coordinated Direct Investment Survey (CDIS). Such a survey would build on existing statistical initiatives—the CPIS and the joint IMF/OECD Survey on the Implementation of the Methodological Standards for Direct Investment (SIMSDI). The Committee was advised that the feasibility study for the CDIS will be conducted in 2004, and, if the results indicate a full survey can be undertaken, that it be conducted in 2007. The proposal is for participating countries to provide data for a common reference date with disaggregation by counterpart jurisdiction. The Committee, in principle, welcomed the idea of CDIS and supported the feasibility study, which it believed to be an important first step.

Income

The Committee discussed a number of issues related to income.

- On the imputation of reinvested earnings, the Committee noted that such an approach is not undertaken in the domestic accounts. It was concerned over the analytical significance of negative reinvested earnings and the inconsistency in approach between and among different types of equity investment. On the latter point, the Committee noted that while in *BPM5* retained earnings in a direct investment relationship are attributed to direct investors and property incomes of life insurance and pension funds are routed through policy holders, retained earnings of mutual funds are deemed to be savings of mutual funds, and for all other types of equity ownership the only income deemed to be receivable by their owners is dividends. The Committee considered that these issues should also be taken up in the update of *BPM5* and the review of the 1993 *SNA*.
- The Committee also discussed the results of a survey conducted by the Bank of Japan on the use of employee stock options; the outcome of work by the ECB comparing credits and debits on income between partner countries in the EU; and how the United Kingdom presents to users information on income in the balance of payments. The Committee noted that many of the issues would need to be considered within the context of the update to *BPM5*.

Other Topics

Also, in 2003 the Committee considered (1) a paper comparing international accounting standards with the methodologies for macroeconomic statistics; (2) the use of an Internet survey for estimating business travel transactions in France; (3) security measures for Internet reporting by enterprises to the authorities in Japan; (4) work undertaken by the Bank for International Settlements on improving their international financial statistics; (5) an IMF report on global imbalances in balance of payments data; (6) a Uganda paper on how balance of payments statistics are used for policy purposes in that country; (7) an annual update on the number of countries reporting of balance of payments data to STA on the basis of the classification system of *BPM5*; and (8) proposals for harmonization of data reporting by multinational corporations in Europe for balance of payments purposes.

Contributor: Manik Shrestha

Survey on the Implementation of Methodological Standards for Direct Investment (SIMSDI): Recent Developments

The joint IMF/OECD report on the outcome of the 2001 update of the Survey on the Implementation of the Methodological Standards for Direct Investment (SIMSDI) was published in October 2003 as *Foreign Direct Investment Statistics: How Countries Measure FDI, 2001*. Hard copies of the publication were sent to the balance of payments correspondents of all IMF member countries, and the electronic version has been posted on the IMF's external website at <http://www.imf.org/external/pubs/ft/fdis/2003/index.htm>.

The 2001 update covered 61 of the countries that participated in the 1997 SIMSDI, including the 30 OECD countries and all the countries that had subscribed to the Special Data Dissemination Standard (SDDS) at that time. The report highlighted the progress made since the 1997 SIMSDI survey and identified areas where more than 75 percent of the 61 countries surveyed now implement the recommended methodology for compiling FDI statistics. It also reviewed those aspects where the majority of countries did not follow the international standards. The report included summary tables showing the practices in 2001 and changes since the 1997 SIMSDI survey for OECD and non-OECD countries. It also contained detailed cross-country comparison tables describing the practices in 2001 of the participating countries (by individual country for the 56 countries that agreed to make their information available to the general public, and in summary form for the remaining five countries). Highlights of the survey results were published in the midyear 2003 issue of this *Newsletter*.

To supplement the report, summary metadata are also available on the IMF external website at <http://www.imf.org/external/np/sta/di/country.asp> for each of the 56 countries that agreed to release their information to the general public. These metadata describe the dissemination and compila-

tion practices, data sources, and methodology used by the individual countries in 2001 and indicate whether those practices are in accordance with the international methodological standards for compiling FDI statistics.

In late 2003 a new full SIMSDI survey was launched to address changes in the methodological recommendations that have been promulgated since 1997. The purposes of the 2003 survey are as follows.

- determine the extent to which member countries had implemented the recommendations on direct investment statistics set out in the statistical manuals of the IMF and OECD as at the end of 2003;
- obtain standardized information on data sources, collection methods, and reporting practices for each country's FDI data;
- facilitate the exchange of information between reporting economies; and
- provide information when approved by the individual respondents, to users of FDI data—including financial analysts, academics, and statisticians—on the methodology and compilation practices of each country, with the aims of promoting better understanding of the methodology and facilitating improved analysis of the FDI data.

The 2003 survey is intended to cover most IMF member countries, and the response rate has been very high, with upwards of 120 countries expected to participate. As was the case in 2001, the IMF will review the responses to the questionnaires and work with each country to prepare summary metadata that describes their practices. Cross-country comparison tables will also be prepared, and a report on the results of the survey will be published.

Contributor: Marie Montanjees

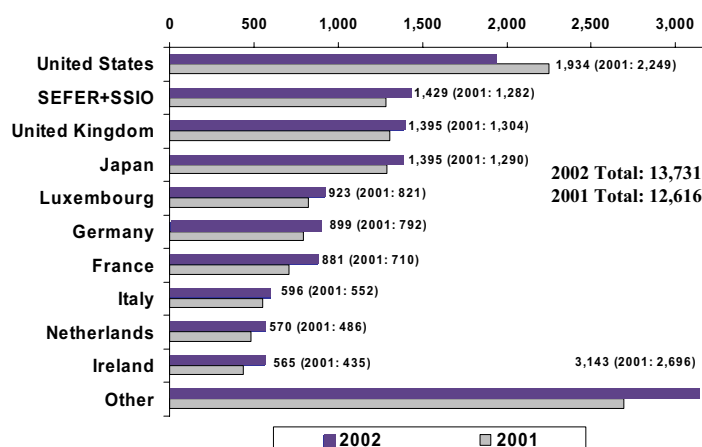


IMF Publishes 2002 Coordinated Portfolio Investment Survey

In February 2004, the results of the 2002 Coordinated Portfolio Investment Survey (CPIS) were posted on the IMF's external website (<http://www.imf.org/external/np/sta/pi/datarstl.htm>). The CPIS provides data on the holdings of equity, and long-term and short-term debt securities, by counterpart economy of issuer, all at current market prices. The CPIS has been conducted on an annual basis since 2001 following a limited survey in 1997.

countries, and compares the results of the 2002 CPIS with the results of the 2001 CPIS. The graphs indicate that holdings of portfolio investment assets rose from US\$12.6 trillion in 2001 to US\$13.7 trillion in 2002, a period in which equity prices were generally falling. Partly for this reason, in 2002 there was a significant increase in the share of debt securities in total portfolio investment compared with 2001. The graphs show that the top ten countries (including securities held in

**Graph 1: Portfolio Investment Abroad
Top Ten Economies, 2001 and 2002 CPIS
(US\$ billion)**



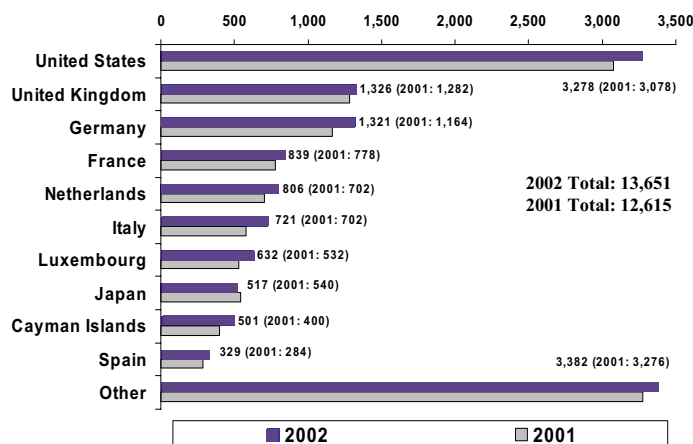
To cover estimates of securities included in reserve assets, for which geographic breakdowns for individual countries are confidential, the Fund undertakes an annual survey of the Geographical Distribution of Securities held as Foreign Exchange Reserves (SEFER). In conjunction with this the Fund also undertakes a Survey of the Geographical Distribution of Securities held by International Organizations (SSIO). The results of these surveys are combined with the results of the CPIS data reported by participating economies.

Graph 1 gives a summary presentation of portfolio investment assets as shown by the results of the 2002 CPIS for the ten largest owners of securities and compares these with the results of the 2001 CPIS. Graph 2 shows the derived data for portfolio investment liabilities, also for the ten largest

reserves) accounted for about three-quarters of global portfolio investment assets and liabilities in both 2001 and 2002.

A total of 66 economies participated in both the 2001 and 2002 CPIS. These are listed in Table 1. They cover all country groups except some petroleum exporting economies, some small economies with international financial centers, and some large reserve holding economies. Based on reported data for portfolio investment liabilities, the CPIS data for portfolio investment assets are estimated to comprise some 80 percent of total portfolio investment assets. The missing data comprise portfolio investment by nonparticipating economies and, as a result of difficulties faced by many participating economies in collecting data on securities held by households with nonresident

**Graph 2: Derived Portfolio Investment Liabilities
Top Ten Economies, 2001 and 2002 CPIS
(US\$ billion)**



custodians, a possibly significant under coverage of the household sector.

The CPIS data for the derived portfolio investment liabilities of individual economies are proving useful for compilers and users in conjunction with other data sources. For external debt statistics, the CPIS data can be compared with data published by the Bank of International Settlements (BIS) on issues of international debt securities and with country international investment position data for nonresidents' holdings of debt securities. A comparison of these data sources with the results of the

2001 and 2002 CPIS is being undertaken with a view to identifying possible deficiencies in country and instrument attribution in reported CPIS data for both equities and debt securities.

As a guide to users of the CPIS data, metadata on the compilation practices of participating economies were posted on the IMF's CPIS website in September 2003. These metadata are updated on an annual basis. The results of the 2003 CPIS will be posted on the IMF's external website at the end of 2004.

Contributors: Simon Quin and Samuele Rosa

Table 1: Economies that Participated in the 2001 and 2002 CPIS

Argentina	Egypt	Kazakhstan	Singapore
Aruba	Estonia	Korea, Republic of	Slovak Republic
Australia	Finland	Lebanon	South Africa
Austria	France	Luxembourg	Spain
Bahamas, The	Germany	Macao SAR of China	Sweden
Bahrain*	Greece	Malaysia	Switzerland
Belgium	Guernsey	Malta	Thailand
Bermuda	Hong Kong SAR of China	Mauritius	Turkey
Brazil	China	Netherlands	Ukraine
Bulgaria	Hungary	Netherlands Antilles	United Kingdom
Canada	Iceland	New Zealand	United States
Cayman Islands, The	Indonesia	Norway	Uruguay
Chile	Ireland	Panama	Vanuatu
Colombia	Isle of Man	Philippines	Venezuela, República Bolivariana de
Costa Rica	Israel	Poland	
Cyprus	Italy	Portugal	
Czech Republic	Japan	Romania	
Denmark	Jersey	Russian Federation	

* Participated in 2001 CPIS only.

Initiatives on External Debt Statistics Reviewed at Meeting of Inter-Agency Task Force on Finance Statistics

Parallel with its work in promulgating the *External Debt Statistics: Guide for Compilers and Users, 2003 (External Debt Guide)* through regional training seminars and technical assistance, the IMF's Statistics Department has partnered with other international organizations on initiatives on external debt statistics. During the recent meeting of the Inter-Agency Task Force on Finance Statistics (TFFS)¹ held in Washington on May 17–18, 2004, participants reviewed the status of these initiatives, including the World Bank External Debt Debtor Database, the statistical data and metadata exchange (SDMX) pilot project, and the Joint BIS-IMF-OECD-World Bank Statistics on External Debt.

World Bank External Debt Debtor Database

As an outcome of the September 2003 TFFS meeting in Geneva, the IMF collaborated with the World Bank to initiate work on a centralized quarterly external debt debtor database to be located in the World Bank. The project, which commenced in the last quarter of 2003, is being implemented

in four phases—(1) designing standardized debt data templates for data collection that are based on the SDDS prescribed and encouraged items and on other tables set out in the *External Debt Guide*; (2) informing SDDS subscribers about the joint Bank-IMF project and asking for their comments and support; (3) developing a data collection tool and implementing data collection; and (4) disseminating the centralized database. The project is now in the third phase and is expected to be ready for the final phase later in the year.

The benefit of the project is to bring together external debt data for SDDS subscribing countries in one central location, on a comparable basis. TFFS members welcomed the progress made, and the initial indications that most SDDS countries are willing to participate in the new initiative and provide data for at least the prescribed SDDS items. As for non-SDDS subscribing countries, TFFS members agreed to the proposal that these countries could be approached later.

Statistical Data and Metadata Exchange (SDMX)

Work on the statistical data and metadata exchange (SDMX) pilot project also engaged the attention of the TFFS members. Presentations by the IMF and the BIS covered the project background, purpose, and benefits. The key benefits of the project derive from a potentially reduced data reporting burden on suppliers and compilers of data, due to the use of standard data exchange formats; more efficient access to national debt data for users; as well as cost savings in data assembling for presentation on websites. As a pilot, the SDMX project aims to establish a Joint External Debt Hub (JEDH), which initially draws on the Joint Debt Statistics of the TFFS. Once the World Bank's debtor database is operational, these data might be added.

The TFFS has agreed to the concept of developing the JEDH as the SDMX pilot project. As the pro-

What is SDMX?

The BIS, ECB, EUROSTAT, IMF, OECD, UN, and the World Bank have joined together to focus on business practices in the field of statistical information that would allow more efficient processes for exchange and sharing of data and metadata within the current scope of our collective activities. The goal is to explore common e-standards and ongoing standardization activities to improve efficiency and avoid duplication of effort in the field of statistical information.

The external debt pilot project, launched in 2004, has two main goals. First, it will develop a unified infrastructure of SDMX standards and freely available tools to foster use of these standards, building on the earlier work of SDMX projects during 2002–2003. Second, it will launch a reference implementation of these standards, focusing on the subject-matter domain of external debt statistics and providing a new production hub on the Web that will eventually expect to bring together the Joint BIS-IMF-OECD-World Bank data from creditor sources and debtor data from national and international sources. The pilot project is expected to be completed towards the end of 2005.

Additional information on the SDMX is available at
<http://www.sdmx.org/projects/index.aspx>

¹ The Inter-Agency Task Force on Finance Statistics (TFFS) was established in 1992 and was one of the inter-agency task forces formed under the aegis of the United Nations Statistical Commission and the Administrative Committee on Coordination-Sub-Committee on Statistical Activities. It was reconvened in 1998 to coordinate work among the participating agencies to improve the methodological soundness, transparency, timeliness, and availability of financial statistics. The TFFS is chaired by the IMF.

ject is still in the early testing phase, discussions at the meeting centered on the prerequisites for advancing development work of JEDH, namely (1) defining data series for dissemination, (2) designing data presentation templates, and (3) defining the “key families”.² Also, the TFFS agreed to undertake a pilot study to review issues arising, and consult countries, before any decision is taken to make the creditor and debtor databases available for comparison in the JEDH.

Joint BIS-IMF-OECD-World Bank Statistics on External Debt

During the first quarter of 2004, the IMF and the OECD collaborated on a number of possible improvements—that would reflect user needs and the availability of new data—to the Joint BIS-IMF-OECD-World Bank Statistics on External Debt (Joint Debt Statistics, or JDS), and a number of proposals were presented to the BIS and the World Bank in April. These proposals were discussed in the TFFS Sub-Group meeting on May 18, 2004. Among the key issues discussed were the following.

- **Debt securities:** Responding to proposals to extend coverage to include both repackaged securities, that is loans converted into marketable debt securities, and IMF data from the annual Coordinated Portfolio Investment Survey (CPIS), the Sub-Group agreed to proceed with developing a series on repackaged securities for inclusion in the JDS. However, while the CPIS data were viewed as analytically useful, the Sub-

Group agreed that the main table in the JDS should present the most frequent series on debt securities—the BIS data on international debt securities. The CPIS data would be presented as supplementary information.

- **Multilateral claims:** The Sub-Group agreed to incorporate the OECD/World Bank annual data on multilateral claims into the JDS. In reaffirming the importance of disseminating high-frequency data on a timely basis, the Sub-Group signaled the need for continued efforts to improve the coverage of quarterly series on multilateral claims.
- **Trade credits:** The Sub-Group agreed with the proposal to re-label the “trade credit” series as “officially supported trade-related credits.”
- **Short-term debt (debt due within a year):** The Sub-Group reaffirmed the importance of disseminating data on short-term debt in the JDS. Presently, this information is not available from the BIS locational banking data, and the consolidated banking statistics are used as proxy.
- **Bilateral official loans:** It was agreed that the JDS series on “official bilateral loans” will be disaggregated into aid and non-aid loans.

Contributor: Paul Austin

² A “key family” describes the statistical concepts—defined by a coordinating institution and its partners—used in identifying a particular series, for the purpose of exchanging statistical information.

Joint BIS-IMF-OECD-World Bank Statistics on External Debt: Background Summary

These statistics are a product of the Inter-Agency Task Force on Finance Statistics. They bring together data currently compiled and published separately by the contributing international agencies on components of countries’ external debt and international reserve assets. They are aimed at facilitating timely and frequent access by a broad range of users to a single data set.

The data cover the external debt of developing and transition countries and territories, and while they do not provide a completely comprehensive and consistent measure of total external debt for each country, they bring together the best internationally comparative data currently available in this area.

These data are mostly from creditor and market sources but also include a limited amount of information provided by the debtor countries themselves. Not all the series are yet available on a quarterly basis and there are gaps in coverage. The most important gaps relate to (1) nonofficially guaranteed suppliers credit not channeled through banks; (2) private placements of debt securities; (3) domestically issued debt securities held by nonresidents; and (4) deposits of nonresidents in domestic banks.

The data tables show the stock of debt for the last 5 quarters and the previous December, and flow figures for the latest complete 2 years and the 2 most recent quarters. Longer time series are available in a free online database. The coverage, definitions, and limitations of the data are explained in a methodological note on the website, which also contains a background summary for 14 data series.



Rob Edwards

Around the IMF's Statistics Department

Rob Edwards to become next STA Director

Mr. Rob Edwards joined the Statistics Department as Associate Director on July 1, 2004 and on September 1, 2004, will succeed its current Director, Carol S. Carson, who will retire from the IMF. Mr. Edwards, an Australian national who is a graduate of the University of Melbourne, joined the Australian Bureau of Statistics in 1969, where since 2000 he has been Deputy Australian Statistician, Economic Statistics Group.

In announcing Mr. Edwards' appointment in March 2004, Ms. Anne Krueger (then Acting Managing Director of the IMF) said, "The Statistics Department contributes to the IMF's technical assistance and capacity-building efforts in its member countries. With this in mind, IMF Management has sought a director who has an international reputation in the field of statistics, a forward-looking approach to strengthening statistics systems, an ability to manage large projects, and strong communications skills. Rob Edwards meets all these requirements. He succeeds Carol Carson, who has been an outstanding department head."

New Division Chief Appointed

Mr. Robert Heath was appointed to the position of Division Chief, Balance of Payments and External Debt Division II, effective August 2003. He suc-

ceeded Mr. Roger Pownall, who retired from the IMF in Spring 2003.

Work on Balance of Payments Statistics Yearbook 2004 commences

Work on the *Balance of Payments Statistics Yearbook 2004* is currently underway. Letters requesting data and country notes for balance of payments and international investment position statistics were sent to IMF member countries' correspondents in early July. Deadlines for submission are August 13, 2004 (for country notes) and August 30, 2004 (for data).

Upcoming Events

Training

The IMF Institute, in cooperation with the Statistics Department, will offer two courses (in English) on balance of payments and external debt at the IMF Headquarters in Washington D.C. in 2005.

- The six-week course on balance of payments statistics will be held on May 16–June 24, 2005. This course is designed for officials whose main responsibility is compiling balance of payments statistics. Application for this course closes on December 17, 2004.
- The course on external debt statistics will be held on July 11–29, 2005. Participation in this course is by invitation only.

For additional information on these courses, please see the *IMF Institute Program 2005*, available online at: <http://www.imf.org/external/np/ins/english/pdf/inst2005.pdf>.



Robert Heath

What's on the Web

The second printing of *International Investment Position: A Guide to Data Sources* was released in May 2004 and is available in Chinese, English, French, and Spanish. The publication is accessible at <http://www.imf.org/external/np/sta/iip/iip.htm>.

The Balance of Payments webpage on the IMF external website has been expanded to include a section of information on the revision of BPM5. The address for the site is <http://www.imf.org/external/np/sta/bop/boman5.htm>. The *Annotated Outline for the Revision of the Balance of Payments Manual*, fifth edition (AO) was posted for public comment on this website in April 2004.

External Debt Statistics: Guide for Compilers and Users (Debt Guide): Following the publication of the English version of the *Debt Guide* in mid-2003, the

IMF released the French version in November 2003, followed by the Spanish version in April 2004. These three language versions are available on the IMF website at <http://www.imf.org/external/pubs/ft/eds/Eng/Guide/index.htm>.

The Data Quality Assessment Framework for Balance of Payments Statistics, July 2003 version, has been posted on the IMF's Data Quality Reference Site (http://dsbb.imf.org/vgn/images/pdfs/dqrs_bop.pdf). The dataset specific DQAF encompasses five dimensions—assurances of integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility—of data quality and a set of prerequisites for data quality. The DQAF, used for comprehensive assessments of countries' data quality, covers institutional environments, statistical processes, and characteristics of the statistical products.

SDDS Countries Publish More Comprehensive External Sector Data

In the wake of the Asian financial crisis, an effort was launched to strengthen the IMF's Special Data Dissemination Standard (SDDS) for the external sector data categories. This was done in recognition of the importance of external sector data in highlighting potential external vulnerabilities. During the 1998–2000 period, the IMF introduced a data template for reporting international reserves and foreign currency liquidity as part of the SDDS¹; a transition period was adopted for reporting the international investment position (IIP); and a separate data category was introduced for external debt. This note provides a brief overview of developments that led to the establishment of a fixed time period for the dissemination of the IIP and the introduction of an external debt data category, as well as subscribers' success in meeting these new requirements.

International Investment Position

In its original form in 1996, the SDDS prescribed the IIP as a separate data category to provide a framework for the compilation and dissemination of the complete range of a country's financial claims on, and liabilities to, the rest of the world, following the component detail specified in the fifth edition of the *Balance of Payments Manual* (BPM5). Recognizing that only a few countries were producing an IIP at the time the SDDS was introduced, dissemination of the IIP was not necessary to be in observance of the standard. However, countries subscribing to the SDDS had to provide a plan for the eventual dissemination of the IIP, and their plans were posted on the Dissemination Standards Bulletin Board (DSBB).

After intensive consultations in 1998 with both data compilers and users, as well as other international institutions, the IMF proposed introducing a transition period for the dissemination of IIP. During the December 1998 IMF Executive Board discussion on the Second Review of the SDDS, Executive Directors approved a three-year transition period ending on December 31, 2001 for the dissemination of annual IIP data according to BPM5.

In 2001–2002, IMF staff worked with SDDS subscribers to ensure that the IIP was disseminated and metadata posted on the DSBB no later than June 30, 2002. By the end of March 2002, 25 countries or 50 percent of subscribers already met the SDDS requirements for the IIP. Three months later, the number of countries grew to 37, and by the end of September, it increased to 47; the remaining three subscribers were using flexibility options for timeli-

ness, as allowed under the SDDS.² By the end of 2002, 49 of the 51 subscribers disseminated IIP data that met SDDS requirements and, by March 2003, all 53 subscribers did so. At present, all 57 SDDS subscribers disseminate IIP data that meet SDDS requirements on national websites.³

External Debt

Under the Third Review of the Fund's Data Standards Initiatives, the IMF's Executive Board, in March 2000, approved the introduction of the new external debt data category to provide a comprehensive and consistent measure of a country's gross external debt.⁴ The category prescribes dissemination of quarterly external debt statistics covering four domestic sectors (the general government, monetary authorities, banking sector, and other sectors) with a time lag of one quarter after the end of the reference period. Data are broken down by maturity (short-term and long-term) on an original maturity basis and by instrument as set out in the BPM5. Countries are also encouraged to disseminate a domestic-foreign currency breakdown of external debt, as well as supplementary information on prospective debt service obligations, in which principal and interest are separately identified.

In light of the results of staff consultations noted above, and taking into account the importance of the new SDDS data category, the Executive Board agreed with the staff proposal to introduce a three-year transition period for external debt. The transition period ended on March 31, 2003, which meant that quarterly data for end-June 2003 had to be disseminated by September 30, 2003. No flexibility options on periodicity or timeliness were permitted for the external debt data category.

¹ Articles on the reserves template appear in *Balance of Payments Statistics Newsletter*, Volume 7, Number 1, 1999 and Volume 8, Number 1, 2000.

² Under the SDDS, a subscriber may avail itself of flexibility with respect to periodicity and timeliness for up to two data categories, as well as special flexibility options pertaining to certain data categories. For a complete description, see <http://dsbb.imf.org/Applications/web/sddsflexopts/>.

³ Accessible via a hyperlink from the DSBB at <http://dsbb.imf.org/Applications/web/sdsiiipage/>.

⁴ See "External Debt Statistics Made Prescribed Data Category of Special Data Dissemination Standard" in *Balance of Payments Statistics Newsletter*, Volume 8, Number 1, 2000.



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(<http://www.imf.org/external/pubs/ft/bop/news/index.htm>)

The IMF Balance of Payments Statistics newsletter is published by the Statistics Department of the International Monetary Fund. The purpose of the newsletter is to inform balance of payments data compilers and users about national and international developments in the collection of such data. Editions are published in Chinese, English, French, Russian, and Spanish. The opinions and material contained in this newsletter do not necessarily reflect the official views of the IMF. Draft submissions are welcome and should be addressed to Paul Austin, Editor, IMF Balance of Payments Statistics Newsletter, Balance of Payments and External Debt Division II, Statistics Department, Room IS5-300, International Monetary Fund, Washington, D.C. 20431, U.S.A. Telephone: (202) 623-7922 Fax: (202) 623-8017. Graphic design for this newsletter is provided by Kathy Tilmans.

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However, if subscribers met the quarterly periodicity and timeliness for disseminating external debt they could take up to nine months—instead of six months—to disseminate the IIP.

The dissemination of external debt statistics was facilitated by the Fund's technical assistance and training. From 2000, the IMF Statistics Department undertook a series of seven seminars targeted at managers and senior external debt compilers in SDDS subscribing countries. Following the release of the final draft of the *External Debt Statistics: Guide for Compilers and Users (External Debt Guide)* on the Internet in 2001, additional seminars, directed at mid-level compilers, were also organized. In June 2003, the *External Debt Guide* was published. Prepared under the auspices of the Inter-Agency Task Force on Finance Statistics (TFFS) in close consultation with national compilers, the *Guide* provides a comprehensive conceptual framework that links external debt statistics to the international investment position.

On September 30, 2003, when the transition period ended, 44 countries (85 percent of all subscribers) disseminated external debt statistics in SDDS format on their National Summary Data Page (NSDP).⁵ Subscribers gained further experi-

ence with the quarterly dissemination of the new data category during the last quarter of 2003. By the end of the year, 53 of 55 subscribers met the periodicity and timeliness requirements for this data category. At present 56 out of 57 countries disseminate external debt statistics in SDDS format.

Many subscribers also have gone beyond the SDDS requirements for the external debt data category: 44 countries identify "direct investment intercompany lending" as a separate component of the external debt position as recommended in the *External Debt Guide*; five countries present the "other sectors" component disaggregated into the three sub-sectors recommended in the *External Debt Guide*; and five countries identify "arrears" in their presentation of the external debt position.

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⁵ SDDS subscribers are required to maintain an NSDP that contains all SDDS prescribed data categories and components. The NSDP is linked to the IMF's DSBB and must be updated at each instance of the release of the data. The NSDP is the instrument used to monitor observance of SDDS requirements by IMF staff. While 44 countries had updated their NSDP on September 30, 2003 to include external debt data, on October 3, 2003, 52 of 53 SDDS subscribers were disseminating external debt data either on their NSDP or on some national website.

Recent Publications

Balance of Payments Statistics Yearbook 2003

The IMF has released Volume 54 of the *Balance of Payments Statistics Yearbook (BOPSY)*. Issued in three parts, this annual publication contains balance of payments and international investment position data. Part 1 of the 2003 BOPSY provides detailed tables on balance of payments statistics for approximately 165 countries and international investment position data for 89 countries. Part 2 presents tables of regional and world totals of major balance of payments components. Part 3 contains description of methodologies, compilation practices, and data sources used by reporting countries.

Statistics published in Parts 1 and 2 of the *Yearbook* are also available on CD-ROM. The monthly CD-ROM provides updates and revisions of Part 1 data as they become available.

Foreign Direct Investment Statistics: How Countries Measure FDI, 2001

The joint IMF/OECD report on the outcome of the 2001 update of the Survey on the Implementation of the Methodological Standards for Direct Investment (SIMSDI) was published in October 2003 as *Foreign Direct Investment Statistics: How Countries Measure FDI, 2001*. The electronic version has been posted on the IMF's external website at <http://www.imf.org/external/pubs/ft/fdis/2003/index.htm>.

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