

Recommendation II.14

Cross border exposures of non-bank financial and non-financial corporations

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1. DGI Phase I (previous Recommendation 13)

- Comprehensive approach to identify cross-border exposures
- Conceptual & practical issues related to consolidation and the definition of corporate groups
- *"The IAG to investigate the issue of monitoring and measuring cross-border, including foreign exchange derivative, exposures of nonfinancial, and financial, corporations with the intention of promoting reporting guidance and the dissemination of data"*
- 2014: G-20 asked to be updated on IMF, FSB and BIS work on addressing data gaps as regards foreign currency exposures



2. Outcome:

- IAG Reference Document: *"Consolidation and corporate groups: an overview of methodological and practical issues"* (July 2015)
- How to mobilise information on a group basis?
 - Review of related conceptual issues (eg, nationality, control, corporate group, consolidation)
 - Stocktaking of existing frameworks (ie business accounting, supervisory, statistical)
 - Usefulness of having complementary approaches
- Areas identified for further work so as to promote:
 - Existing statistical exercises (eg cross-border positions, OECD work on FDI/MNEs, BIS statistics)
 - Assessment of corporates consolidated positions and related exposures
 - Improved "infrastructure" for consolidating granular corporate data
 - Academic research and policy-oriented recommendations



3. DGI Phase II – New DGI Recommendation #14

- Cross border exposures of non-bank financial and non-financial corporations

“The IAG to improve the consistency and dissemination of data on non-bank financial and non-financial corporations’ cross-border exposures, including those through foreign affiliates and intra-group funding, by drawing on existing data collections by the BIS, the IMF, and the OECD. The G-20 economies to support the work by the IAG.”

“Main objectives – first stage:

- Develop data on consolidated and unconsolidated positions
- Use existing exercises, especially BIS (banking statistics, debt securities), IMF (intra-group funding through CDIS and SRFs), and OECD (statistics on multinational enterprises)
- Promote the Legal Entity Identifier to support identification of foreign affiliates



4. DGI Phase II: A longer term plan for MNEs & FDI Statistics

- A second, longer-term stage is to enhance the linking of statistics produced by the OECD by on Activities of MNEs (AMNE) with FDI statistics to ***provide a complete picture of the MNEs' financing***:
 - From domestic sources, FDI, and cross-border sources other than FDI;
 - Include financial variables in AMNE statistics;
 - Link with FDI statistics to provide information on intra-group and extra-group financing.
- A statistical framework for linking the two MNEs and FDI datasets and constructing measures of financing, called the MNE Framework, has already been developed

