

**I. DIRECT INVESTMENT TECHNICAL EXPERT GROUP (DITEG)**  
**II. OUTCOME PAPER (DITEG) # 21C**

**April 8, 2005**

- 1. Topic: Various special cases: Construction and natural resource exploration**
- 2. Issues: See DITEG Issue Paper # 21 (C) by the Russian Federation (Balance of Payments Department, Bank of Russia – November 2004)**
  - (i) The paper focused on distinguishing FDI from services regarding construction and natural resource exploration.
  - (ii) Subsequent discussion showed that compilers may give preference to different criteria when determining the residency of certain companies.
- 3. Recommendations:**

The group recognized the importance of following the rules of the existing systems in classification of services and FDI. The starting points of the statistical treatment of construction and natural resource exploration are: identification of a possible notional enterprise, to which ownership of certain assets is transmitted, and examination of how services are being delivered. It was indicated that the application of that notional enterprise to these activities should be in line with the SNA guidance and that future developments in SNA related to these issues should be taken into account.
- 4. Rejected Alternatives:**

A proposal to give an unambiguous recommendation for classification of site offices in borderline cases has been rejected.
- 5. Questions for the IMF Committee on Balance of Payments (the Committee) and the OECD Workshop in International Investment Statistics (WIIS)**
  - (i) *Do the Committee and WIIS consider that the existing rules in determining the residency of enterprises operating in construction and natural resource exploration should be preserved?*
  - (ii) *Do the Committee and WIIS agree that further clarification is needed under possible new guidance from the SNA?*