

**Twenty-Fifth Meeting of the
IMF Committee on Balance of Payments Statistics
Washington D.C., USA
January 14–16, 2013
(Rescheduled from October 29–31, 2012)**

Summary of Discussion

**Prepared by the Statistics Department
International Monetary Fund**

**TWENTY-FIFTH MEETING OF THE IMF COMMITTEE ON BALANCE OF PAYMENTS
STATISTICS**

Summary of Discussion

Opening Remarks

1. The meeting was opened by Mr. Alfredo Leone, Acting Director of the IMF's Statistics Department (STA). Mr. Leone noted that this meeting marked the 20th anniversary since the Committee was established and that special guests had been invited to join the Committee for a farewell lunch on Wednesday.

2. In his remarks, Mr. Leone updated the Committee on the work of STA on major statistical initiatives since the 2011 meeting, and the ongoing work with regard to better capturing cross-border data for measuring financial interconnectedness and facilitating surveillance activities. He noted that substantial progress on several of the recommendations in the IMF/FSB G20 Data Gaps Initiative (DGI) report had been achieved with the Committee's strong support, and that STA would be seeking further support of the Committee at this year's meeting. In particular, he noted STA would seek support for the data templates that would display cross-border position data for individual economies by sector.

3. Mr. Leone updated the Committee on the work to improve data dissemination, including the Special Data Dissemination Standard (SDDS). He informed that in February 2012, the IMF's Executive Board undertook the *Eighth Review of the IMF's Data Standards Initiatives* and approved the creation of the SDDS Plus, open to all SDDS subscribers, but aimed at economies with systemically important financial sectors. The SDDS Plus includes standards for nine additional data categories that an adhering country commits to fully observe by the end of 2019.

4. With regard to data dissemination, Mr. Leone indicated that the Statistical Data and Metadata eXchange (SDMX) standards continue to develop. The Data Structure Definition (DSD) for global use would support exchanges of data based on the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*. He noted that this Committee was playing an important role in the governance structure of the SDMX standards for the exchange of external sector statistics.

5. Mr. Leone also informed the Committee of STA's efforts on the data publications transformation initiative. As users move increasingly away from print publications in favor of online mechanisms for accessing information, STA had embarked on a process of reconsidering the design of its printed data publications, including reducing the paper footprint. The first output of this work had been to significantly reduce the number of pages in the monthly *International Financial Statistics (IFS)* publication. This had been achieved by eliminating blank space for sparsely reported detailed data items, and moving to a 12-column format (from the

previous 24-column format), while retaining existing country and topical coverage. The change was introduced in the August 2012 issue of the *IFS*, which has around 700 pages, down from over 1400 the month prior.

6. Mr. Leone emphasized that the August issue of the *IFS* was also very important because it contained, for the first time, balance of payments and International Investment Position (IIP) data for all countries in accordance with the *BPM6* presentation. Mr. Leone acknowledged the efforts and support by the Committee in this achievement. In addition, STA had released the *2012 Balance of Payments Statistics Yearbook (BOPSY)* in a *BPM6* format. As major changes to *BOPSY*, he noted that Part 2 (World and Regional Totals) was substantially streamlined and Part 3 (Country Notes) was now being disseminated only in electronic format.

7. Last, Mr. Leone mentioned the ongoing work on better capturing data for surveillance purposes. The Triennial Surveillance Review, discussed in September 2011 by the IMF Executive Board, concluded that more focus should be on interconnections and spillovers and hence on closing interconnectedness data gaps. STA has made good progress on the CPIS Data Enhancements Project, an initiative launched by STA with the Committee's support. Furthermore, STA staff had followed up on discussions at recent meetings of the Committee on the feasibility of providing enhanced accessibility to data from surveys pertaining to reserve assets, namely data from the Survey of Securities Held as Foreign Exchange Reserves (SEFER), the Currency Composition of Foreign Exchange Reserves (COFER), and the Instrument Composition of Transactions in Foreign Exchange Reserves (INFER). BOPCOM—12/16, *Data Sharing and Confidentiality*, would update the Committee on this work and request the Committee's continued support.

8. Mr. Robert Heath, Deputy Director of STA and this year's chair of the meeting, outlined the agenda and explained that there were three main themes to the meeting: implementation issues, particularly *BPM6*; advancing the DGI and data for surveillance; and the reports of the other international agencies. He welcomed the four new members¹ of the Committee: Ms. Sarahelen Thompson from the United States; Mr. Kenneth Egesa from Uganda; Mr. François Mouriaux from France; and Mr. Wataru Kikuchi from Japan. He also noted that the BIS had a new representative, Mr. Philip Wooldridge, replacing Mr. Philippe Mesny who retired; however, at this year's meeting, Mr. Karsten von Kleist was representing the BIS. The ECB also had an additional representative, Mr. Nuno Silva.

¹ Individuals who attend Committee meetings may be Committee members (who generally are invited to serve a three-year term on the Committee that can be renewed), observers (who observe but generally do not participate in Committee discussions), and other participants (mainly representatives of international organizations who are invited to participate in Committee meetings). In this Summary of Discussion, comments are usually not attributed to a specific individual; they sometimes are attributed to a "representative" or "participant," and sometimes to one of these more specific categories.

**IMF Statistics Department—Recent Developments and Current Initiatives:
Report by IMF (BOPCOM-12/03)**

9. Mr. Austin (IMF) presented the paper, which was largely derived from the General Note prepared for the 2012 IMF Annual Meetings. The presentation touched upon major developments and initiatives of STA during the past year, as well as the main priorities in the near term.

10. Mr. Austin summarized STA's work in response to the global financial crisis, mentioning recent regional conferences on the Data Gaps Initiative (DGI), and several enhancements made to the Principal Global Indicators (PGI) website. He also detailed work on statistical methodologies in the area of National Accounts and Price Statistics, Government Finance Statistics, Monetary and Financial Statistics, Financial Soundness Indicators, the online Financial Access Survey database, Securities Statistics, and External Sector Statistics. With regard to the latter, Mr. Austin mentioned the posting of the pre-publication draft of the updated *Reserves Template Guidelines*, and the successful release of balance of payments and IIP data in a *BPM6* format in 2012.

11. Mr. Austin also informed the Committee of STA's capacity building vehicles, such as technical assistance missions, training courses, and the Japanese-funded regional projects; and of the numerous collaborations of STA with multilateral and regional organizations.

12. Mr. Heath emphasized that the collaboration and coordination with the Financial Stability Board (FSB), with the members of the Inter-Agency Group (IAG)² on the DGI, and with ECB and BIS on the Handbook on Securities Statistics (HSS), are very good examples of International Organizations working together.

13. The Committee expressed its appreciation for the comprehensive report, and complimented STA on its accomplishments during the previous year.

Implementation of BPM6

**Conversion of Statistics in IMF Publications to a BPM6 Basis, including
Frequently Asked Questions on Conversion: Report by IMF (BOPCOM-12/04)**

14. Ms. Tanase (IMF) presented the paper which highlighted the completion of a major milestone by STA, namely the release of data on a *BPM6* basis beginning with the August releases of the *International Financial Statistics (IFS)*, the online *Balance of Payments Statistics (BOPS)* database, IMF *eLibrary*, and the *BOPS CD-ROM*.

15. Ms. Tanase presented an overview of the conversion work, which made important progress in 2011 when STA converted all country data for 2005 onwards to

² The member agencies are the BIS, ECB, Eurostat, IMF, the OECD, the United Nations (UN), and the World Bank (WB).

a generic *BPM6* presentational basis using conversion formulas. At that time, countries were asked to inform STA of their preference, i.e., (i) accept the generic conversion without changes; (ii) customize those estimates in consultation with STA; or (iii) provide their own current and historic *BPM6* estimates to STA for publication in 2012. Ms. Tanase further informed the Committee of the decision to end the historical *BPM5* basis data series on the *BOPS* CD-ROM and in the IMF eLibrary with data for 2008. The decision was taken because the IMF could not maintain two separate data series after the conversion of its publications to a *BPM6* basis; also, *BPM5* basis data through 2008 were less likely to be substantially revised than the data for more recent years. Ms. Tanase presented the table monitoring country progress in converting to *BPM6*, and their participation in the CPIS and CDIS. She explained that this table will be updated each year and presented to the Committee. It is also intended to publish the table in *BOPSY* each year.

16. As also noted in the Opening Remarks, Ms. Tanase reported that STA had revisited the format and content of *IFS* and *BOPSY*, taking into account not only the conversion to *BPM6*, but also an IMF-wide “Go Green” initiative to reduce paper consumption. This entailed the reduction in the number of lines in the hard copies. STA also reduced the number of “world tables” in the on-line *BOPS Database* and the associated annual hard copy, *BOPSY Part 2*. Additionally, the hard copy of *BOPSY Part 3, Methodologies, Compilation Practices, and Data Sources* was eliminated. Instead, the metadata on BOP/IIP are collected via an online questionnaire, and are now disseminated only in electronic products.

17. Ms. Tanase informed the Committee of the posting of a set of FAQs on Conversion from *BPM5* to *BPM6*³ to assist users in understanding the impact of conversion to *BPM6* and methodological changes from *BPM5* to *BPM6*. The FAQs are organized into (i) methodology; (ii) presentational changes; (iii) information on data publications; and (iv) how to request assistance and further information.

18. Last, Ms. Tanase underscored the importance of data on currency composition of IIP Assets and Liabilities and of data on “other financial corporations.”

19. Committee members were asked whether they would like to share any experiences they had with the conversion project; whether they experienced any unanticipated conversion problems they wished to highlight; whether they had suggestions for additional FAQs; and whether they had any comments on the *BPM6* basis statistics released in IMF statistical publications.

20. Committee members were also asked to provide input on their plans to produce data on the currency composition of IIP assets and liabilities, and IIP data for individual domestic sectors, particularly for “other financial corporations” (see *BPM6* Appendix 9, Tables A9-I-1a and A9-I-2a).

³ Available at: <http://www.imf.org/external/pubs/ft/bop/2007/bpm6faq.pdf>.

21. The Committee expressed very strong appreciation for the work done on the FAQs on conversion. One representative suggested that more detailed numerical illustrations of the differences between *BPM5* and *BPM6*—including the change in sign conventions—might be added to the FAQs.

22. Most Committee members indicated that plans were on stream to complete their *BPM6* conversion by end 2014. The Committee generally supported the initiative to compile data on the IIP by currency composition, as well as on “other financial corporations”, with one member underscoring the heightened demand by users for data on sectoral breakdowns. However, some Committee members noted that work on compiling data on currency composition of IIP assets and liabilities would be done in the medium term or later. A few noted that data on the currency composition of IIP liabilities are more readily available than those of the IIP assets. One representative indicated that existing EU legislation allows for the collection of data on currency breakdowns for portfolio investment as follows: Euro, US dollar, and other currencies, but he also noted that this would not mean that EU countries would not make the effort to meet the *BPM6* guidelines which recommend breakdowns by domestic currency and foreign currency, with the latter split into U.S dollar, Euro, Yen, and other currencies. On the compilation of memorandum items that are included among the BOP standard components but are not used in calculating any sums, one Committee member noted that these items could pose challenges for data transmission and analysis.

23. Regarding the IMF’s release of the *BPM6*–basis statistics in its publications in 2012, the Committee commended the timely completion of the work. One participant welcomed the availability in the *IFS* of country-specific information on the conversion option adopted. Noting that the *BPM6* conversion exercise began with data for the year 2005, some participants saw a need for a longer historical series on a *BPM5* basis. Mr. Kozlow noted that the IMF had taken a decision not to maintain both a *BPM5* and a *BPM6* basis data series simultaneously. He indicated that internal discussions were beginning as part of the “Phase II” of STA’s conversion exercise, and that there would be a discussion of whether to provide *BPM6* basis estimates for years prior to 2005. The Committee also discussed at length, the issues of back casting historical series. Some concerns were also expressed about the various measures of direct investment, and the implications for cross country comparison. Mr. Kozlow noted that the existing international standards allowed for measurements of FDI on different methodological bases (see paragraph 106).

24. Mr. Heath commented that while some countries had converted to *BPM6*, many were converting in the coming two years. He noted that members had welcomed the FAQs, and he welcomed the Committee’s support for moving ahead on providing data on the currency composition of the IIP and on nonbank financial corporations. He took from the discussion that providing data on the currency composition of assets might be more challenging than liabilities. As action items, STA would review the memorandum–type items included among the standard components in the accounts, and consider whether to amend the *BPM6* report forms

and presentation formats; STA also will consider the question of providing longer back runs of data.

BPM6 Compilation Guide: Report by IMF (BOPCOM-12/05)

25. Mr. Kozlow (IMF) updated the Committee on the progress on the *BPM6 Compilation Guide (CG)* and the activities that remained to be undertaken in the months ahead. Drafts of 17 chapters and 6 appendices had been posted so far on the dedicated IMF website⁴ for public comment. (The *CG* approved by the Committee consists of 17 chapters and 7 appendices, but an eighth appendix, covering the SDMX-DSD coding system, was proposed by STA in this paper.) Appendix III, on FISIM, is expected to be drafted by the Real Sector Division of STA at the end of this month, for internal review.

26. Mr. Kozlow explained to the Committee that all IMF member countries had been informed of the posting of draft chapters and invited to comment on the clarity of the material and inclusion of additional topics considered relevant for *BPM6* data compilation. He also mentioned that the public comments on the draft *CG* had been generally favorable, and that extensive comments were provided by several compilers (including Australia, US, and UK) and by the Task Force on Statistics of International Trade in Services (TFSITS) and the ECB. STA had started revising the chapters and appendices based on the worldwide comments, and to collect case studies on the most complex compilation issues from contributors. Editing was planned for February – May 2013, and the posting of the pre-publication draft was planned for mid 2013.

27. The Committee members were asked for general comments on the *CG* and whether they agreed to the additional appendix on the SDMX-DSD coding system; furthermore, Committee members were encouraged to provide case studies on the most complex methodological issues.

28. Committee members complimented STA on the clear and informative draft of the *CG*. They emphasized its usefulness to compilers, and expressed the hope that STA can maintain its schedule to prepare a pre-publication draft in June 2013. They also indicated that they wished that the *CG* would be made available in languages in addition to English.

29. With regard to an additional appendix on the SDMX-DSD, several participants emphasized the importance of an appendix that facilitates and supports implementation of SDMX, and noted the advantages and usefulness of SDMX. However, many participants suggested that the SDMX coding structure appendix refer to a ‘living document’ maintained on a website, and that the *CG* would not provide a snapshot of a list of current codes that might be subject to amendments.

⁴ The draft *CG* can be found at <http://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>.

30. There were a number of suggestions regarding material to include in the *CG*. A few members and international organizations offered to provide additional case studies for the *CG*. One member expressed interest in providing a case study on the integration of security statistics (security-by-security database). An international organization offered to provide its work on the valuation of unquoted shares in European statistics (for internal Committee reference), and another international organization offered to provide research material that is available from the OECD that may help clarify issues regarding multi-territorial enterprises or voting power. STA appreciated the offers of additional case studies and additional information, and will continue to follow-up bilaterally with participants.

31. A few members suggested additional topics that might be useful to include in the *CG*, such as case studies on illegal trade, goods for processing, contracts, leases and licenses, or measuring investments in natural resources. In this context, Mr. Kozlow referred to last years' BOPCOM papers, published on the IMF website, which provide various papers on *BPM6* implementation issues provided by member countries.

32. Mr. Heath concluded that the *CG* had been welcomed by the Committee, and requested that it be completed close to schedule. Committee members would welcome some additional case studies, with possible topics as mentioned above; IMF staff would liaise bilaterally with members and participants. On SDMX it was agreed to have a short appendix with a link to a living document on the IMF website.

33. One participant asked whether STA had plans to update its *Balance of Payments Textbook*, which he considered highly useful. Mr. Kozlow replied that this question is under consideration and that no decision had yet been taken by STA.

How Will the Statistical Adjustment on Manufacturing Services on Physical Inputs Owned by Others Affect China's Balance of Payments Statistics: Paper by SAFE, China (BOPCOM-12/07)

34. Mr. Chen (State Administration of Foreign Exchange, SAFE) explained the impact of adoption of the *BPM6* methodology on the Chinese current account. Although almost half of the exports and imports of goods were defined by China as goods for processing (GFP), only a small proportion (around one-fourth) of those transactions met the definition in *BPM6* of manufacturing services on physical inputs owned by others, i.e., processing with supplied materials, and outward processing transactions. The majority of its data on this category covered processing with imported materials, which were transactions that involved an exchange of ownership and therefore, that should be classified as general merchandise transactions under *BPM6*.

35. Mr. Chen presented the results of the change in treatment of GFP on China's current account, and separately on its goods and services balances, for the period 2003 to 2011. The goods surplus is significantly reduced under *BPM6*, and the services deficit is smaller, or turns to a surplus, with this change in treatment. The current

account balance is affected relatively mildly. While the subtractions from imports and exports of goods were based on customs data (current unique source), manufacturing services were calculated by using data from the ITRS. Mr. Chen indicated that, going forward, the ITRS would be the main data source for compiling manufacturing services, and this source would be supplemented by occasional sample surveys to improve the accuracy of the data.

36. Mr. Heath thanked Mr. Chen for his very informative presentation.

37. In the context of goods for processing, a Committee member asked about the potential impact on bilateral trade data of the use of data collected based on the North American Industry Classification System (NAICS), which is used for classifying business establishments in Canada, Mexico, and the United States according to their type of economic activity. This system classifies sales by factories that perform manufacturing services as sales of goods, as opposed to the inclusion of these sales in manufacturing services under *BPM6*. Both the Canada and US representatives indicated that they were aware of potential inconsistencies.

Strategy for Communicating to Users the Introduction of BPM6: Paper by Central Bank of Russia (BOPCOM-12/08)

38. Ms. Troshina (Central Bank of Russia, CBR) presented this report in which she identified the steps taken by the CBR to communicate to users in advance of the implementation of *BPM6*, the key changes that would be expected. A general press release was issued in 2009 announcing plans to migrate to *BPM6* by end 2012, followed by a special information notice in June 2012. She also indicated the use of other procedures, such as the publication of a paper on remittances, and the use of detailed footnotes in statistical publications to flag the adoption of *BPM6* guidelines.

39. Ms. Troshina explained that, due to the CBR's concern about the user confusion—particularly in regard to interpreting data on capital flows in disseminated tables—the CBR would retain the *BPM5* sign conventions for the financial account during a transition period. She also highlighted media coverage, and noted some of the key questions received from users.

40. Mr. Heath thanked Ms. Troshina for her very informative presentation. Some Committee members concurred with Ms. Troshina's findings that the *BPM6* change in sign convention posed challenges for data users. Mr Heath explained that this change had been agreed by the Committee in 2004 to come into line with the SNA financial account. It was suggested that the issue of communicating the change in sign convention might be addressed in the *BPM6 CG*.

Implementation of 2008 SNA and BPM6 in Australian Statistics: Paper by Australian Bureau of Statistics (BOPCOM-12/09)

41. Mr. Davies (Australian Bureau of Statistics, ABS) presented an update to his paper on the implementation of *2008 SNA* and *BPM6* in Australian statistics. Mr. Davies noted that with the release of statistics for Q3 2009, the ABS was the first

national statistical agency to simultaneously implement *BPM6* and *2008 SNA*. The ABS opted for a ‘big bang approach’ in contrast to implementing the standards in several steps over a longer period of time. The advantage of this approach is that there is minimal disruption in time series data for users. On the other side, such an approach meant a long lead time ahead of the implementation requiring a high demand of resources, and the difficulty to disentangle individual impacts. A high-level “Macroeconomic Statistics Steering Committee” was also set up to assess, agree on, and document changes, and was kept afterwards to approve any future methodological changes.

42. With regard to a strategy for communicating with users, Mr. Davies explained that the communication program the ABS had put in place helped to reduce the difficulties users experienced to some extent. It consisted of the identification of key clients, well-established communication mechanisms, early presentations of implementation plans and progress reports to statistics bodies, and the release of several information papers on main methodological changes, timing, and impacts on time-series. Proposed departures from the standards were also discussed with major users. Mr. Davies emphasized the need to always be able to provide to users an ‘economic story’ behind changes to methodological standards, rather than a purely technical one.

43. Mr. Davies noted that he hoped that this paper would provide insights to other compiling agencies as they prepare to implement the new standards.

44. Drawing on the earlier discussion following the CBR’s paper on communication strategy, one participant suggested that the IMF take the lead in providing guidance on communication. A best-practices document prepared by the IMF for the next Committee meeting could draw on the experiences of countries that have already implemented the standards. Another participant remarked that communication with data users needs to be very well coordinated, and suggested that statisticians utilize professional communication strategists. One Committee member suggested that the IMF organize a workshop covering communications strategy. He also noted that a workshop on the CG, focusing on how to manage the implementation of changes in methodology, would be useful in the near future.

45. Mr. Heath thanked Mr. Davies for his very informative presentation. He concluded that the IMF staff would prepare a best-practices document for the next Committee meeting drawing on the experiences of countries that have already implemented the standards and would consider bringing communications strategy into *BPM6* workshops. He noted that there was distinction between having good practices for a communications strategy and implementing it, which could partly rely on the services of media experts. He also emphasized the usefulness of establishing domestic inter-agency committees to maintain consistency across data sets.

The Implications for IMF Surveillance of Integrated Surveillance Decision, the Pilot External Sector Report, and External Balance Assessments: *Presentation by SPR and RES (BOPCOM-12/11)*

46. Ms. Stuart (IMF's Strategy, Policy, and Review Department, SPR) and Mr. Phillips (IMF's Research Department, RES) delivered a joint presentation on the Implications for IMF Surveillance of Integrated Surveillance Decision, the Pilot External Sector Report, and External Balance Assessments (EBAs). In explaining the need for an Integrated Surveillance Decision, Ms. Stuart drew attention to the fact that, in a highly interconnected world, there was a need to monitor the impact of country policies on global stability, a need for better coverage of spillovers, and the need to improve the IMF's legitimacy and traction. She emphasized that the IMF's legal framework had not covered spillover analysis very directly, and that the IMF was focused on exchange rate policies rather than financial stability more generally. She highlighted that these needs were being addressed in the new framework, but required good data, particularly on cross border exposures and external balance sheets. Under the new framework, the Fund can look into spillovers that may be transmitted through non-BOP channels.

47. The External Sector Report responds to a call for more analysis on the external sector; integrates IMF desk economists' analysis with new tools; and examines the consequences of desirable global policies. She also highlighted key findings of the Pilot External Sector Report.

48. Mr. Phillips indicated that the EBA methodology was developed by the IMF as a successor to the Consultative Group on Exchange Rate Issues (CGER) methodology for assessing current accounts and exchange rates. The new methodology brings a greater focus on the role of policies and policy distortions, as well as on global capital market and cyclical influences. A pilot version of the EBA was implemented in the Pilot External Sector Report. Mr. Phillips highlighted the enhancements in the methodology compared to CGER. He also identified the key statistical challenges in assessing current accounts and real exchange rates, including the impact of different treatments of reinvested earnings in compiling data on direct and portfolio investment income in small countries with large financial markets.

49. Mr. Heath thanked Ms. Stuart and Mr. Phillips for their very informative presentations.

50. One meeting participant asked about the role of structural variables in modeling the current account. Mr. Phillips replied that the process of identifying key variables was ongoing, drawing on the emerging academic literature.

51. Another participant asked what was the source of the underlying data used in these initiatives because, given the level of policy importance that may be attached to the analysis, he believed that it was important for the IMF to use appropriate data. Ms. Stuart noted that the research relied on variables that were consistent across countries and widely available, and noted that the variables were consistent with IMF Area

Department desk data. Mr. Phillips noted that the External Sector Report was in a pilot stage; while the underlying data were made available for analysts to replicate the results, more attention would be given to documenting sources and methods in the future. Mr. Phillips also noted that work was underway in the IMF on the Economic Data Management Initiative, aimed at setting out a strategy for managing data quality in the IMF.

Insurance/Reinsurance Services and Financial Intermediation Services Indirectly Measured (FISIM): Paper by Bundesbank (BOPCOM-12/10)

52. Ms. Steger (Deutsche Bundesbank) presented this paper on estimating insurance, reinsurance, and FISIM on a *BPM6* basis in Germany, and on how the Bundesbank coordinated the collection and compilation of these data with the German Federal Statistics Office (FSO) in preparation for the changeover in 2014 when EU countries will implement the new standards. She explained in general terms the division of labor between the Bundesbank and the FSO for compiling macro-economic statistics, and the traditionally good institutional and personal relationship in place between the two institutions. With the adoption of *BPM6* and *2008 SNA*, both institutions would completely harmonize their estimation of insurance and FISIM, and thus expand their close cooperation.

53. Mr. Heath thanked Ms. Steger for her very informative presentation. The compilation of insurance services is particularly complex in *BPM6*. The paper emphasized a positive example of cooperation and data sharing between compiling agencies, such as the Bundesbank and the FSO. The IMF also indicated that it would like to post Ms. Steger's paper on the IMF's CG website.

Progress in the Coordinated Implementation of *BPM6* in the European Union: Report by ECB/Eurostat (BOPCOM-12/12)

54. Mr. Silva (ECB) presented a summary of developments in implementing *BPM6* in the European Union (EU) since the October 2011 Committee meeting. A major step had been the finalisation and publication of revised EU legal acts reflecting the changes to the international standards as defined by *BPM6*, the OECD Benchmark Definition of Foreign Direct Investment (*BD4*), and the *Manual on Statistics of International Trade in Services (MSITS 2010)*. The first transmission by Member States to Eurostat and ECB of data according to *BPM6* would occur on June 24, 2014, covering data for the first quarter of 2014 and all quarters of 2013. By that time, Eurostat and ECB data requests would be fully aligned and synchronized, and Member States would be sending a single file to both organizations. The first publication of European aggregates compiled according to *BPM6*, including back data mostly converted from *BPM5*, was planned for end-2014.

55. With the introduction of the new statistical standards, Mr. Silva informed that ECB and Eurostat had undertaken several initiatives to support methodological harmonization and the adoption of best practices. One initiative dealt with the treatment of capital injections in multilateral development banks (MDBs), such as the

World Bank Group and Regional Development Banks. Following extensive consultations and discussions with EU Member States, Eurostat drafted guidelines for a harmonized recording of concessional and non-concessional loans to MDBs, and it was agreed that these guidelines would be followed both by balance of payments and by national accounts compilers.

56. A second initiative was the establishment of a new task force by the European System of Central Banks (ESCB) Statistics Committee (STC) to review methods for a harmonized valuation of FDI unlisted equity. The Task Force Report, discussed by the STC in December 2012, confirmed own funds at book value (OFBV) as an appropriate benchmark for the valuation of FDI positions in unlisted companies. It should be noted that also in the Coordinated Direct Investment Survey (CDIS), where the focus is on the consistency of bilateral data, the valuation method for unlisted equity is OFBV. However, the Task Force also identified specific shortcomings of OFBV, which might be particularly relevant for countries hosting many holding companies and SPEs. Some flexibility will therefore be introduced in the ECB legal act so as to allow for the use of other recommended (*BPM6*) valuation methods, in specific cases where the use of OFBV would create imbalances in the IIP. It is also foreseen that in case a compiler departs from the use of the OFBV method, EU partner countries should be informed through the FDI Network (a network for exchanging FDI micro-data established jointly by the ECB and Eurostat in 2009). Third, the Working Group on External Sector Statistics (WG-ES) held a one-day workshop on October 29, 2012 on best practices for implementing *BPM6* in the financial account. A similar workshop focused on the current and capital accounts was organized by Eurostat in February 2012.

57. Mr. Silva also informed the Committee of the development and dissemination of a tool to convert data in both directions, from *BPM5* to *BPM6* and from *BPM6* to *BPM5*. The tool was based on the IMF conversion tables distributed in August 2012. Mr. Silva also mentioned a new initiative to develop an efficient data sharing model among international organizations (in line with G20 DGI initiatives and BOPCOM-12/25). This would call for a single transmission of national data to EU organizations, using harmonized reporting templates according to SDMX standards. The EU organizations would share the data with other international organizations and would take care of any quality considerations. Last, Mr. Silva informed about the EU Macroeconomic Imbalance Procedure which was set up to identify emerging and persistent macroeconomic imbalances in the EU. It consists of ten headline macroeconomic indicators. Additionally, the European Systemic Risk Board developed a Risk Dashboard, which also makes extensive use of BOP and IIP statistics. The heightened attention to user requests for BOP and IIP data led to expansions in the data published on Eurostat's website, and may also lead to a broader dissemination of data via the ECB's Statistical Data Warehouse.

58. Ms. Comini confirmed the high degree of coordination on *BPM6* implementation between the European institutions.

59. Mr. Heath thanked Mr. Silva for the informative and interesting presentation.

Progress in Implementing BPM6 in Japan: *Presentation by Bank of Japan* (BOPCOM-12/13)

60. Mr. Hidetoshi Takeda (BOJ) presented to the Committee recent progress in implementing *BPM6* in Japan. The first monthly BOP data according to *BPM6* would be published in March 2014 starting with January 2014 data; IIP data on a *BPM6* basis will be prepared for end-2014 to be published in May 2015. BOP data going back to 1996 would be recompiled and disseminated based on *BPM6*. Preparations were peaking with preparing worksheets and operation manuals, as well as IT program design and tests. The way forward would include presenting the new BOP/IIP data to the government council, and reaching out to users with an explanatory paper.

61. Japan also is introducing a new revision policy at the time it implements *BPM6*. It will begin revising data for the 3 most recent years (including data on reinvested earnings), rather than only for the most recent year.

62. Mr. Heath thanked Mr. Takeda for his informative presentation.

Compilation of Financial Account on a Gross Basis: *Paper by Central Bank of Russia* (BOPCOM-12/14)

63. Ms. Troshina (CBR) presented this report on the CBR's efforts to compile and disseminate financial account transactions (as supplementary information) on a gross basis. She noted that although from both the analytical and pragmatic perspectives, the net recording of flows in financial assets and liabilities is the recommended approach in *BPM6*, the *Manual* recognizes the usefulness of data on gross flows, and that the CBR finds the data on gross financial flows particularly helpful.

64. Ms. Troshina presented the results of the CBR's work in compiling financial account data on a gross basis for 2010 and 2011, highlighting some important analytical points (through the use of a number of charts). However, she indicated that in assessing the quality of the produced gross flows data, the main problem in coverage may be attributed to the lack of information on portfolio investment flows, which are probably very large, especially on the liabilities' side in Russia's case. She concluded her presentation by noting that gross recording is quite possible to implement in practice.

65. Mr. Heath thanked Ms. Troshina for her informative presentation.

66. Mr. Heath encouraged the Committee members to continue to provide papers on planned or completed *BPM6* implementation work for future Committee meetings. He emphasized that the IMF was pleased to disseminate this information to other countries that are in the process of converting to the updated standards. The papers on

BPM6 implementation would be posted on the website dedicated to the *BPM6 Compilation Guide*.⁵

Summary of Selected Statistics Department Developments: Report by IMF (BOPCOM-12/15)

67. Mr. Paul Austin (STA) presented a summary paper on IMF developments in external account areas such as IIP, CDIS, CPIS, reserve assets, remittances, Sovereign Wealth Funds (SWFs), and global discrepancies. The paper also informed on developments regarding the SDDS Plus.

International Investment Position (IIP)

68. Mr. Austin reported that since the last Committee in October 2011, eight additional economies had submitted IIP data to STA, bringing the total number of countries reporting IIP data from under 40 economies in 1998 to 134 as of January 2013. That meant, that all G20 countries reported IIP data to STA. The number of economies reporting quarterly IIP data had increased to 79. Mr. Austin also indicated that the new *BPM6* IIP report forms allow for the collection of important new data sets, including on the currency of composition of assets and liabilities, and short-term reserve-related liabilities. Economies were also encouraged to adopt the *BPM6* enhancements to the IIP statistics as soon as feasible.

Coordinated Portfolio Investment Survey (CPIS)

69. Mr. Austin presented the CPIS results for end-2011, with 76 economies participating in the survey. He indicated that STA had focused in the last year on activities aimed at promoting awareness of the CPIS enhancements, as endorsed by the Committee in 2011.

Coordinated Direct Investment Survey (CDIS)

70. Mr. Austin highlighted the growing number of participants in the CDIS, with 91 economies reporting end-2009 data, 96 economies reporting end-2010 data, and 86 economies so far reporting preliminary 2011 data. Revised CDIS data will be released in mid 2013.

Global Discrepancies

71. Mr. Austin presented updated data for 2011 on global discrepancies on a *BPM6* basis. More detailed data (2005–2011) are included in the *2012 Annual Report* of the Committee. Data for 2004–2010 on a *BPM5* basis were published in *the 2011 Annual Report* of the Committee.

⁵ See <http://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>

Reserve Assets

72. Mr. Austin reported that work on updating the *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (Guidelines)* was completed, and the pre-publication draft of the updated *Guidelines* was posted on the IMF's website in January 2012 (hard copy to be available in 2013). The update was done in collaboration with the Reserves Assets Technical Expert Group (RESTEG), and benefitted from a worldwide consultation.

73. Mr. Austin also noted the success of the first two in a series of planned seminars on measuring reserve assets. The seminars were conducted in June and December 2012 at the IMF-Singapore Training Institute and at the Technical Assistance Center for Central America, Panama, and the Dominican Republic (CAPTAC-DR), respectively.

Remittances

74. Mr. Austin reported on the substantial work that had been completed on translating the *International Transactions in Remittances: Guide for Compilers and Users*, resulting in the publication—and dissemination on the dedicated IMF website—of translations into Arabic, Chinese, Spanish, and Russian. The French translation was at the time under review and expected to be posted in 2013.

Sovereign Wealth Funds (SWFs)

75. Mr. Austin informed the Committee of the main activities of the *International Forum of SWFs*. SWFs might meet the definition for recording in any of several institutional sectors, such as the financial corporations sector or the general government sector. Mr. Austin reported that Chapter 3 of the revised *MFSM* and the *MFSM Compilation Guide* would deal with SWFs and present criteria for their sectoring, consistent with *BPM6* and the *2008 SNA*.

Special Data Dissemination Standard Plus

76. Mr. Austin updated the Committee on the key developments regarding the SDDS Plus. At the time of the *Eighth Review of the Fund's Data Standards Initiatives* on February 22, 2012, the IMF Executive Board approved several enhancements to the SDDS and the establishment of the SDDS Plus. The legal text of the SDDS Plus was approved by the IMF Executive Board in October 2012. Mr. Austin reported that STA recently held a workshop on the SDDS Plus (September 2012) for countries likely to adhere to this new initiative. He also identified the next steps, including plans to post to the Dissemination Standards Bulletin Board (DSBB) in early 2013 the pre-publication version of the *SDDS Plus Guide for Adherents and Users*.

77. Mr. Heath thanked Mr. Austin and asked the Committee to focus its discussion on CPIS data enhancements, and on reasons for rising global discrepancies, particularly in the current account.

78. In regard to CPIS data enhancements, most members indicated they were on track with the enhanced timeliness and semi-annual frequency of the CPIS in 2013 or 2014. Also, many members thought that they could produce sectoral data, although data on sector of holder were easier to compile than data on sector of issuer. Several indicated that data on short or reverse positions were unavailable.

79. In regard to reasons for an increase in the level of global current account discrepancies in the past couple of years, a number of thoughts were offered. Among these, the adoption of *BPM6* requires more models and indirect estimation (such as in estimating insurance services and FISIM), and these will result in discrepancies if different countries have different models. Being part of a customs union also raises challenges. Shuttle trade, smuggling, volatile exchange rates, and non-cash transactions (such as exchanges of shares) also can cause asymmetries. Mr. Heath noted that the Committee was created in response to growing global discrepancies and so the rising current account discrepancy needs to be monitored by the Committee. He considered that outsourcing may be a factor.

Data on Currency Intervention Activity: Paper by IMF (BOPCOM-12/34)

80. Mr. Kozlow informed the Committee that, during the IMF Executive Board discussion of Data Provision to the Fund for Surveillance Purposes in November 2012, staff was asked by Executive Directors about the provision of additional foreign exchange intervention data for the purposes of IMF surveillance. IMF staff agreed to look into the possibilities of collecting data on intervention activities and report back to the Board.

81. Mr. Kozlow noted that STA collects a significant amount of data on reserves including BOP and IIP data, Reserves Template data, and COFER, SEFER and INFER. He also indicated that the proposal for countries providing additional intervention data has been discussed before, and countries were reluctant to disseminate additional data to the public on their intervention activities.

82. Mr. Kozlow noted that, in this respect, STA is seeking Committee endorsement for contacting the Reserve Assets Technical Expert Group (RESTEG), under the chair of the IMF, to address the issues set out in this paper and to inform the Committee of outcomes at its October 2013 meeting. The questions/issues to be addressed may include, inter alia, (i) how to define intervention; (ii) what data collection could be of most benefit, least burdensome to compilers, and least disruptive of currency markets; (iii) whether the presentation of intervention data should be on a stand-alone basis or part of an existing data set and what should be its frequency; (iv) whether dissemination of additional data to the public should be an objective; and (v) what countries presently disseminate intervention data.

83. Mr. Kozlow proposed that RESTEG's objectives would be to investigate (i) conceptual issues raised in measuring intervention; (ii) practical implications of compiling, collecting, and presenting such data; and (iii) the benefits and drawbacks of disseminating the data.

84. Mr. Kozlow asked the Committee whether it would support the idea of RESTEG investigating the collection of foreign currency intervention data.

85. Mr. Heath thanked Mr. Kozlow for his comprehensive presentation.

86. One participant noted that some countries currently publish data on intervention, and that a review of their practices could help in establishing best practices for the voluntary disclosure of such information. Another Committee member noted that her central bank has started to publish intervention data on a monthly basis to improve transparency. A few members mentioned that there is a group of Central Banks that are very active in markets, and these may be able to provide ideas about what type of information could be of interest for surveillance. Central banks enter into a lot of transactions in foreign currency, and not all them could be of interest for analyses of intervention activity, therefore the members agreed that it was important to agree upon a definition of intervention. One Committee member stressed that methodological and data compilation guidelines on currency intervention activities should draw on *BPM6*.

87. Some members thought that this data set could be out of the scope of BOP compilers, and in general it was agreed that the issue of monitoring foreign exchange intervention involved high level policy makers.

88. Mr. Heath thanked all members for their contributions and concluded that the IMF staff needed to undertake some “homework” including identifying which countries already disseminate intervention data, other groups involved in this field, and possibly what definitions are used. RESTEG will be contacted for further elaboration on a definition and practical implications after a high level letter has been addressed to the Central Banks to initiate the involvement of RESTEG. The letter would emphasize the request of the IMF Executive Board for further work in this field. He also concluded that there was no support from the Committee for this type of data to be included within the Reserve Data Template so this idea will not be pursued. IMF staff would report back progress to the next meeting of the Committee.

Data Sharing and Confidentiality: Report by IMF (BOPCOM-12/16)

89. Ms. Tanase (IMF) reminded the Committee that, at its meeting in 2011, the Committee discussed the feasibility of enhanced accessibility to data from surveys conducted by STA pertaining to reserve assets, namely data from SEFER, COFER, and INFER. STA had then indicated that it would correspond with countries in regard to these surveys, in order to share its proposals aimed at improving global surveillance and the IMF’s understanding of financial interconnectedness, while safeguarding the confidentiality provisions of reported data.

90. Ms. Tanase updated the Committee on the status of STA’s undertakings with regard to all three surveys. Specifically, she reported on the response of SEFER reporters on three issues that were raised in a letter from the STA Director. Ms. Tanase also highlighted how STA responded to follow up queries by some reporters,

including questions on the availability of copies of sub-aggregate tables, showing geographic (regional) detail.

91. The Committee's views on these proposals (four on SEFER and one on INFER) were sought. Many members, but not all, supported all proposals. One Committee member presented a strong concern against the proposals from a confidentiality point of view. In regard to a question from a Committee member, Mr. Kozlow clarified that nonresponses to its survey of SEFER reporters on their views on the several proposals were treated as "no response" and not as consent. Some concerns were raised about residual disclosure given the potentially broader range of users and the general expansion of data availability across a range of datasets. Mr. Heath reassured the Committee that the IMF's proposals were designed with a keen awareness of the sensitivity of the data, and the need to safeguard the confidentiality of reported data. In this regard, he indicated that STA would use manual as well as automated processes for compiling sub-aggregates. On INFER, the Committee asked about STA's communication strategy in regard to revising the pledge to use INFER data only in the calculation of global aggregates.

92. Mr. Heath thanked the members of the Committee for their valuable comments. He explained that the request for broader use of the data had arisen from the growing interest in analyzing interconnections and a discussion with the IMF Executive Board in May 2011 about data availability to support this work. The proposals were a compromise between trying to meet the increasing needs of users and protecting confidentiality. However he appreciated that sensitive issues were raised. On SEFER, he concluded that while there was wide support for implementing STA's proposals some concerns had been raised by Committee members that needed to be addressed given the sensitive nature of the data. So, regarding the revealing of names, reporters would be asked to confirm that they are content for their names to be revealed and if not their names would not be released. The concern over the potential for residual disclosure if the data were much more widely available suggested that the number who could see the individual data would remain close to the very small number that see them now. Also, in light of comments by Committee members and responses to the STA Director's letter, IMF staff would develop—in consultation with other IMF departments—draft global sub-aggregates tables for internal IMF use only. IMF staff would come back to the Committee for agreement in written correspondence regarding (i) the draft global sub-aggregates tables; and (ii) confirm the changed arrangements for access by IMF staff. The need to ensure broad support was recognized. On INFER, Mr. Heath concluded STA would consult on the pledge with the national authorities during the 2013 round of INFER data collection.

Progress Report on the Development of an SDMX Data Structure Definition (DSD) for BPM6-based Data: Report by the SDMX Steering Group for the Balance of Payments DSD (presented by IMF) (BOPCOM-12/17)

93. Mr. Piché (IMF) presented a report on the work being undertaken to leverage the SDMX standards for the exchange of external sector statistics (BOP, IIP, Reserve Assets Data Template, CPIS, CDIS and trade in services). Mr. Piché provided

background information on the SDMX Initiative, and explained the governance structure put in place for developing a common exchange format for balance of payments related statistics. He apprised the Committee of the feedback provided by external sector domain groups during the spring of 2012, and reported on the outcomes of the content review of the draft common exchange format triggered by the pilot exercise carried out by a group of countries during the summer of 2012.

94. He outlined the next steps in the work program, and requested the Committee's views on these steps. He also sought the Committee's views on how the SDMX DSD could be leveraged to reduce the data reporting burden by countries. Ahead of the meeting (end–December), STA invited members to indicate their interest in participating in a pilot implementation of the DSD that will be carried out beginning in February 2013. Mr. Piché recommended countries to participate in phase 2 as a set of documentation will be provided as well as access to tools that will simplify the implementation. He noted that it is foreseen to issue a final DSD version (BOP-DSD V1.0) by mid–2013.

95. One participant noted that this was a unique experience and very ambitious therefore difficulties were normal, and the group that is working currently for the NA DSD will take advantage of the work already done. Another participant mentioned that, once the DSD version is final, the technical infrastructure has to be prepared. He mentioned that from now onward the flow of data in particular between IOs will be easier and more efficient.

96. Mr. Heath thanked Mr. Piché for the interesting presentation, noted that there was support from the Committee for the way forward he had outlined, including the sending of the final BOP–DSD version to Committee members in the spring for its formal approval. Mr. Piché informed that members of the Committee would soon be approached for comments on the draft DSD.

Cross-Border Exposures of Nonbank Financial Institutions (G-20 Recommendation #14): Report by IMF (BOPCOM-12/18)

97. Mr. Moreno-Ramirez (IMF) presented this report which aimed at informing the members of the Committee on the work on G-20 recommendation #14, within the DGI. This work is led by an IAG Task Force chaired by the BIS. Recommendation #14 is one of the 20 recommendations described in the FSB/IMF report, *The Financial Crisis and Information Gaps*:

“The Inter-Agency Group on Economic and Financial Statistics (IAG), consulting with the Financial Stability Board (FSB), to revisit the recommendation of the G-20 to examine the feasibility of developing a standardized template covering the international exposures of large nonbank financial institutions, drawing on the experience with the BIS's IBS data, other existing and prospective data sources, and consulting with relevant stakeholders.”

98. Mr. Moreno-Ramirez explained that the need for timely and accurate stock and flow data had been highlighted by the recent crisis, especially with regard to the “shadow banking system,” i.e. financial intermediation by institutions, markets, and products outside of the banking sector and traditional securities markets. To address Recommendation #14, the agencies represented on the IAG concluded that they would identify and draw upon existing data sources before proposing any expansions in existing data collections or new surveys.

99. Mr. Moreno-Ramirez described the work undertaken to create an inventory of available data at international organizations on cross-border exposures of financial and nonfinancial corporations. This inventory is now posted on the PGI website. He summarized the work on developing templates using existing cross-border data by institutional sector on the international exposures of large nonbank financial institutions, focusing on the general and specific features and follow up actions needed. He also referred to the data used in the templates, emphasizing the use of data from the IMF’s CPIS. The CPIS is central in identifying international financial network connections (the focus of Recommendation #14). This is because the CPIS provides data by economy and sector, and also because the cross border investments of nonbank financial institutions (NBFIs) are most likely to be in the form of securities.

100. Mr. Moreno-Ramirez noted that support is being sought from the Committee on the implementation of Recommendation #14, with a focus on the implementation of enhancements to the CPIS and the reporting of data with a sectoral breakdown. He noted that enhanced CPIS data by sector of holder and by sector of issuer would be collected, on an encouraged basis, effective with data for the end-June 2013 reporting date. He also noted that, given the importance of these data, the IMF urged economies (particularly those that are sizable holders of securities) to report the sectoral detail covered in the enhanced CPIS.

101. Some Committee members noted that they either provide or are intending to provide data on sector of holder; however, data on the sector of issuer would be more problematic to compile for those countries that do not collect the data on a security by security basis. Committee members wanted reassurance that this work was not duplicating that of the financial accounts framework of the SNA; others noted that providing more detail on a more frequent basis would increase concerns about confidentiality. The idea of a new direct survey of large NBFIs was also raised. Finally some members asked if placing data from different international organizations on the same database might show up discrepancies in data between international organizations.

102. In summarizing the discussion, the Mr. Heath expressed appreciation for the Committee’s overall support for the work in progress on Recommendation # 14 of the DGI. He reassured the Committee that STA is neither proposing to create a new data collection framework nor to create parallel frameworks to the SNA, but instead to exploit and possibly extend existing data sources, such as the IMF’s CPIS. It has been

agreed among the agencies represented on the IAG that the first step would be to utilize existing data and collections rather than develop a new collection. Mr Heath also noted that the pilot studies for France and Japan did not reveal significant differences in datasets among international organizations, but this needed to be monitored as more countries were added. Furthermore, it was concluded that STA will continue to encourage economies to provide information on the sector of holder in the CPIS, which has been an encouraged item in the CPIS for over a decade. With regard to the demand for information on the sector of issuer, the chair took note of the concerns raised by a few participants with regard to confidentiality issues. He also took note of the interest expressed regarding the availability of metadata.

Direct Investment

Recent Activities of the OECD Working Group on International Investment Statistics: Report by OECD (BOPCOM-12/20)

103. Ms. Bertrand (OECD) summarized the statistical activities of the Working Group on International Investment Statistics (WGIIS) over the last twelve-month period. The presentation focused on: (i) progress in the implementation of the OECD *Benchmark Definition of Foreign Direct Investment, 4th Edition (BMD4)* among selected OECD countries; (ii) transmission of FDI statistics to the OECD according to *BMD4*; and (iii) the globalization research agenda—total financing of multinational enterprises.

104. Ms. Bertrand drew the attention of the Committee to different FDI measures as a result of revised statistical standards and stressed mostly the differences which are likely to be large between FDI statistics compiled according to the extended directional principle and FDI as part of BOP/IIP based on the asset/liability principle. She also demonstrated other differences due to the segregation of transactions/positions with Special Purpose Entities and FDI recorded according to the ultimate beneficiary as opposed to immediate counterpart.

105. Ms. Bertrand introduced a new proposal by the OECD Working Group to measure total financing of multinational enterprises (MNE). These measures include not only FDI and other cross-border positions of MNEs but also their domestic assets/liabilities. The conceptual framework will allow identifying total assets controlled by MNEs before and after consolidation to eliminate capital in transit. Statistical criteria adopted will allow using these financial variables in tandem with economic variables of AMNE or FATS statistics. The proposal will also possibly feed into the DGI Recommendation #13 on cross-border exposures of financial and nonfinancial enterprises. The Working Group will work on compilation guidance in 2013.

106. Several Committee members emphasized that the availability of estimates of FDI on more than one basis (directional principle and gross asset/liability bases) should not be considered in a negative light, noting that, for other datasets, different estimates exist (for example, in the case of GDP, there are series on the basis of

current prices, fixed prices, chained weights, and purchasing power parity). The role of effective communication was underscored and perhaps a need to review terminology to distinguish more clearly between the different measures of FDI. Ms. Bertrand asked that the international organizations involved in FDI data collections encourage countries to provide requisite details that would allow for estimates based on the extended directional principle.

107. Mr. Heath thanked Ms. Bertrand for her interesting presentation.

World Investment Report 2012: Report by UNCTAD (BOPCOM-12/21)

108. Mr. Fujita (UNCTAD) reported on global and regional FDI trends and prospects, and highlighted UNCTAD's new FDI Contribution Index which presents differing economic development impacts per unit of FDI. He also conveyed the WIR 2012 findings that a "new generation" of investment policies is emerging. Mr. Fujita had arranged the delivery of hard copies of the *World Investment Report 2012* to STA for distribution to the Committee members during the meeting.

109. Mr. Heath thanked Mr. Fujita for his informative presentation.

Frequently Asked Questions on Gold Sale Windfall Profits: Report by IMF (BOPCOM-12/22 Rev. Dec. 2012)

110. Ms. Hammer (IMF) introduced the FAQs on the recording of transactions related to IMF Windfall Profits from IMF Gold sales. The two distributions (approved by the IMF Executive Board in February and September 2012) of windfall profits from recent gold sales were aimed at securing the resources for the Poverty Reduction and Growth Trust (PRGT). However, the profits could not be placed directly in the PRGT benefitting only some members, but would have to be first attributed to all IMF members in proportion to their quota shares, and then voluntarily contributed directly by the members (at least of overall 90 percent of the total distributed profits) to the PRGT.

111. Ms. Hammer emphasized that the FAQs were prepared to assist compilers and users of BOP, government finance, and monetary statistics to understand (i) the correct recording of the distribution of windfall profits from gold sales to IMF members, and (ii) any subsequent contributions to the PRGT. Once approved, the FAQs would be distributed to compilers of BOP/IIP, government finance, and monetary and financial statistics, and will also be posted on the IMF website.

112. Ms. Hammer explained that in the case of BOP statistics, the distributions of the profits from gold sales should be recorded as superdividends, i.e. withdrawals of equity (in "other equity"). For the contributions to the PRGT, there are, however, several options designed to accommodate different legal procedures and preferences in member countries. The distribution of the windfall profits is a financial account transaction and would not affect the current account; depending on the option, it may increase the member country's reserve assets. The contribution to the PRGT should be recorded as a capital transfer.

113. Committee members were asked whether they had comments on these FAQs. While they welcomed both the logic of the paper and the cross domain cooperation and consistency, some Committee members noted that the underlying premise of the proposal, i.e., that distributions of the profits from gold sales be recorded as superdividends, rested on members having an equity claim on the IMF. They questioned whether this classification was currently followed by any members in their IIPs, and more importantly, queried the methods that would be used for valuing members' equity in the Fund. Mr. Kozlow clarified that the FAQs were compiled on the basis of a key principle: the IMF has a balance sheet, and if there is positive net worth, it belongs to the Fund's members. The distribution therefore reduces the members' claims on the IMF, and therefore it should not be regarded as some type of transfer. It also should not be regarded as a dividend, because it does not originate from current operating income. While there were calls by some Committee members for the CG to address the issue of recording claims on the IMF, it was noted that this needs to be addressed cautiously because the CG should not be used as a mechanism for introducing new standards.

114. Regarding the proposal in the FAQs to include assets held by members in the Administered Accounts as reserve assets, the Committee discussed whether such accounts were liquid and available for use by member countries at time of a balance of payments need. STA indicated that, based on consultations with other departments in the Fund, it was determined that the funds in the Administered Accounts were freely available to the member. Also, the member's agreement to donate the funds in the Administered Accounts to the PRGT was not binding and should not be recorded on its balance sheet.

115. In summarizing the main points of the discussion, Mr. Heath saw merit in the proposal by one Committee member to use as a temporary solution the "other changes in financial assets and liabilities" account to offset the recording of the withdrawal of equity so "other equity" would be unaffected in the IIP between the two end-periods. In response to a concern about the wording of FAQ No. 2 (positing that the IMF sale of the gold, combined with the distribution of the general reserve attributable to windfall profits from gold sales, could result in an *increase* in the member's equity claims on the Fund in some circumstances), Mr. Heath agreed that the text would be reviewed. Once the changes were made the FAQ would be posted as compilers needed to record these transactions and positions in their Q4 2012 data. Going forward, STA would develop a set of FAQs for consideration by the Committee on how to value equity claims on the IMF.

Cross-Sector Data Consistency: Report by IMF (BOPCOM-12/23)

116. Ms. Tanase presented to the Committee the report on the work undertaken by STA's Cross-Sector Consistency Group (CSCG) established in early 2012. She highlighted the considerable progress made since the last Committee meeting in organizing the work in STA, and in approaching an initial group of Fund member countries where data inconsistencies have been identified. She reported that the

response from these countries had been very positive. Ms. Tanase identified key aspects of a future work program, including active monitoring of data inconsistencies on an ongoing basis; contacting countries with significant inconsistencies; and maintaining a list of methodological differences among the major macroeconomic statistical manuals and bringing these to the attention of the relevant agencies and bodies.

117. Committee members were strongly supportive of the work of the CSCG. Several members were from countries that had been approached regarding inconsistencies, and they noted improvements to their country's data arising from interactions with the CSCG. Some suggestions were made for new consistency checks, and a request that, when available, it would be helpful for Fund staff to share with countries their techniques for identifying cross-sectoral discrepancies. The importance of interagency cooperation in advancing this initiative was also stressed.

118. Mr Heath thanked Ms. Tanase for her informative paper, as well as for her work on chairing the CSCG. He noted that this work was going forward step-by-step within the IMF given other work pressures. In summing up the discussions arising from the presentation, Mr. Heath noted that the Committee strongly supported the work of the CSCG, and highlighted areas in which the work has improved coherence across macroeconomic statistics. Going forward, STA would examine the scope of expanding the range of data sets being compared. Further, STA would consider the feasibility of sharing techniques and tools more broadly that may be used in identifying asymmetries.

New Developments at International Organizations

Work of the Task Force on Statistics of International Trade in Services: Report by OECD (BOPCOM-12/24 Rev. Dec. 2012)

119. Ms. Wistrom (OECD) briefed the Committee on the mandate and the work of the Task Force on Statistics of International Trade in Services (TFSITS), which she also chairs (the IMF is a member of the TFSITS). She updated the Committee on the outcome of the previous meeting of the TFSITS, which took place in late October 2012. The first part of the meeting was dedicated to the review of the draft annotated outline and the draft chapters of the *Manual on Statistics of International Trade in Services Compiler's Guide (MSITS 2010 CG)*. TF invitations had been extended to include also some experts from the UN Expert Group on the Compilation of Trade in Services Statistics. The second day of the TFSITS meeting focused on agenda items of main concern to the participating International Organizations. The next TF meetings will take place in April and October 2013.

120. Ms. Wistrom informed the Committee about the outline, timeline, and objective of the *MSITS 2010 CG*. She also noted that the *MSITS 2010 CG* would complement the services chapters of the *BPM6 CG*, and text would be cross-referenced and harmonized. The *MSITS 2010 CG* would also provide guidance on items in the Extended Balance of Payments Statistics (EBOPS) that are not covered

by the *BPM6 CG*, and include case studies on countries' experiences with estimating certain EBOPS items. The first draft of the *MSITS 2010 CG* was expected to be available by June 2013. The *MSITS 2010* became available in print format following the 2011 Committee meeting.

121. Ms. Wistrom also briefly reported that the representatives of the TFSITS (Eurostat, WTO, UNCTAD, UNSD, and the OECD) had visited the IMF in March 2012 to discuss ways to harmonize trade in services statistics across international organizations, and to learn about the impact of the IMF's conversion of external sector statistics to a *BPM6* format with the August 2012 release of *IFS*.

122. Mr. Heath thanked Ms. Wistrom for her very informative and comprehensive presentation.

Developments in International Data Sharing Report by Eurostat (BOPCOM-12/25)

123. Mr. Nørlund (Eurostat) informed the Committee of developments in international data sharing activities in the area of national accounts. Beginning in 2012, Eurostat and the OECD established a technical working group with the aim to propose and implement for national accounts statistics, practical improvements for data validation and exchange procedures between Eurostat, ECB and OECD. The technical working group is also mandated with reviewing, analyzing, and making further recommendations with regard to data validation checks. The overall purpose is to increase resource efficiency and promote data consistency at the national and international levels, including by assigning to a single agency the tasks of data collection and validation so as to eliminate multiple data and metadata collection systems.

124. Mr. Nørlund reminded the Committee that intensified cooperation between international organizations on the collection and exchange of data had been on the agenda of several international meetings, including the IAG meeting. He mentioned the DSD for NA, for which the ECB, Eurostat, and OECD had assumed responsibility for development and implementation, in coordination with the DSD on BOP, and complementary to the activities of the SDMX technical working group. Mr. Nørlund also emphasized that increased cooperation and division of work among Eurostat, OECD, and the ECB could lead to further efficiency gains for both producers and users of national accounts data, while freeing resources for other purposes and activities. He noted that these practices could be followed by other international organizations and in other domains, such as balance of payments. Mr. Heath thanked Mr. Nørlund for his informative presentation.

Improving the BIS International Banking Statistics: Report by BIS (BOPCOM-12/26 Rev. Dec. 2012)

125. Mr. von Kleist (BIS) informed the Committee on the report of an Ad-hoc Group established by the Committee on the Global Financial System (CGFS) titled

“Improving the BIS International Banking Statistics (IBS)”. The first stage enhancements in the BIS locational by nationality banking statistics would aim at receiving (i) full balance sheets, (ii) a vis-à-vis country dimension that would reveal the granular geographical exposure of banks’ balance sheets (e.g., the positions of UK banks in France vis-à-vis borrowers in the United States), and (iii) more detailed reporting of individual currencies, where available. Currently, neither banks’ locally extended domestic currency positions, nor vis-à-vis country data by nationality of controlling banking systems, were available. The majority of Group members had indicated that they would implement Stage 1 enhancements in late 2012 for Q2/2012 data.

126. Stage 2 enhancements of the IBS would introduce the collection of new data in the locational and consolidated banking statistics. Its objectives would include (i) improving understanding of banks’ credit exposures to particular countries and counterparty sectors, (ii) monitoring trends in the supply of bank credit to the financial and nonfinancial sectors of individual countries, and (iii) assessments of banks’ funding risks. Most central banks expected to start providing Stage 2 data starting from reporting period 2013/Q4. The two sets of enhancements were designed to make significant and long-lasting improvements to the IBS, and tie in with other international data initiatives, such as the FSB’s and IMF’s data gap initiative.

127. Mr. von Kleist noted that over the medium to longer term, the following enhancements would be considered: direct measurement of banks’ maturity mismatches; better alignment between the Consolidated Banking Statistics and supervisory data; harmonizing the definition of bank consolidation in the IBS; and a more detailed sector split in the locational and consolidated statistics.

Securities Statistics

Enhancements to the BIS Debt Securities Statistics: *Report by BIS (BOPCOM-12/27 Rev. Dec. 2012)*

128. Mr. von Kleist (BIS) described the three changes that the BIS has made in its debt securities statistics to enhance their comparability across different markets. First, the definition of an international debt security (IDS) issue had been revised to those issues ‘where the country of residence of the issuer differs from the registration domain, governing law or listing place of the bond.’ The current IDS definition, ‘issues targeted to international investors,’ had no longer been considered a robust proxy for issues held by nonresidents. The second change had been to aim at introducing the breakdowns in accordance with the Handbook on Securities Statistics, i.e., sector of the issuer, and currency, interest rate type, and maturity of the issue. Separate identification of asset-backed securities had not been considered feasible at this stage. The final change entailed that the BIS would make greater use of debt securities statistics reported by central banks.

129. The planned changes had significant consequences on the published stocks and flows data on international and domestic debt securities issues. Additionally, the

changes would allow the BIS to start publishing total debt securities now that the new definitions no longer would lead to overlap in both data sets. The BIS had started implementing these changes in December 2012.

Securities Statistics: *Presentation by ECB (BOPCOM-12/27a)*

130. Mr. Werner Bier (ECB) reported on the features and implementation steps with regard to Part 1 (Debt Securities Issues), 2 (Debt Securities Holdings), and 3 (Equity Securities Issues and Holdings) of the *Handbook on Securities Statistics* (HSS). The BIS drafted Part 1 of the HSS, and the ECB Part 2 and Part 3, with technical support provided by the IMF. The three parts would be consolidated into one Handbook.

131. Mr. Bier elaborated on Recommendation #7 (Securities Statistics) of the DGI for G20 economies. Final objectives for G20 economies would include the publication of comprehensive templates on quarterly issues and holdings of debt and equity securities statistics on a from-whom-to-whom basis. Mr. Bier noted that this would entail a step-by-step implementation strategy complementary to the SDDS Plus. Furthermore, the planned implementation of Recommendation #7 would be consistent with requirements for IIP statistics (Recommendation #12), Sectoral Accounts (Recommendation #15), and Government Finance Statistics (Recommendation #17).

132. Mr. Heath thanked Mr. von Kleist and Mr. Bier for the very informative presentations on international banking and securities statistics. As Committee members had raised the issue of the timetable for implementing more detailed debt securities templates, it was agreed to include this item on the agenda of the next meeting.

Progress Report on Work of the Inter-Agency Task Force on Finance Statistics (TFFS): *Report by IMF (BOPCOM-12/28)*

133. Mr. Heath summarized the report on the main activities of the Inter-Agency Task Force on Finance Statistics (TFFS) since the 2011 meeting of the Committee. The annual meeting of the TFFS at IMF headquarters in March 2012 was an occasion to discuss key methodological issues related to the update of the *External Debt Guide Statistics: Guide for Compilers and Users (EDS Guide)* and agree on the way forward; identify ways to encourage participation of countries in the Public Sector Debt (PSD) Statistics Database; present the enhancements to the Joint External Debt Hub (JEDH); and inform about countries' participation in the Quarterly External Debt Statistics (QEDS) database.

134. Mr. Heath also noted that: (i) the complete version of the *EDS Guide* was posted for public comments in November 2012; (ii) the revised complete version would be prepared for TFFS endorsement at the TFFS meeting in March 2013; and (iii) the pre-publication version would be posted by September 2013.

135. A few members mentioned the relevance of the methodological coordination that has been attained with the update of the various manuals during the last years.

They also asked that there be coordination of the time frames for integrating the different initiatives.

Progress on Work of the Task Force on Global Production: Report by UNECE (presented by IMF) (BOPCOM-12/19)

136. Ms. Hammer (IMF) informed of work in progress of the Task Force (TF) on Global Production, on behalf of the UNECE. In November 2011, the Bureau of the Conference of European Statistician (CES) established the TF to provide support for the effective implementation of the guidelines in *BPM6* and the *2008 SNA* relating to global production. The TF comprises a number of countries, as well as Eurostat, IMF, OECD, UNSD, and WTO.

137. Under its terms of reference, the TF is to consult with, and provide draft reports to, various bodies, including BOPCOM, the CES Bureau, and an OECD Working Party. The draft final report would be provided in October 2013.

138. Ms. Hammer explained that the TF's goal was to further address a number of unresolved conceptual and measurement issues related to global manufacturing, transactions in intellectual property products, merchanting, quasi-transit trade, and special purpose entities. The TF builds on work of the UNECE-led Group of Experts on the Impact of Globalization on National Accounts (NA), which published *The Impact of Globalization on National Accounts* in February 2012. Priority-1 chapters were planned to be available at the beginning of 2013, and would be discussed during the next TF meeting on January 21–22, 2013. Priority-2 chapters would be due in February 2013. The draft report including all chapters would be discussed during a special meeting of the Group of Experts on National Accounts on April 4–5, 2013, in Geneva; and would be presented to the Committee at its October 2013 meeting.

139. The Committee members were asked whether they support the overall work being performed by the TF in addressing conceptual and measurement challenges associated with the updated international statistical standards. One member of the Committee, who is also a TF member, noted that a number of important unresolved issues were being confronted and that the TF's results were on a good track. The members indicated strong support for the work of the TF.

140. Mr. Heath thanked Ms. Hammer for her informative presentation.

Long-Term Research Program in Consultation with ISWGNA: Report by UN (BOPCOM-12/29)

141. Mr. Havinga (UNSD) informed the Committee that Annex 4 of the *2008 SNA* lists research issues that had emerged during the update of the *1993 SNA*; and that the ISWGNA website, hosted by the UNSD, contained a webpage dedicated to the SNA research agenda. He also outlined the mechanisms for resolving research issues.

142. Mr. Havinga also reported on the outcome of the AEG meeting of April 2012, noting that the following issues had been identified for investigation: global

production, investment income related to pension funds and investment funds, stability fees, land, research and development (R&D), pension liabilities, and FISIM.

143. In addition, Mr. Havinga introduced a report prepared by the UNSD with the support of experts from national statistical offices and international organizations for the Statistical Commission of the Economic and Social Council. The report draws from the work undertaken by various task forces in the global statistical system on topics such as integrated economic statistics, linking trade and business statistics, trade and global production, trade in value added, statistics of multinational enterprises, and FDI.

144. Mr. Heath thanked Mr. Havinga for his informative presentation.

FOB/CIF Issue in Merchandise Trade/Transport of Goods in BPM6 and the 2008 SNA: Paper by Anne Harrison (presented by IMF) (BOPCOM-12/30)

145. Anne Harrison (Editor of the *2008 SNA*), provided a paper to BOPCOM about a difference between the *2008 SNA* and *BPM6* in recording the cost of transporting goods from the supplier to the purchaser. The Real Sector Division of STA had raised this issue at the ISWGNA meeting in early October 2012. Mr. Zieschang (IMF) presented the process to follow with regard to addressing this inconsistency.

146. According to *BPM6*, cross-border trade should be recorded in the BOP on a “free-on-board (FOB) - basis”. In contrast, according to the *2008 SNA*, there is text suggesting that cross-border trade should be recorded at amounts specified between the buyers and sellers [...] and “depends on whether the exporter or importer is responsible for transport.” (*SNA 2008* paragraph 14.68). If so, the national economic accounts accept a variety of different bases, while in the international accounts, a uniform FOB valuation basis is recommended.

147. The issue will be discussed by the ISWGNA Advisory Expert Group at its meeting next spring (May 2013).

148. The Eurostat representative mentioned that there was no inconsistency between *ESA 2010* and *BPM6*.

149. One member of the Committee pointed out that some of the adjustments to trade data proposed in the *BPM6* may no longer be appropriate; however, with the implementation of *BPM6*, this was not the proper time to introduce new approaches to valuing goods.

150. The UNSD representative noted that papers expressing views on this issue are very welcome and should be provided to the ISWGNA, copying the IMF.

151. Mr. Heath thanked Mr. Zieschang for his presentation. He noted that FOB valuation was included in several previous Balance of Payments Manuals. Mr. Heath also noted that the IMF is not in favor of introducing deviations from current standards in the *BPM6 CG*. Finally, he indicated that the report on the outcomes of

the AEG discussion of this issue will be shared with the Committee at its next meeting.

Medium–Term Work Program of the Committee: *Report by IMF (BOPCOM-12/31)*

152. Mr. Kozlow presented the draft 2012 Medium-Term Work Program, which included only one change in priorities from the 2011 Medium–Term Work Program: reserve assets were proposed to move from top priority to medium priority, in recognition of the release of the updated *Reserves Template Guidelines* early in 2012. Further, the reserve assets area was to be combined with another medium priority (data sharing and confidentiality), because the latter pertained to SEFER and other IMF data collections on reserve assets. All other priorities remained at the level of the 2011 Medium–Term Work Program.

153. Mr. Kozlow mentioned that work to develop currency intervention data is not yet represented in the work program, because this topic arose recently, and that it would be mentioned.

154. One participant mentioned that consideration could be given to highlighting flows of data between international institutions and countries in the 2012 Work Program. At present, the 2012 Work Program notes that the BOP-DSD Steering Group may provide a progress report on implementing new standards, but data flows could be more strongly emphasized.

155. In closing the meeting, Mr. Heath thanked the members and other participants on the Committee for their hard work and support.

Summary of Discussion: *Report by IMF (BOPCOM-12/32)*

156. Mr. Kozlow took the Committee through the draft Summary of Discussion.

Any other business

157. The IMF indicated that the next meeting may be held in the week beginning October 27, 2013, possibly in a Committee member’s country.