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Draft Outline

Kalter Paper : Trends and Impediments to Cross Border Flows: Examples from Countries in the Panel (Argentina, Brazil, Mexico, Poland, the United States)

Overall trends to cross border flows for EM countries

- Chart and description of portfolio and FDI annual inflows to EM countries
 - Chart and description of outflows from EM countries
 - EM net capital flows
 - EM savings and investment trends
 - Breakdown by EM region
 - Breakdown by countries in the panel
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- Do we see increased investment in EM countries?
 - Do we see foreign capital increasingly finance EM investment?

Impediments on capital inflows to specific EM countries and the United States

- General capital controls and tax discrimination (eg. Chile places withholding tax on capital inflows of less than a 5 year duration)
- Restrictions on direct investment by type of foreign investor
 - Restrictions on profit remittance
 - Restrictions on percent ownership
 - Restrictions on private equity and mezzanine capital
 - Differential treatment by type of foreign investor (sovereign wealth fund, private enterprise, private equity/infrastructure firm)
- Restriction on portfolio capital by type of foreign investor
 - Restrictions on bond investments
 - Restrictions on equity investments
 - Restrictions on type of foreign investor
- Recent changes or pending changes in restrictions on capital inflows to these countries
- Reasons for these past or pending changes in restrictions on capital inflows

Impediments to capital outflows by specific EM country and the United States

- General capital controls and tax discrimination on investments abroad
- Restrictions on different domestic institutional investors investments abroad (pension funds, mutual funds, insurance companies, sovereign wealth fund) by type of investment
 - Portfolio investments (bond and equity markets abroad)
 - FDI (private equity/infrastructure)
- Restrictions on private sector investments abroad (individuals, companies, private wealth managers) by type of investment
 - Portfolio investments

➤ FDI

- Recent changes or pending changes in restrictions on investments abroad by different domestic institutional or private sector investor.
- Reasons for these past or pending changes in restrictions on capital outflows

Possible Conclusions?

Investment by EM countries is increasing, with a higher proportion financed by foreign capital inflows. The capital base is increasing for EM investments. EM countries are reducing restrictions on foreign capital inflows, despite appreciation pressures on the exchange rate.

Capital outflows from EM countries are also increasing as EM investors look to diversify their portfolio and restrictions on investments abroad decline.