



Forty-Second Meeting of the IMF Committee on Balance of Payments Statistics

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For discussion

Global Asymmetries: An Old Phenomenon Exacerbated by the Pandemic

Global Asymmetries: An Old Phenomenon Exacerbated by the Pandemic¹

In light of the increasing level of global discrepancies in external sector statistics (which may partly be due to the pandemic), this paper follows up on the 2015 Committee Paper on “Revisiting Global Asymmetries—Think Globally, Act Bilaterally” and proposes investigating and addressing the factors behind global asymmetries by setting up a task force composed of members of the Committee, of STA’s Balance of Payments Division, with the possible collaboration of some Fund’s users. The task force is proposed to present its findings to the Committee at its 2024 meeting.

INTRODUCTION

1. Maurice Obstfeld highlights in the IMF blog of 2017 that current account imbalances can be healthy or a sign of macroeconomic and financial stress—which makes their evaluation tricky.² The IMF, as a key component of its multilateral surveillance work with countries, analyzes global external developments and since 2012 has been publishing its findings in its external Sector Report.
2. To support efficient policymaking, ensuring the quality of external sector statistics including analyzing and addressing discrepancies in external sector statistics has been on the agenda of the IMF and the statistical community. The IMF Committee on Balance of Payments Statistics (Committee) was set up in 1992 with a key objective of overseeing the implementation of recommendations on addressing global discrepancies in the world current account and financial flows.³ While the Committee’s mandate broadened over the years, it continued monitoring global discrepancies in external sector statistics and contributing to significant improvements in data quality and consistency including through leading the methodological debate.
3. The 2015 Committee Paper on “[Revisiting Global Asymmetries—Think Globally, Act Bilaterally](#)” (2015 Committee Paper) suggested refocusing efforts on monitoring and addressing global discrepancies, including by encouraging countries to work more closely by their main cross-border trade and investment counterparts to reduce bilateral asymmetries. The 2015 Committee Paper concluded that a more effective approach to tackling global asymmetries should start at the national level, by investigating the reasons behind net errors and omissions in the balance of payments data and undertaking analyses of bilateral discrepancies with main cross-border trade and investment partners.
4. Despite the efforts by the international community and the regional and national compilers, asymmetries in external sector statistics persist and in fact have been exacerbated by the pandemic of 2020 and the uneven recovery, due to the challenges faced by economies. The uneven recovery particularly could well have widened the gap between the countries in terms of quality of statistics.
5. The 2021 Work Program of the Committee stated that a first medium priority topic for the Committee will be addressing global discrepancies in cross-border statistics. To that end, the Committee

¹ Prepared by Evrim Bese Goksu, Balance of Payments Division, STA.

² IMF Blog “[Assessing Global Imbalances: The Nuts and Bolts](#)” by Maurice Obstfeld, 2017.

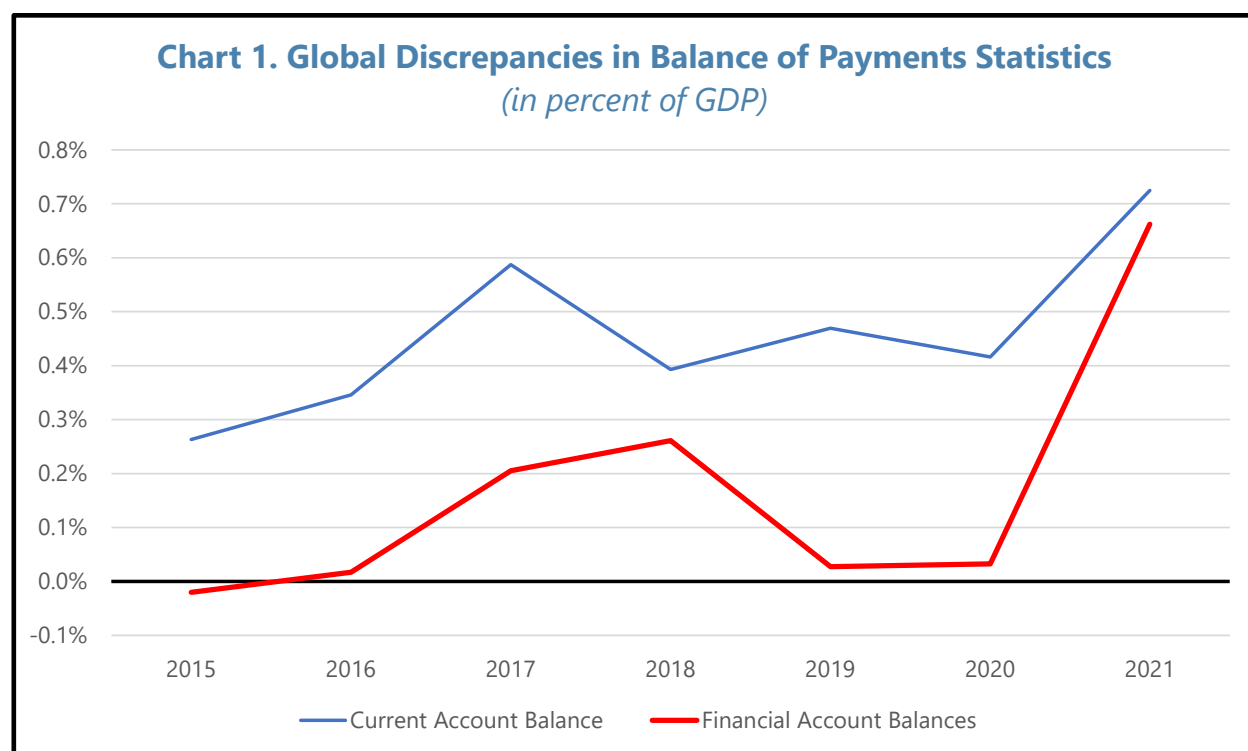
³ Godeaux Report: Final Report of the Working Party on the Measurement of International Capital Flows, Washington: IMF, 1992.

expressed their continued support to a bilaterally-focused approach for addressing statistical discrepancies and to encouraging countries to continue studying their bilateral asymmetries and report their results.

WHERE DO THE ASYMMETRIES IN BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION (IIP) STAND?

6. While the global discrepancies in balance of payments statistics have been an ongoing phenomenon, the 2020 pandemic led to a further deepening of discrepancies across the globe. As stated in the BOPCOM 2022 Annual Report, based on the *Balance of Payments Statistics Yearbook (BOPSY) 2022*,⁴ current account asymmetries increased significantly in 2021, exacerbated partly by the challenges faced by economies due to the pandemic in 2020 and an uneven recovery in 2021. The global current account balance (the difference between current account receipts and payments) has been consistently positive over the last decade but the spike in 2021 (from 0.4 to 0.7 percent of GDP) has been considerable (Chart 1).

7. Asymmetries in the financial account also increased significantly in 2021, among the main causes of which is the under coverage of off-shore financial centers (which triggered the launch of the IMF's new database on special purpose entities (SPEs)).



⁴ At the drafting of this paper, 2023 BOPSY results are not yet available. See 2022 BOPCOM Annual Report for further details.

8. The asymmetries between asset positions as reported in the Coordinated Portfolio Investment Survey (CPIS) and IIP remain very low thanks to the continued efforts to improve the quality of the CPIS including through improving its consistency with the IIP. Having said that, as noted in the 2015 Committee Paper the discrepancies between the CPIS derived liabilities and the IIP data remain large presumably due to countries not reporting to the CPIS. (Table 1) Similarly, large bilateral asymmetries also remain between the reported Coordinated Direct Investment Survey (CDIS) data (inward and outward) and derived data based on the reporting of main counterparts.

Table 1. Top 10 CPIS Reporters: Portfolio Investment Assets, Asymmetries Between CPIS and IIP*

	2015	2016	2017	2018	2019	2020	2021	2022
United States	0.1%	0.1%	0.2%	0.4%	0.4%	0.3%	0.0%	0.8%
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ireland	0.0%	0.0%	0.0%	-0.1%	0.0%	-1.1%	-1.0%	0.3%
Japan	-2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Germany	0.0%	0.0%	3.7%	0.0%	0.0%	0.0%	0.0%	-0.1%
United Kingdom	-10.5%	-13.6%	3.7%	5.3%	3.3%	7.2%	8.4%	0.0%
France	0.8%	0.0%	-1.9%	-2.1%	0.1%	-0.4%	0.2%	0.0%
Canada	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands, The	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.1%	-1.4%
China, P.R.: Hong Kong	0.0%	0.0%	0.0%	0.0%	-0.6%	0.0%	0.0%	0.0%

*Cayman Islands, which is among the Top 10 countries for December 2022, is excluded as IIP data is not available for all periods.

INITIATIVES TO ADDRESS DISCREPANCIES

9. The IMF continues to keep track and address statistical discrepancies in external sector statistics in two ways: first, its work on improving methodology and providing technical assistance to member countries aims to improve the quality and consistency of their balance of payments and international investment position statistics. And second, the bilateral data collection exercises (e.g., CPIS and CDIS) help to compare bilateral (direct and portfolio investment) bilateral positions vis-à-vis the mirror information provided by counterparts.

10. The two IMF led data collection exercises which are considered as important to identify and address bilateral imbalances in direct and portfolio investment, the CPIS and CDIS, were both launched in response to the recommendations of the Godeaux Report. The importance of the CPIS to provide critical information on cross-border linkages was emphasized by the G-20 Data Gaps Initiative as a result of which the country coverage, granularity, and frequency was improved. In response to the second phase of the DGI, the CPIS started to be released on a semi-annual frequency. In addition, the DGI-2 recommendation 20 aimed at promoting international data sharing which is key for reducing bilateral asymmetries.

11. The CDIS continues to be a key dataset to improve direct investment position statistics. In 2017, the IMF, in coordination with the Bundesbank, conducted a workshop on CDIS Bilateral Asymmetries.⁵

⁵ The workshop targeted economies with CDIS bilateral asymmetries that exceeded US\$25 billion and represented at least 25 percent of the total reported direct investment position with the counterpart economy, for 2015 reference data.

The workshop brought together compilers and facilitated the exchange of information on direct investment and on best practices with a view to reducing asymmetries.

12. In 2020, the IMF launched the annual Exchange of Sector information on Securities' Issuers (ESI) which established a centralized database of security-by-security information on issuer sectors, through the exchange of information across economies facilitated by the IMF's Statistics Department. Securities' ISINs are exchanged with peers, which provide information on the institutional sector of their domestic issuers. The database contains information about securities (ISIN code), issuer sectors, and issuer countries. It is made available twice a year to all statistical compilers of countries participating in the CPIS exclusively to be used to compile the portfolio investment asset position by country and sector of holders and issuers.

13. Another significant development that would eventually help with addressing bilateral asymmetries particularly in the financial account is the launch of the IMF's new database on SPEs which for the first time measures cross-border flows and positions of SPEs resident in participating economies, based upon an internationally agreed definition. Currently 29 economies, including major off-shore centers, participate in the database, which is expected to increase in the near future.

14. The Committee has also been presenting in its Annual Reports⁶ an analysis of global asymmetries in balance of payments statistics. The analysis provides an annual indication about the trend and level of statistical asymmetries worldwide. Given its aggregated nature though, these findings have limited analytical value for investigating potential causes and offering solutions.

15. Other international organizations have also undertaken efforts to identify and reduce global asymmetries. The European Foreign Direct Investment (FDI) Network, which was launched in 2009 under the auspices of Eurostat and European Central Bank (ECB) continues to work on reducing asymmetries and increase the consistency of the EU and euro area balance of payments statistics.⁷

16. The OECD Working Party on International Trade in Goods and Services Statistics (WPTGS) has for several years been convening small meetings of compilers to discuss bilateral (or trilateral) asymmetries in trade statistics. In that context, they recently created an expert group dedicated to reducing bilateral trade asymmetries in services trade.

17. Other efforts to understand asymmetries have been undertaken as part of the trade reconciliation exercises that form part of various regional Trade in value-added (TiVA) initiatives. These include the work by US, Canada, and Mexico as part of the North American TiVA⁸, European FIGARO⁹ (Full International and Global Accounts for Research in input-Output analysis), and Asia-Pacific Economic Cooperation (APEC) TiVA¹⁰ projects.

⁶ 2022 BOPCOM Annual Report

⁷ See BOPCOM 18/26 at <https://www.imf.org/external/pubs/ft/bop/2018/pdf/18-26.pdf>

⁸ See [North American Trade in Value Added \(NA-TiVA\) | United States International Trade Commission \(usitc.gov\)](https://www.usitc.gov/publications/na-tiva)

⁹ See [FIGARO - integrated global accounts for economic modelling - Products Eurostat News - Eurostat \(europa.eu\)](https://www.eurostat.eu/eurostat/view/main/table.do?lang=en&code=sdg17-10&plugin=1)

¹⁰ See <https://www.apec.org/publications/2021/02/apec-tiva-initiative-report-two---better-understanding-global-value-chains-in-the-apec-region>

18. As indicated in the 2015 Committee Paper, the most effective way of addressing the global discrepancies would be by the countries working more closely with their main cross-border trade and investment counterparts to reduce bilateral asymmetries. To that end, individual economies are working with their bilateral trade or investment counterparts to address asymmetries. These include the US, Canada, Ireland, and Eurostat bilateral works on asymmetries.¹¹ UK's Office for National Statistics (ONS) also began an initiative several years ago to look at trade asymmetries with major partners results of which are summarized in a series of papers.¹²

19. Countries also indicate, in the metadata for the balance of payments, the bilateral reconciliations/comparisons with other countries or international/regional agencies to address bilateral asymmetries. Bank for International Settlements' Locational Banking Statistics is among the widely used international databases for the reconciliation of loans and deposits. Countries mostly highlight those bilateral exercises with their main trading partners. The West African Economic and Monetary Union (WAEMU) countries mention a sub-regional reconciliation unit, supervised by the Central Bank (la Banque Centrale des États de l'Afrique de l'Ouest—BCEAO) and composed of the National Statistical Institutes and Customs Directorates of the WEAMU countries that meets annually to reconcile data on foreign trade, migrant remittances, tourism, and direct investment.

20. In August 2019, STA conducted an exploratory survey on the balance of payments net errors and omissions (NEO) targeted at Committee members.¹³ The survey results indicated that development of data sources, enhancement of mirror data validation by using international databases, and bilateral mirror data exchange are the most effective methods in addressing internal balance of payments asymmetries.

CONCLUSION AND WAY FORWARD

21. **The spikes in global discrepancies in external sector statistics in 2020 due to the pandemic and the uneven recovery from it reemphasized the need for further efforts to address global asymmetries.** Eight years after the 2015 Committee Paper, it may be a good time for the Committee to take another close look into the bilateral asymmetries in external sector statistics with an aim to reenergize national efforts to address the discrepancies.

22. Reaffirming the Committee's findings in 2015 that the most effective way to address global discrepancies is through bilateral exercises, an assessment of the current standing on these exercises would be useful to come up with a strategy to support future work. To that end, **a Task Force on Global Asymmetries (TF-GA) could be formed to further investigate the issue in the next year.** The TF-GA could be composed of volunteer members of the Committee and of some STA's Balance of Payments Division staff, with possible collaboration with some Fund's users. The TF-GA would aim to present its findings and make recommendations at the next Committee meeting.

23. The TF-GA would consider how best to organize its work. It could, for example, organize a workshop combined with a survey on national/regional actions to address bilateral asymmetries since

¹¹ [Current-Account Asymmetries in U.S.–EU Statistics](#) and [Transatlantic Trade in Services: Investigating Bilateral Asymmetries in EU-U.S. Trade Statistics](#)

¹² Latest paper is available [here](#).

¹³ See BOPCOM 19/14 at [BOPCOM 19/14 - Analysis of Net Errors and Omissions \(imf.org\)](#)

2015. The workshop would create a platform for the participating economies to exchange good practices in addressing asymmetries and come up with strategies for ongoing collaboration to detect and address them. The outcome of the workshop and the findings of the survey could underpin the paper to be presented to the Committee.

Questions for the Committee:

- 1) *Do Committee members agree to form a task force on global asymmetries that would investigate and make recommendations to the Committee on how to reduce global discrepancies?*
- 2) *Do Committee members have other ideas about the content/organization/objectives of the work?*
- 3) *Would any Committee members be interested in taking part in this task force?*