



Balance of Payments Statistics Workshop

Nassau, Bahamas

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IIP (Compilation Aspects)

IIP (data sources)

- Data sources can be of three different kinds:
 - ✓ Domestic sources often already available for other macroeconomic statistical systems.
 - ✓ Non statistical sources
 - ✓ Foreign sources from international organizations or from other countries.
 - ✓ Other sources (surveys).

IIP (data sources)

- Choices of sources will most probably change over time as an economy develops more comprehensive sources.
- The range of data sources available is likely to change with progressive liberalization of foreign exchange regulations from administrative and banking records towards survey collection methods.

IIP (domestic data sources)

- It is advisable to get involved in an exercise of looking for macroeconomic datasets and other data collected by an economy for other than purely statistical purposes.
- Domestic data sources can be divided into those collected for macroeconomic statistical purposes that follow accounting and classification principles similar to those of the IIP, and those that serve other purposes, including administrative data.

IIP (macroeconomic statistics)

- Main macroeconomic statistical datasets include:
 - 1) External assets and liabilities of deposit-taking corporations, normally available from the MFS areas.
 - 2) External assets and liabilities of the central bank, produced by the accounting areas of central banks.
 - 3) External assets and liabilities of general government and other public agencies, available from the ministries of finance.
 - 4) Gross External Debt Position.
 - 5) Balance of payments financial account.

IIP (macroeconomic statistics)

- 1) External assets and liabilities of deposit-taking corporations
 - The Monetary and Financial Statistics Manual shows an internationally accepted approach that can be used for the three sector components of the IIP.
 - In almost every country banks and other deposit corporations are subject to detailed, frequent and timely regulatory and supervisory processes by the authorities (central bank and financial regulation bodies). Those processes produce useful reports for the construction of the BOP and IIP (flows and positions).

IIP (macroeconomic statistics)

- 2) External assets and liabilities of the central bank, produced by the accounting areas of central banks.
 - Compiling these data is straightforward because in most cases no other institution apart from the central bank performs the activity of monetary authority. There are exceptional cases like Panama, where there is no central bank.
 - Apart from information on reserve assets, central banks can provide information on the rest of its external assets and liabilities.

IIP (macroeconomic statistics)

- 3) External assets and liabilities of general government and other public agencies, available from the ministries of finance.
- Information is normally available from the ministries of finance or areas within the central bank involved with public finances data.

IIP (macroeconomic statistics)

4) Gross External Debt Position.

- This position includes position data for the external debt of all sectors.
- Its construction tends to be a joint effort of different areas (including the BOP/IIP areas).
- However, interaction with other areas might be helpful to improve the quality and coverage of both, the BOP and the IIP.

IIP (macroeconomic statistics)

5) Financial Account of the BOP.

- Sources are mostly the same.
- Countries that are new in IIP compilation will use financial account data as a primary source, even though the stress must now be placed on position rather than on flows/transactions data.

IIP (nonstatistical sources)

- Main nonstatistical sources include:
 - 1) Financial statements of companies
 - 2) Official foreign investment controls
 - 3) The financial press

IIP (nonstatistical sources)

1) Financial statements

- An alternative approach when no FDI surveys are being conducted.
- It is relevant to find out if these statements are consolidated. If so, some components like intragroup positions will be missed.
- Companies tend to report consolidated information to the stock exchange.

IIP (nonstatistical sources)

2) FDI controls

- In some countries FDI is subject to some types of official controls.
 - ✓ Approval
 - ✓ Foreign exchange controls and ITRS
 - ✓ Statistical reporting
 - ✓ Support from official promotion agencies

IIP (nonstatistical sources)

3) The media and official promotion agencies

- As a complement to detect local FDI firms that are planning to increase their investment.
- Specific information on the prospective amounts to be invested tend to be misleading, normally overly optimistic.
- These data would only be recommended as a last resort instance.

IIP (external sources)

- 1) BIS information
- 2) IMF coordinated surveys

IIP (external sources)

1) BIS information

- They provide information on the international activity of banks resident in BIS member countries.
- The information covers positions on assets and liabilities of banks vis a vis non residents in any currency and with a counterparty country breakdown.
 - ✓ Deposits of non banks.
 - ✓ Loans to non banks.

IIP (external sources)

2) IMF coordinated surveys

- CDIS: FDI information from counterpart countries (mirror data).
- CPIS: Portfolio investment information from counterpart countries (mirror data).

IIP (surveys)

1) Private non financial sector

- Sources mentioned so far, tend not to fully cover all information required for the IIP.
- There are gaps on information about other sectors such as private non banks, households and NPISH.
- For enterprises, compilers will probably have to resort to surveys on those that hold external financial assets and liabilities.
- Households and NPISH are harder to capture but the size of their positions tends to be small. In the case of households, they are very dispersed, something that furthers complicates surveys.

IIP (surveys)

2) FDI surveys

- In the absence of specific regulations for FDI, surveys become very useful.
- In most cases, at least, outward FDI is not regulated at all.