



IMF COMMITTEE ON BALANCE OF PAYMENTS STATISTICS 2015 ANNUAL REPORT

February 4, 2016

EXECUTIVE SUMMARY

The 2015 Annual Report of the IMF Committee on Balance of Payments Statistics (Committee) provides an overview of recent trends in global balance of payments and international investment position (IIP) statistics, summarizes the Committee's work program during 2015, and presents the work program of the Committee in the coming year.

During 2015, the IMF Statistics Department (STA), in consultation with the Committee, continued work in implementing the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*, made significant progress in expanding the availability of external sector statistics for surveillance and analytical purposes, and continued providing guidance on emerging conceptual and methodological issues.

In 2016, the top priorities of the Committee and STA will remain the implementation of *BPM6* by developing a tailored approach for countries with low resource and statistical capacity, closing data gaps on cross-border financial interconnectedness and balance sheet analysis, and providing methodological guidance on emerging issues.

The full set of papers presented at the Committee's 2015 meeting is available at <http://www.imf.org/external/pubs/ft/bop/2015/28.htm>.



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Approved By
Louis Marc Ducharme

Prepared by Manik Shrestha, Alicia Hierro, and Tamara Razin of
 Statistics Department

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Glossary

BIS	Bank for International Settlements
<i>BOPSY</i>	<i>Balance of Payments Statistics Yearbook</i>
<i>BPM5</i>	<i>Balance of Payments Manual, fifth edition</i>
<i>BPM6</i>	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
CDIS	Coordinated Direct Investment Survey
COFER	Currency Composition of Official Foreign Exchange Reserves
Committee	IMF Committee on Balance of Payments Statistics
CPIS	Coordinated Portfolio Investment Survey
DGI	Data Gaps Initiative
IIP	International investment position
<i>IFS</i>	<i>International Financial Statistics</i>
IOs	International organizations
<i>SNA</i>	<i>System of National Accounts</i>
STA	IMF Statistics Department

INTRODUCTION

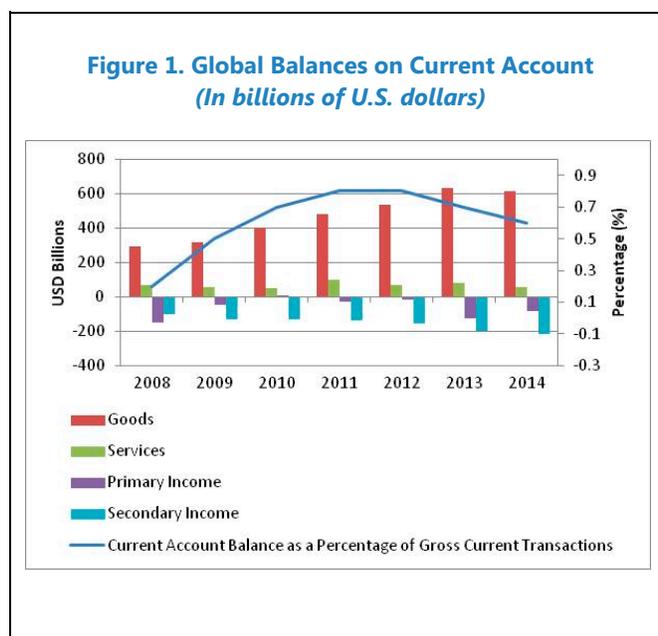
1. **After its creation was endorsed by the IMF Executive Board in February 1992, the IMF Committee on Balance of Payments Statistics (Committee) was organized and first met in November 1992.** Initially, its main purpose was to oversee the implementation of the recommendations of two studies on imbalances in the measured world current account and financial flows. The Committee's mandate has broadened over the years to cover improving the availability, consistency, and reliability of balance of payments and international investment position (IIP) statistics, closing data gaps on financial interconnectedness and balance sheet analysis, fostering greater coordination of data compilation and dissemination among countries, and facilitating the exchange of statistics.¹
2. **The Committee held its twenty-eighth meeting during October 27–29, 2015, in Rio de Janeiro, Brazil.** The Banco Central do Brazil hosted the meeting. The participants in the meeting, which include members of the Committee and representatives from international organizations (IOs), are listed in Appendix II.
3. **The following three sections of this Annual Report** examine recent trends in global balance of payments and IIP data; review the work undertaken by the Committee in 2015; and outline the Committee's work program for 2016; respectively.

RECENT TRENDS IN GLOBAL BALANCE OF PAYMENTS AND IIP DATA

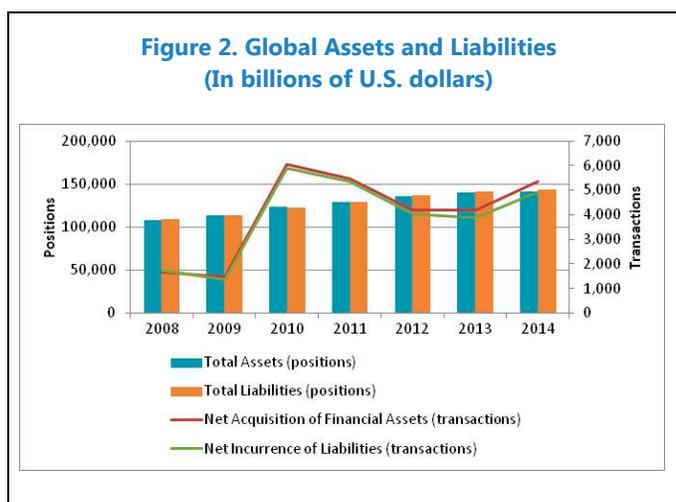
4. **A growing number of economies submit external sector statistics to the IMF for re-dissemination.** Annual balance of payments and IIP statistics for the period 2007–14 are published in the 2015 *Balance of Payments Statistics Yearbook (BOPSY 2015)*. For the *BOPSY 2015*, 191 economies submitted balance of payments data, of which 150 also submitted IIP data. The number of reporters of quarterly IIP data increased significantly, to 103 economies in 2015 from 91 in 2014. While country coverage has improved significantly, there is a shortage of data coverage for Africa, and several low income countries work under severe capacity constraints. A more simplified and tailored approach to the development of balance of payments and IIP data in countries with low capacity could improve the accuracy and timeliness of their data and, therefore, increase the relevance for better analysis and policy advice.

¹ The Committee's Terms of Reference are presented in Appendix I.

5. According to data published in *BOPSY 2015*, the global current account balance² (reflecting the difference between current account receipts and payments) was consistently positive in 2008–14 (see *BOPSY 2015*, Table A-1). It decreased by five percent to \$369.7 billion in 2014, compared to \$388.5 billion in 2013. In 2014 (as in every year since 2008), the positive balance on goods trade (excess of exports over imports) has exceeded the positive balance on the current account. The balance on services trade was also positive in 2014, while the balances on primary and secondary incomes were negative. The global current account balance represents 0.6 percent of the total gross current transactions in 2014 (see figure 1).



6. The global financial account balance increased by 46 percent in 2014 to a positive \$418.6 billion, from a positive \$287.4 billion in 2013 (see *BOPSY 2015*, Table A-1). These positive balances indicate that at the global level, the net acquisition of financial assets is overestimated and/or the net incurrence of liabilities is understated (see figure 2). In 2014, the balances on direct investment, portfolio investment and financial derivatives were negative, while the balances on other investment and reserves were positive.



7. World IIP assets increased by 0.5 percent from \$140.5 trillion at end-2013 to around \$141.1 trillion at end-2014, and IIP liabilities by 1.5 percent from \$141.5 to \$143.7 trillion

² In principle, at the global level, the balance of payments account balances for all economies and IOs combined should be zero, whereas, in practice, the data do not equal zero. The balances are of interest to the Committee, as they are a symptom of estimation errors that, when large, could lead to policy mistakes. It is noteworthy that a prime reason for the creation of the Committee was concern about the size of statistical estimation errors. A number of factors contribute to the global balances (equal to net errors and omissions with the sign reversed). In particular, net errors and omissions arise from incomplete coverage, misclassifications, different timing, and asymmetric valuations.

respectively (see [BOPSY 2015](#), Table E-2), **with net (negative) balances of liabilities over assets in both years** (see [BOPSY 2015](#), Table E-1). The balances of IIP assets and liabilities for all economies and IOs combined should be a net positive figure at the world level, by the value of holdings of gold bullion included in monetary gold.³ At the global level, balances may deviate from these amounts due to incomplete coverage, different timing, and asymmetric valuations.

WORK UNDERTAKEN BY THE IMF STATISTICS DEPARTMENT (STA) AND THE COMMITTEE IN 2015

A. Implementation of the *BPM6*

8. During 2015, STA, in consultation with the Committee, continued work on implementing the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*. As of end-December 2015, 90 countries had reported *BPM6*-basis estimates for publication in the IMF's *International Financial Statistics (IFS)* and the online Balance of Payments Statistics Database. Using standardized conversion formulas, STA converts data for countries that continue reporting data to the IMF on a *Balance of Payments Manual*, fifth edition (*BPM5*), basis. However, historical series on the *BPM6* basis had been published only beginning from 2005. Users, both inside and outside the IMF, have been requesting pre-2005 series citing the need for longer time series for analytical purposes. Also, many economies have now implemented *BPM6* and started to report historical series according to the *BPM6* methodology to STA. In response to strong user demands for a longer time series on *BPM6* basis, and with the Committee's endorsement, STA started re-disseminating pre-2005 *BPM6*-basis data for 157 economies starting with the September 2015 issue of the *IFS*.⁴

9. Low-income and post-conflict economies face different challenges in implementing *BPM6* and improving quality of data. The Committee discussed a tailored approach for the implementation of *BPM6* in countries with low statistical capacity focusing on main indicators needed for surveillance and policy making. It was agreed that a working group comprising Committee members will be established to prioritize the balance of payments and IIP components; provide guidance on the implementation of *BPM6* in countries with limited capacity applying the tailored approach; and develop a roadmap for the implementation of *BPM6* by all economies.

³ Gold bullion included in monetary gold is recorded as an asset in the IIP accounts, and there is no corresponding liability. Based on data published in the World Tables in *International Financial Statistics*, holdings of monetary gold were US\$ 1.2 trillion at end-2014.

⁴ Official *BPM6*-based historical series are disseminated in cases where economies have reported such data to STA. If an economy has not submitted their official *BPM6*-based series or has submitted only recent *BPM6*-based series, the data reported on a *BPM5*-basis are converted by STA into a *BPM6* presentation format using a standardized conversion framework.

B. Global Discrepancies

10. Global discrepancies and bilateral asymmetries are a symptom of more fundamental issues in underlying statistics. The statistical community's efforts should be refocused on monitoring and addressing global discrepancies through identifying and resolving bilateral discrepancies among main trade and investment partners. Initiatives aimed at advancing knowledge exchange on country and regional experiences should be promoted.

11. More actions should be taken by countries to identify the reasons for and to reduce asymmetries; the IMF and other IOs will facilitate this work. The Committee agreed that IMF and other IOs will continue conducting studies on bilateral discrepancies on a regular basis and facilitating collaboration among countries, and will support studies on asymmetries through conducting methodological surveys on components of the accounts. Eurostat will update the Committee on its bilateral reconciliation work for direct investment during the 2016 meeting, as a follow up of its presentation in October 2014 on European networking exercises.

C. Cross-border Interconnectedness and IIP Enhancements

12. The Committee confirmed its continued support for interconnectedness-related initiatives, including the Coordinated Portfolio Investment Survey (CPIS) and the Coordinated Direct Investment Survey (CDIS), as well as for the enhancements to the IIP.

Coordinated Portfolio Investment Survey

13. The Committee welcomed progress in the CPIS regarding enhancements, capacity development activities, and the way forward. The work program includes tasks to be undertaken as part of the G-20 Data Gaps Initiatives (DGI) Phase II recommendation on CPIS and a proposal for updating the *CPIS Guide*. STA will continue to promote the reporting of the encouraged CPIS enhancements on frequency, timeliness, and scope (e.g., semi-annual data collection, reporting of the sector of nonresident issuer of securities and cross-sector (holder and issuer) classification) in recognition of the increasing interest in these datasets. **The Committee agreed that the IMF will encourage countries with substantial portfolio investment holdings to collect data on CPIS enhancements and will investigate if it is feasible for economies to report quarterly CPIS.**

Coordinated Direct Investment Survey

14. The Committee welcomed recent developments in the CDIS, including the launching of a new enhanced website, the release of the final version of the 2015 *CDIS Guide*, and of a set of FAQs. The CDIS forward work program includes continued efforts to increase participation and data quality as well as regular analysis of bilateral asymmetries for promoting bilateral collaboration to improve data consistency. Participation in the CDIS is also included as a new recommendation under the second phase of the G-20 DGI. **The Committee recommended focusing efforts on reporting the equity/debt split and the breakdown of net debt instruments into gross liability and gross**

asset positions in the CDIS, increasing the coverage of countries, and regularly examining bilateral asymmetries.

IIP Enhancements

15. To address users' needs, the *BPM6* introduced enhancements to the IIP including the reporting of currency composition of financial assets and liabilities; reporting of remaining maturity of debt liabilities; and reporting of data for other financial corporations. The possibility of separately identifying nonfinancial corporations in the IIP framework was raised for consideration by the Committee in the context of the IIP recommendation of the second phase of the G-20 DGI. The IMF proposed a survey of a few countries to develop strategy for compilation of IIP enhancements. It would include targeted IIP reporters on data availability, feasibility, and future plans.

16. The Committee agreed that the IMF will provide guidance and clarification on the compilation of the *BPM6* memorandum table A9.1 on currency composition of assets and liabilities and will conduct a survey of potential countries to propose a strategy for IIP enhancements. A paper on survey results and the way forward will be presented at the 2016 Committee meeting. The survey questionnaire will be vetted by the Committee.

17. The IMF will continue to encourage countries to close data gaps in the reporting of foreign currency information within the existing data initiatives (IIP, CPIS, external debt, reserves data template, balance sheet of financial corporations, government finance statistics, and the new template for sectoral accounts and balance sheets). The Committee noted further information would be needed to understand exposures and agreed to add financial derivatives to the future research agenda.

D. Conceptual Issues

18. Increasing requests from compilers and users highlighted the need to clarify the *BPM6* concept of reserve currencies and for a framework to assess whether a currency meets the requirements of a reserve currency. Users and compilers of data on reserve assets have been asking for practical guidance from IMF staff on how to determine reserve currencies and querying whether a list of reserve currencies exists. At present, the IMF does not provide a formal list of reserve currencies. The IMF proposed a four-step approach for determining a reserve currency (see [BOPCOM—15/14](#)). The Committee agreed with the proposed four-step approach which states that currencies separately identified in the Currency Composition of Official Foreign Exchange Reserves (COFER) Survey will be widely regarded as reserve currencies.

19. *BPM6* is not clear regarding the definition of remaining maturity. The Committee agreed that the definition of remaining maturity included in *BPM6* should be clarified, and should be based on the debt payments due as explained in the 2013 *External Debt Statistics Guide*. The IMF will initiate a consultation process to ensure consistency with other manuals, in particular in national accounts, government finance statistics, and monetary and financial statistics.

E. Updating the *BPM6*

20. To maintain the relevance of the international accounts, there is a need to start discussions on updating *BPM6*. The update would need to proceed in parallel with the international statistical community's work on updating the *2008 System of National Accounts (2008 SNA)*. A timetable was proposed for updating *BPM6* with work starting in 2016 to be finalized in 2025. The Committee agreed to initiate work on the scope of *BPM6* update which could be discussed at future Committee meetings. The IMF will collaborate with other statistical domains on scoping the *BPM6* update and agreeing on a process and timetable for the update of *BPM6* and *2008 SNA*.

F. Work of Other International Organizations

21. The other IOs participating in the Committee meeting reported on their work. The European Central Bank and Eurostat reported on the implementation of the *BPM6* in the European Union. **The Bank for International Settlements (BIS)** reported on the enhanced data to analyze international banking, including further sectoral and currency breakdowns, and on changes to the BIS international debt securities statistics, including further classifications based on the nationality and sector of the issuer's parent.

22. The Organization for Economic Co-operation and Development reported on recent selected statistical activities related to balance of payments, trade, and foreign direct investment statistics; and **the United Nations Conference on Trade and Development** presented an overview of the 2015 *World Investment Report*.

MEDIUM-TERM WORK PROGRAM FOR 2016

23. The top priorities of the Committee will remain the implementation of *BPM6*, compilation of quarterly IIP and IIP enhancements, the work on cross-border financial interconnectedness, and enhancing the reserve assets conceptual framework. One of the medium-priority topics is to address global discrepancies in cross-border statistics where support will be given to a more bilateral focused approach for reducing statistical discrepancies. Further work is also needed for increasing the transparency and availability of data on reserve assets, enhancing the BIS's international finance statistics, and initiate discussions on the scope and issues for the update of the *BPM6*. The medium-term work program of the Committee is shown in Appendix III.

Appendix I. Terms of Reference of the IMF Committee on Balance of Payments Statistics

1. The Committee will advise the IMF on methodological and compilation issues in the context of balance of payments and international investment position statistics, and foster greater coordination of data collection among countries.
2. The Committee will advise on the implementation of the Balance of Payments and International Investment Position Manual.
3. The Committee will bring to the attention of the IMF new developments that impact on the compilation of statistics of cross-border transactions or related stocks of financial assets and liabilities, and work with the IMF in determining how these activities should be treated in accordance with the Balance of Payments and International Investment Position Manual.
4. The Committee will advise the IMF on the identification and closing of data gaps in the external sector accounts, especially those arising from the need to support surveillance and analysis of cross-border financial interconnectedness.
5. The Committee will investigate ways in which data collection can be better coordinated among countries, with a view, inter alia, to facilitating the exchange of statistics (e.g., bilateral transactions or stock data). It will also identify related areas for study and determine how work in those areas should be carried forward.
6. Members are invited to join the Committee on a personal basis reflecting an appropriate level of seniority and expertise in the field of external statistics. As part of their membership obligations, Committee members commit to attending the full meetings of the Committee and to actively participate, unless there are exceptional circumstances that prevent such attendance and participation.
7. In carrying forward its work, the Committee will collaborate with other national compilers and with appropriate international organizations.
8. In consultation with the IMF's Statistics Department, the Committee will determine its work program and will meet under IMF auspices at least once a year.
9. The Committee's work will be summarized in an annual report to the Managing Director of the IMF.

Appendix II. Membership of the IMF Committee on Balance of Payments Statistics and Representatives of International Organizations

(As of December 31, 2015)

Chair

Louis Marc Ducharme
IMF, Statistics Department

Members

Pim Claassen
De Nederlandsche Bank

Patrick O'Hagan
Statistics Canada

Kenneth Egesa
Bank of Uganda

Robert Pupynin
Central Bank of the Russian Federation

Rosabel B. Guerrero
Bangko Sentral ng Pilipinas

Fernando Rocha
Banco Central do Brasil

Jian Han
State Administration of Foreign Exchange
People's Republic of China

Manik Shrestha
IMF, Statistics Department

Paul Mahoney
Australian Bureau of Statistics

Yesim Sisik
Central Bank of Turkey

Francois Mouriaux
Banque de France

Daisuke Takahashi
Ministry of Finance, Japan

Takeshi Nakamura
Bank of Japan

Sarahelen Thompson
Bureau of Economic Analysis
United States

Naglaa Nozahie
Central Bank of Egypt

Stefaans Walters
Reserve Bank of South Africa

Representatives of International Organizations

Bank for International Settlements
Philip Wooldridge

Center for Latin American Monetary Studies
Salvador Bonilla

European Central Bank
Remigio Echeverria

European Commission-Eurostat
Silke Stapel-Weber

Organization for Economic Co-operation and Development
Fabienne Fortanier

United Nations Conference on Trade and Development
Astrit Sulstarova

United Nations Statistics Division
Ivo Havinga¹

Secretariat (IMF, Statistics Department)

Alicia Hierro
Tamara Razin

¹ Did not attend the October 2015 Committee meeting.

Appendix III. Medium–Term Work Program of the IMF Committee on Balance of Payments Statistics for 2016

Topic	Activities	Outcomes
TOP PRIORITY		
Implementation of the <i>BPM6</i> in balance of payments and international investment position (IIP)	Develop tailored approach for implementing <i>BPM6</i> , particularly for countries with low statistical capacity and resources	Guidelines for a tailored approach for implementing <i>BPM6</i> in balance of payments and IIP are developed
	Expand the length and consistency of historical series	Increased number of countries compiling historical series on <i>BPM6</i> basis for longer period
	Develop methodological guidance when needed	Progress in the update of the <i>BPM5 Textbook</i>
	Outreach and capacity building	Conducting/participating in outreach workshops and conferences; providing technical assistance and training for implementing <i>BPM6</i>
International investment position	Expand country coverage for quarterly IIP	Increased number of countries compiling quarterly IIP
	Strategy for enhancements to the IIP	Conduct a survey of potential countries to propose a strategy for IIP enhancements
Reserve assets conceptual framework	Advise to countries on conceptual and methodological issues	Develop structured framework for determining reserve currency
Cross-border financial interconnectedness	Improve understanding of cross-border financial interconnectedness, including identification of data gaps	Increased number of countries compiling enhancements to CPIS (including encouraged sectoral breakdown)
		Increased number of countries compiling equity/debt split in CDIS
		BIS, Financial Stability Board, and IMF continue collaboration on foreign currency exposures data

Topic	Activities	Outcomes
MEDIUM PRIORITY		
Updating the <i>BPM6</i>	Develop the process for updating <i>BPM6</i> Discuss research agenda for updating <i>BPM6</i> Collaboration with other statistical domains	Initiate work on scope of <i>BPM6</i> update in close coordination with the work on the <i>2008 SNA</i> update Collaboration with various international governing bodies, working groups and task forces on national accounts, fiscal, and monetary and financial statistics
Global discrepancies	Support a more bilateral-focused approach to addressing statistical discrepancies in global balance of payments statistics	IMF and other IOs to start conducting regular studies of bilateral asymmetries and on consistency of national accounts and balance of payments statistics
Reserve assets	Work on broadening the availability of data	Increased number of countries reporting data on various reserve assets related data collections Increased transparency in data Increased data availability, including broaden the sharing of confidential statistical data with the consent of the data provider
International financial statistics	Developments in banking and related statistics	Data on enhanced international banking statistics and securities statistics are disseminated
Coordinated Direct Investment Survey	Expand CDIS coverage and improved bilateral comparison	Increased CDIS country coverage IMF analyzes bilateral asymmetries and encourages countries' bilateral collaboration for reducing asymmetries
Coordinated Portfolio Investment Survey	Update the <i>CPIS Guide</i>	Progress made
External Debt	Improve reporting of external debt data	Increased number of external debt reporters with improved quality and coverage