



WORKING GROUP ON INTERNATIONAL INVESTMENT STATISTICS: MANDATE

April 9, 2015
Lima, Peru



Outline

- OECD's role in setting standards for FDI statistics
- Mandate of the Working Group on International Investment Statistics (WGIIS)
- Current Program of Work and Budget
- Meetings
 - Who attends
 - Topics discussed





OECD's Role as a Standard Setter for FDI Statistics

- Early 1980's, OECD realized that existing statistics were not adequate to:
 - Monitor impact of removing barriers to investment
 - Evolution of multinational enterprises (MNEs)
 - In particular, the increasing complexity of their financing arrangements





Role of FDI in Global Economy

- FDI is the backbone of many Global Value Chains
- An important channel for countries to exchange
 - Goods and services
 - Knowledge
 - Capital
- Benefits both the home and host economies





OECD's Benchmark Definition of FDI, 1st edition

- Published in 1983
- Comprehensive set of recommendations to improve the measurement of FDI
- In 1993, IMF published Balance of Payments Manual 5th edition (BPM5)
- Consistency between BPM5 and the 2nd and 3rd editions of the Benchmark Definition
- This consistency continues today





OECD's Benchmark Definition of FDI, 4th edition (BMD4)

- Aggregate FDI statistics completely consistent in BMD4 and in IMF's Balance of Payments Manual, 6th edition (BPM6)
 - Both published in 2008
- BMD4 provides for more complete guidance on the compilation of FDI statistics than BPM6
- Other examples of manuals on specific topics:
 - Manual of Statistics of International Trade in Services





Relationship between BMD4 and BPM6

- If BPM6 provides recommendations for compiling FDI statistics, why BMD4?
- Several reasons:
 - BMD4 provides guidelines for producing more meaningful measures of FDI for policy-making and other purposes
 - FDI statistics one of the most difficult areas of balance of payments to compile so additional guidance is useful





WGIIS Mandate

- Recently extended through December 31, 2018
- Main items
 - Develop recommendations on the OECD Benchmark Definition of FDI
 - Keep abreast of new developments in MNEs' activities
 - Carry out work on the research agenda and adjustments to the Benchmark Definition
 - Provide timely and comprehensive FDI statistics





WGIIS Mandate (continued)

- Act as a forum for senior statisticians of member countries to share and promote best practices
- Facilitate the availability of timely, reliable, and comparable statistics
- Analyse these statistics
- Develop indicators for analysis of the global economy





WGIIS Mandate (continued)

- Monitor and promote coordination with other international organisations on FDI statistics
- Conduct reviews of accession countries positions under the Benchmark Definition
- Provide a network of experts to exchange views between OECD Members and non-OECD economies on FDI statistics





Program of Work and Budget: Purpose

- Part of the programme of work and budget for the Investment Committee
- Sets priorities for the coming two years
- Allocates budget resources





Summary of Work

- Improving the analysis of multinational enterprises (MNEs) by furthering the research on linking the financial statistics included in FDI with data on the operations of MNEs included in the Activities of MNE (AMNE) statistics.
 - Expected to feed into work on monitoring cross-border exposures of MNEs, on research into the role of investment in GVCs, and on measuring Green FDI





Summary of Work (continued)

- Performing research on investment in global value chains (GVCs), including integrating FDI into the Trade in Value Added (TiVA) database to better understand the role of FDI in GVCs
- Publish a research paper on the statistical issues raised when integrating FDI into the TiVA database, on how to interpret the results, and on ways forward
- WGIIS will co-host a workshop on the data needs of policy-makers to understand the role of investment in GVCs





Summary of Work (continued)

- WGIIS will monitor horizontal synergies with other OECD bodies
 - Such as providing FDI financial flows for the Development Assistance Committee
- Continue research on the BMD4 research agenda, including measuring capital-in-transit through non-SPE affiliates, looking through non-resident SPES, and statistics by ultimate host country
 - Publish the outcomes of research work as working papers





Expected Outcomes

- Expected outcomes of the work of the WGIIS are of two types:
 - Common good practices in the compilation of international investment statistics and providing advance indicators as part of official statistics to monitor developments in the global economy
 - Informed policy-making through improved analysis of FDI activity with more timely data, increased reliability and comparability, greater access to data, and better descriptions of the underlying principles for FDI statistics





WGIIS Meetings

- The WGIIS meets twice a year
 - October
 - March
- Joint meetings with other statistical groups at the OECD on topics of interest
 - Example: Working Party on Trade in Goods and Services workshop and meeting on integrating FDI into the Trade in Value Added framework





WGIIS Delegates

- Senior statisticians in charge of the compilation of FDI statistics in their countries
 - Usually from Central Banks or National Statistical Offices
- Non-OECD members are welcome
 - Brazil, Colombia, Costa Rica, Indonesia, Latvia, Malaysia, Russia, and Singapore





Topics Discussed

- Maintain a mix between:
 - Practical issues in compilation
 - Uses of FDI statistics
 - Research into improving measures of FDI
 - Related topics: green FDI and Global Value Chains

