Bureau Update: New International Investment Statistics Updates to Conceptual Manuals

Paul Farello Advisory Committee Meeting November 19, 2021



New Statistics on the Way



- U.S. International Investment Position (IIP)
 - U.S. Debt Positions by Currency, Sector, and Maturity
- International Transactions and IIP Direct Investment Accounts
 - U.S. Resident Special Purpose Entities (SPE)

U.S. Debt Positions by Currency, Sector, and Maturity



- Data requested by G-20 Data Gaps Initiative
- Current presentation of IIP statistics is by "functional category," (direct investment, portfolio investment, other investment, reserve assets, and financial derivatives)
- A new table will supplement the currently published statistics
- Statistics will be useful for assessing U.S. exposure to foreign currency risks, which can help identify a potential financial crisis

New Detail for Total U.S. Debt (Assets and Liabilities)



Sector

- Central bank
- Deposit-taking institutions except central bank
- Other financial institutions
- Nonfinancial institutions except general government
- General government
- Intercompany lending

Currency

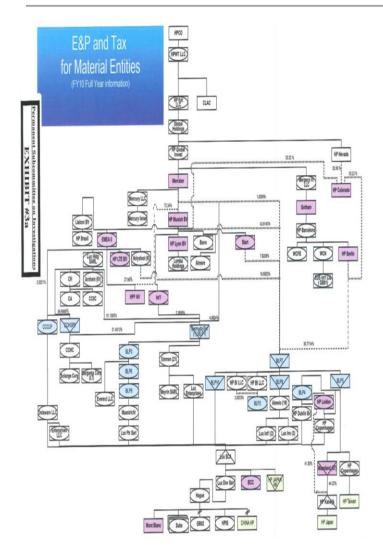
- 。 U.S. Dollar
- Euro
- Yen
- All others

Maturity

- o All
- Short-term (one year or less)
- Long-term (more than one year)

U.S. Resident Special Purpose Entities





- Multinationals have set-up complex global structures to take advantage of different legal and tax regimes
- These structures often utilize special purpose entities (SPE), legal entities with little or no employment or physical presence
- Growth of SPEs has increased the need to untangle their activities from other entities
- Data on resident SPEs requested by IMF's Taskforce on SPEs

Defining SPEs



TFSPE definition of SPE	BEA operationalized criteria*
Institutional unit resident in an economy with up to 5 employees and little or no physical presence	< 5 employees < \$1 million of property, plant, and equipment (PP&E)
Directly or indirectly controlled by non-residents	Majority-owned by foreign entity
Transacts almost entirely with nonresidents	Less than 10 percent of sales to local customers
SPEs are established to obtain specific advantages such as reduce regulatory and tax burden	Information not available

^{*}The information needed to operationalize the definition is from BEA's surveys on the Activities of Multinational Enterprises (AMNE)

New Detail on Resident SPEs



Three new tables will include annual statistics on U.S. resident SPEs:

- International Transactions Accounts
 - Direct investment income
 - Direct investment financial transactions
- International Investment Position Accounts
 - Direct investment positions

Implementation Timeline



- **September 2021** Forthcoming tables were announced with the ITA and IIP releases, with empty table shells
- December 2021 Release of new tables (Excel format)
 - Debt positions by currency, sector, maturity for 2020Q1 2021Q3
 - U.S. resident SPEs for 2020
- March 2022 Release as Excel tables <u>and</u> prototype iTables (BEA's public interactive database)
- June 2022 Full incorporation into iTables; Excel tables removed

Next Up: Non-Resident SPEs



- For the United States non-resident SPEs much more significant
 - o In 2020, 47% of outward position was in holding companies
- Targeting June 2022 for first publication

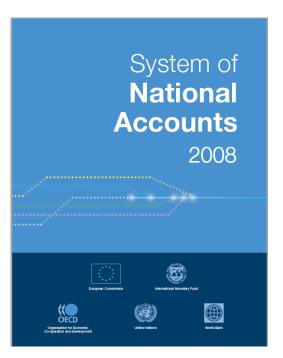


Updates to System of National Accounts and Balance of Payments Manuals

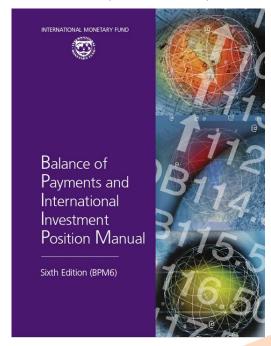
Updating SNA and BPM



- Update of System of National Accounts 2008 (SNA 2008)
 - Led by the Inter-secretariat
 Working Group on National
 Accounts (ISWGNA) and the
 Advisory Expert Group (AEG)



- Update of the Balance of
 Payments and International
 Investment Manual Sixth Edition
 (BPM6), 2009
 - Led by the Balance of Payments Committee (BOPCOM)



Purpose of the Updates

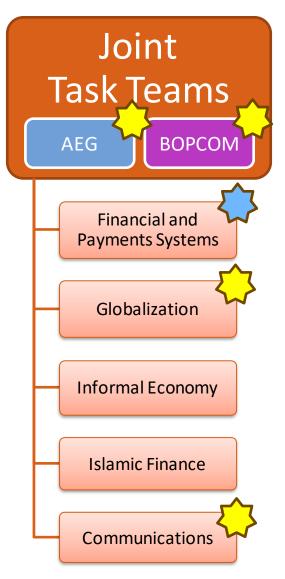


- Updates can serve a variety of purposes
 - Introduce new measures
 - Clarify current guidance
 - Enhance the standards and provide supplemental components
- The updates will also serve to harmonize terminology, definitions, and reporting frameworks and provide guidance for providing metadata on statistics to the public
- SNA and BPM are being updated in close collaboration with each other and with other macroeconomic statistical manuals

Organization of Task Teams











BEA participation



BEA participation via the Federal Reserve Board

Guidance Notes





For more information on the topics considered, see SNA research issues and BPM research issues

Topics can cover

New measures

- Crypto assets
- Climate change-related financial risks

Clarification of current guidance

- Penalties and fines
- Merchanting/factoryless goods producers

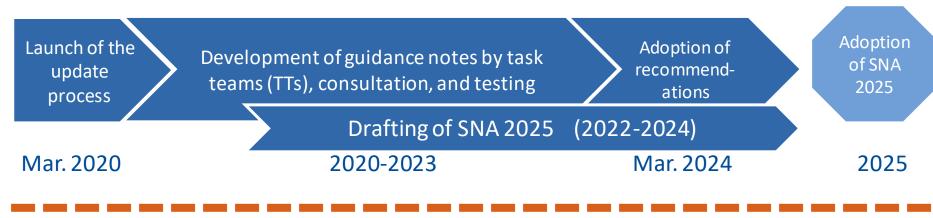
Enhancements of the standard and supplemental components

- Trade in services classifications
- Greenfield investment

Timetable of the Update Process



SNA





Impact on BEA



BEA will prepare to adopt the new guidelines, which could include:

Preparing new statistical presentations

Incorporating new definitions of statistical series

Updating methodologies for estimating statistical series



BEA will seek Advisory Committee guidance on relevant topics



Questions?