Bureau Update:
New International Investment Statistics
Updates to Conceptual Manuals

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Advisory Committee Meeting
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New Statistics on the Way

• U.S. International Investment Position (IIP)
  o U.S. Debt Positions by Currency, Sector, and Maturity

• International Transactions and IIP Direct Investment Accounts
  o U.S. Resident Special Purpose Entities (SPE)
• 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
  o Central bank
  o Deposit-taking institutions except central bank
  o Other financial institutions
  o Nonfinancial institutions except general government
  o General government
  o Intercompany lending

• Currency
  o U.S. Dollar
  o Euro
  o Yen
  o All others

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

<table>
<thead>
<tr>
<th>TFSPE definition of SPE</th>
<th>BEA operationalized criteria*</th>
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| 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)*
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 and 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 (ISWGNIA) 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
  o Introduce new measures
  o Clarify current guidance
  o 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

SNA-only Task Teams
- AEG
  - Digitalization
  - Well-Being and Sustainability

Joint Task Teams
- AEG
- BOPCOM
  - Financial and Payments Systems
  - Globalization
  - Informal Economy
  - Islamic Finance
  - Communications

BPM-only Task Teams
- BOPCOM
  - Balance of Payments
  - Current Account
  - Direct Investment

BEA participation
BEA participation via the Federal Reserve Board
Guidance notes propose treatments of topics identified as possibly necessitating changes to the statistical manuals.

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**

- **Launch of the update process**: Mar. 2020
- **Development of guidance notes by task teams (TTs), consultation, and testing**: 2020-2023
- **Endorsement of annotated outline**: Jun. 2022
- **Drafting of SNA 2025**: Jul. 2022-Mar 2025
- **Adoption of SNA 2025**: 2025

**BPM**

- **Launch of the update process**: Mar. 2020
- **Development of guidance notes by TTs, consultation, and testing**: 2020-2022
- **Endorsement of annotated outline**: Jun. 2022
- **Drafting BPM7**: Jul. 2022-Mar 2025
- **Adoption of BPM7**: 2025

*Close collaboration*
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?