

Assessing international capital flows after the crisis

Rio de Janeiro – July 24th, 2015

Programme

09:00 Opening remarks

Luiz Awazu Pereira da Silva, Deputy Governor, Central Bank of Brazil ([opening remarks](#))

Turalay Kenç, Deputy Governor, Central Bank of the Republic of Turkey, and Chairman of the Irving Fisher Committee on Central Bank Statistics (IFC) ([opening remarks](#))

Jesus Cervantes González, CEMLA ([opening remarks](#))

09:30 Session 1: How well are capital flows measured and what are the challenges?

As highlighted again during the 2007/2008 financial crisis, capital flows can play a key role in triggering financial instability. In particular, large inflows may have a sizeable macroeconomic impact (eg on the state of the economy, the exchange rate), support the building up of vulnerabilities (eg high credit growth and risk appetite, asset price booms, financial imbalances), and facilitate international spillover effects esp. through cross-border banking. Moreover they can be highly volatile and lead to systemic disruptions when they reverse. It is therefore essential – esp. for policy makers – to pay attention to how capital flows are registered, measured and interpreted, with a specific focus on their currency composition and maturity. But data consistency, availability and reliability vary across countries and over time. At the global level, for instance, there are significant estimation errors: the global current account balance has been consistently and significantly different from its theoretical zero level, and in the financial account balance acquisitions of financial assets have not been matched by changes in global liabilities.

Chair: Katherine Hennings, Central Bank of Brazil and IFC

Keynote presentation: Linda Goldberg, BIS and Federal Reserve NY “*Challenges of an Evolving Global Financial System*” ([presentation](#))

Country presentations:

Mahir Binici, Central Bank of the Republic of Turkey, “*Capital flows in the post-global financial crisis area: implications for financial stability and monetary policy*” ([paper](#)) ([presentation](#))

Ursula Schipper (presented by Robert Kirchner), Deutsche Bundesbank, “*Transaction- and valuation effects in the German international investment position*” ([paper](#)) ([presentation](#))

Barend de Beer, South African Reserve Bank, “*South Africa’s experience with capital flows since the financial crisis – From measurement to analysis*” ([paper](#)) ([presentation](#))

Assessing international capital flows after the crisis

Rio de Janeiro – July 24th, 2015

11:15 Session 2: Has the registration of capital flows improved with the new statistical standards?

Significant improvements in the measurement and reporting of BoP statistics and IIP data have been introduced with BPM6 (the *Balance of Payments and International Investment Position Manual, sixth edition*). There has been a significant expansion in the number of countries implementing these changes, esp. in the European Union after 2014, and their experiences deserve to be thoroughly analyzed. In particular BPM6 significantly changed the way to measure certain aggregates (eg valuation of international trade, recording of ownership, etc.) with important implications for macroeconomic analysis and policy. Other issues include the fact that several countries still report data on a pre BPM6 basis, the need to produce sufficient back data, and cross-country comparisons and consistency.

Chair: Gloria Peña, Central Bank of Chile

Keynote presentation: Manik Shrestha, Chief of the Balance of Payments Division, Statistics Department, IMF, “*Measuring and Reporting Capital Flows: The Role of the New Statistical Standards and Data Initiatives*” ([presentation](#))

Country presentations:

Seung Hwan Park, Bank of Korea, “*The compilation of goods for processing and merchanting under BPM6 in Korea*” ([presentation](#))

Thiago Said Vieira, Central Bank of Brazil, “*Brazilian data collection system and BPM6 issues*” ([presentation](#))

Beata Montvai, Magyar Nemzeti Bank, “*FDI statistics excluding special purpose entities, capital-in-transit and financial restructuring – Hungarian practice*” ([paper](#)) ([presentation](#))

12:45 Lunch Keynote speech: Gian Maria Milesi-Ferretti, Deputy Director, Research Department, IMF, “*Global capital flows and external positions since the global financial crisis*” ([keynote](#))

14:30 Session 3: Should residence-based data be completed by nationality information?

When assessing international capital flows, should particular attention be devoted to the nationality, and not just the residence, of debtors and creditors? How far would the picture provided by these two alternative approaches differ, esp. in terms of external imbalances and perceptions of risks? Should the focus shift from current account balances to global (instead of domestic) balance sheets, going beyond the residence principle of BoP? One issue is the link between global liquidity and domestic credit conditions, with in particular the role played by international banks' consolidated balance sheets in determining the later. Another is the growing issuance of international bonds by foreign affiliates controlled by domestic corporates (the “second phase of global liquidity”). Unfortunately there are only limited datasets that allow for a parallel analysis of capital flows both on a residence basis and on a nationality basis – with the notable exception of the international banking statistics and international debt securities compiled by the BIS.

Assessing international capital flows after the crisis

Rio de Janeiro – July 24th, 2015

Chair: Gülbin Şahinbeyoğlu, Central Bank of the Republic of Turkey

Keynote presentation: Bruno Tissot, BIS and IFC, *“From local to global: assessing financial positions on a consolidated nationality basis”* ([presentation](#))

Country presentations:

Charles Thomas, Board of the Federal Reserve System, *“Residency and Nationality: A view from 10,000 feet”* ([presentation](#))

Fernando Alberto Rocha, Central Bank of Brazil, *“Complementing residence-based external debt data with issuances by subsidiaries abroad: a tool for risk analysis in emerging market economies”* ([presentation](#))

Alejandro Barajas del Pino, Central Bank of Mexico, *“Relevance of country allocation of FDI flows and positions”* ([presentation](#))

16:15 Panel Session 4: What are the communication challenges?

What have been the major analytical and policy challenges posed by the introduction of BPM6? Are there best practices for communicating on such issues? Is there a risk that public attention continues to be focused on capital *flows* narrowly (analysed from the perspective of savings, investments and current account positions) and not enough on balance sheet *positions* (ie stock of assets and liabilities). Similarly, should more attention be paid to *gross* aggregates (compared to *net* flows), which are key for assessing financial stability issues, such as the role of financing, intermediation patterns, the degree of leverage, markets' liquidity, and maturity and currency mismatches. Another concern is how well the new external data collection exercises endorsed by the international community (eg BPM6, IMF Coordinated Portfolio Investment Survey, BIS international banking statistics) are being coordinated. Yet a last issue is whether country level approaches are sufficient (even if well-coordinated) and whether a global flow of fund matrix should be developed to provide a consistent picture of external statistics at the global level.

Chair: Luiz Awazu Pereira, Deputy Governor for Economic Policy, Central Bank of Brazil

Country Panel:

Livio Ribeiro, Brazilian Institute of Economics – Fundação Getulio Vargas (IBRE-FGV): *“Views from the ground: remarks on the BPM6 adoption”* ([paper](#)) ([presentation](#))

Aurel Schubert, ECB, *“BPM6 communication and analysis challenges in the euro area”* ([presentation](#))

Jacques Fournier, Bank of France, *“Statistician: A sexy job? ...Yes we can”* ([presentation](#)) (video [EN](#) / [FR](#))

Jacek Kocierka, Central Bank of Poland, *“BPM6 implementation in Poland – communication and analytical challenges”* ([paper](#)) ([presentation](#))

17:45 Conclusion and key messages to Governors

Turalay Kenç, IFC Chairman