

## ANNEX 2

# IMF Initiatives on Data on International Reserves and International Liquidity

Since the 1990s the IMF has taken several initiatives to expand the provision of data on international liquidity and the composition of reserves. Most of these initiatives have been incorporated into the Special Data Dissemination Standard (SDDS) which was developed and implemented in the 1990s. However, substantial country coverage is still lacking in many cases. The IMF's work on reserve-related statistics, particularly the design of the reserve template, received high praise both from staff and country officials.

*Data Template on International Reserves and Foreign Currency Liquidity (Reserves Template):* In 1999 the IMF created the Reserves Template to increase disclosure of foreign currency derivatives, liabilities, and other potential claims on reserve assets. By mid-2011, 71 countries plus the ECB and euro area reported data using this template (accounting for slightly over 57 percent of global reserves in 2010).

*Composition of Foreign Exchange Reserves (COFER):* In 2005 the IMF launched a quarterly publication of aggregated information on the currency composition of official foreign exchange reserves. This information had previously been made available in IMF annual reports. By mid-2011, 139 countries reported to this database on a voluntary and confidential basis. Their reserves represented about 55 percent of global foreign exchange reserves at the end of March 2012.<sup>29</sup>

<sup>29</sup>COFER is not part of SDDS. However, a recent proposal to include COFER as part of "SDDS Plus" was generally endorsed by the IMF Board and the IMF is expected to finalize a proposal for "SDDS Plus" by end-2012. If endorsed, countries that participate would not be obliged to report these data until end-2019.

*International Investment Position (IIP):* Since the mid-1990s countries have been reporting their IIP to the IMF, showing the stock of external financial assets and liabilities for the whole economy. In mid-2011, 97 countries reported IIP data to the IMF. Recently, the IMF acknowledged that it is important to increase both the number of reporting countries and the frequency of reporting from an annual to quarterly basis. To this end, IMF staff has developed additional datasets such as the "External Wealth of Nations Database."<sup>30</sup>

*Balance Sheet Approach (BSA):* Since the early 2000s the IMF has had an ongoing initiative to collect information on foreign currency assets and liabilities for the financial sector in each country in standardized report forms (SRFs). Following the global financial crisis, the IMF recognized that there is a need to increase the use of the BSA which examines the balance sheets of key sectors of an economy in a framework that facilitates the identification of foreign currency mismatches and other vulnerabilities. The SRF data can be used to populate a large part of the BSA dataset with a high level of detail to provide an up-to-date analysis comparable across countries (by mid-2012, 133 countries reported data in SRF format). For remaining intersectoral relationships, other data sources, such as the International Investment Position (IIP), Quarterly External Debt (QEDS) and Coordinated Portfolio Investment Survey (CPIS), can be used.

<sup>30</sup>The "External Wealth of Nations Database" is an updated and extended version of the Lane and Milesi-Ferretti (2007) dataset, covering all countries, with a historical series to help fill in some of the gaps in international investment position data.