

Mr. Patterson's Opening Comments at the International Conference on the Coordinated Portfolio Investment Survey, March 1-2, 2006

Thank you, Mr. Viñals, it is indeed a pleasure to be here in Madrid for this conference on the CPIS.

First, let me welcome everyone on behalf of the IMF, which has pleasure on collaborate with the Bank of Spain in this conference.

Second, let me thank the Bank of Spain for organizing and hosting this conference. We, at the IMF, are very grateful to the Bank for this initiative and I am confident that we will have a very productive day and a half. We feel that the CPIS database is not as widely known or as widely used as we would like and it is through conferences like this that its profile will be raised and understanding of international financial markets improved.

The Bank of Spain has been a leading supporter of many worldwide statistical initiatives. They have been part of the CPIS from the outset. Also, let me thank the compilers from the many countries and international and regional agencies who contribute to this exercise.

I would like to emphasize the importance that the IMF places on the CPIS. The IMF, under the guidance of its Managing Director, Mr. Rodrigo de Rato, who is of course from Spain, recently released a Medium Term Strategy. The Strategy stressed a primary role of the IMF is to monitor developments in international financial markets. The CPIS can play a vital part in that role as it brings together data on the type of issue (equity and debt), country of residence of the issuer, and the country of residence of the holder. For some countries, sector of holder is also provided. Its special feature is that is a benchmark collection, taken from the perspective of the security holders.

With the astonishing growth in international securities markets since the mid-1990s, the CPIS provides a source of information that gives the Fund and other analysts of international financial markets a picture of those markets that was heretofore unavailable. Indeed, one of the very striking outcomes from the very first survey in 1997 – which was very limited in its participation – was the role played by Bermuda, which was the only small-economy offshore financial center to participate. It was evident that jurisdictions like Bermuda were playing a much more important role that we had appreciated – because

many of them did not produce information on these international financial centers. Now many economies with international financial centers participate, and in this way, they have added to understanding of financial activity and transparency.

The CPIS is complementary to the BIS's database on banking statistics, which provides data on counterparties of deposits and loans. The BIS also undertakes regular surveys on financial derivatives. In addition, the IMF Statistics Department supplements the CPIS by collecting detailed information on countries' reserve assets by counterpart country. Should a decision be made to proceed with a coordinated direct investment survey (which we shall return to tomorrow), we would then have an extensive set of information by counterparty covering all of the functional categories in the international investment position. As we shall see from some of the papers over the next day and a half, the CPIS provides an added richness to data analysis.

In that regard, I should like to emphasize a truism: that data without metadata are just numbers. At the IMF we feel that very strongly and have had several initiatives in the past few years to encourage countries to inform their users of their statistical and compilation practices. Accordingly, we have undertaken a metadata questionnaire for the CPIS. Nearly all the participants have responded. The results of these metadata are available on our web site. I encourage anyone interested in the data to use them in conjunction.

Finally, I should note that it is also a particular personal pleasure to attend a conference, indeed, the first conference, as far as I know, on the uses of the CPIS. I was a member of the technical staff that wrote the 1992 IMF *Report on the Measurement of International Capital Flows*, also known as the *Godeaux Report* (which my colleague Mr. Joice will elaborate on in a few minutes). That report recommended that such a survey of positions data be undertaken as it was seen as the best means of addressing some very large, and growing, imbalances in transactions data. Indeed, the survey was initially perceived as a device for improving statistical measurement of financial flows data. The first survey was conducted as of end – 1997 and I have had responsibility for the release of that survey, and the overall conduct of all subsequent ones since the CPIS became an annual survey in 2002. So you can see I have a long standing attachment to the exercise.

Thank you again to the Bank of Spain for organizing this conference.