

### **Commitment by CMFB Members on the use of the FDI network**

Bilateral asymmetries are a major concern for compilers of balance of payments (b.o.p.) and international investment position (i.i.p.) statistics. In particular in the context of European statistics, they can contribute to euro area and EU errors and omissions, thus compromising the analytical usefulness of these statistics. Foreign direct investment (FDI) is one of the components in which intra-EU and intra-euro area asymmetries are typically large.

In 2009, the FDI Network was established jointly by the ECB and Eurostat to address the problem of asymmetries in FDI, responding to a high-level recommendation (“connect FDI databases”) of the ECB Governing Council’s Statistics Task Force (report from 2007). The FDI Network was established in parallel to a broader investigation aimed at enhancing the internal consistency of the euro area b.o.p. by addressing its large cumulative net errors and omissions. The FDI Network is a platform aimed at facilitating the secured exchange of data on specific FDI transactions and positions between national compilers of the Member States. The technical infrastructure and resources to facilitate the data exchanges are provided and maintained by Eurostat.

Despite the generally positive appreciation for the usefulness of the FDI Network, there are apparent signs that the potential of the FDI Network is not fully utilised. Also, it is not clear whether the FDI Network is effective in preventing and reducing asymmetries; part of this uncertainty is due to lack of data on reconciled transactions where (bilateral) asymmetries were reduced, frequently because transactions are bilaterally aligned (through the FDI Network) before the actual data transmission and hence before asymmetries are even observed.

At its plenary meeting in January 2015 the CMFB mandated a Task Force to *“identify and assess the existing reasons which are hampering a more frequent and effective use of the FDI Network amongst all national compilers”*, and *“issue recommendations to ensure a larger utilisation of the Network and to facilitate a more efficient reconciliation process”* including *“its integration as a tool to support the national compilers statistical production process”*. The Task Force shall also *“make proposals to ensure a monitoring of the progress achieved via the network.”*

At the CMFB plenary meeting in January 2016, the final report of the Task Force put forward a number of concrete actions and recommendations.

**At that meeting, the CMFB members have emphasised their strong support to the improvement actions and their commitment to actively participate in the FDI Network<sup>1</sup>.**

**They furthermore agreed that, for a regular and efficient monitoring of the FDI Network activities, the CMFB will be provided with an annual activity report showing Member States' participation in the FDI Network, both as initiators and counterparts of reconciliation requests.**

**May 2016**

---

<sup>1</sup> The Irish NSI declared that due to legal national constraints it could not commit to actively participate to the FDI network