

EU-ISRAEL TWINNING PROJECT

Activity A.7 – Balance of Payments

Jerusalem, 28-31 October, 2013
Debriefing





Mandatory result & expected output

Mandatory result of component (A6, A7, A8)

Detailed work plan for the development of financial accounts in the Balance of Payments.

Expected output of activity A.7

Report with recommendations on how to obtain improvements in the realm of revenues from direct investments with a better accordance to the BPM6 and the BMD4 manuals.

Follow-up on the planning initiated after the A.6 activity.



Structure

1. Generally about FDI and data collection
2. FDI investment income
3. FDI in real estate



FDI and data collection (1)

Issues regarding published statistics

- Meeting with Boaz Fleishmann (MoF)

Surveys and population

- Coverage analysis – very important
 - ITRS, existing FDI reporting, other sources, including the experimental FDI survey
- Finding a better balance between ITRS and Direct reporting – what is right threshold?
- FDI survey in ICBS as supplementary data source to Bank of Israel's data collection?
 - Purpose to shed light on the, presumably large tail
 - Analysis very much needed



FDI and data collection (2)

BPM6 and reporting forms

- Question on Ultimate Beneficiary Owner compulsory
- Short term: form 6 revised to account for full iip
 - Bank of Israel planning for 2013 and 2014 will be coordinated closely with Twinning goals
- Long term - 3-6 (?) years
 - New automated reporting system
 - Higher degree of integrated iip reporting
 - Planning should start very early, possibly two years before any IT resources are involved



FDI investment income

Optimizing procedures

- Use directly reported dividends (making the split between FDI and portfolio more precise)

FDI income, generally

- Ensure that Reinvested Earnings is treated consistently
- Intercompany loans – change the method ?
- Ensure collection of BPM6 items (directional principle)
- Consider the need of ICBS double-checking the income data – methodological support?
- No forecasting/estimation of equity income necessary as long as high quality data can be collected quarterly



Real state

Background

- Currently only transaction, based on ITRS
- More data and better estimations needed

Outward

- Believed to be of relatively little importance
- Few possibilities exists
 - ITRS
 - Other countries' IIP statistics
 - Real estate brokers
 - Future question on "real estate abroad" included in Household Budget Survey



Real state

Inward

- Possible new data sources
 - Tax information on transactions
 - Building and Dwelling Register regarding stocks
 - Preliminary (very!) results show that inward FDI in real estate is significant, possibly around 10 percent of total FDI
- Further work needed
 - Estimation of 3 years
 - Quality checks, especially regarding passport / ID variable
 - What price index should be applied?
 - Extrapolation of other cities than Tel Aviv and Jerusalem
 - At a later stage, the Tax Authorities and other ministries could be involved in a reviewing process