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**Statement by Mr. Jin, Mr. Zhang, and Mr. Huang on Review of Data Provision to the Fund for Surveillance Purposes  
(Preliminary)  
Executive Board Meeting 22/25  
March 14, 2022**

We thank staff for the report. We remain fully supportive of the Fund's surveillance work and its efforts to improve member countries' statistical capacity. Timely and accurate data provision is essential for not only the Fund's surveillance but also national authorities' policymaking. We welcome this timely Review of Data Provision and support staff's efforts to improve the effectiveness, evenhandedness, and consistency of the Fund's surveillance.

**We welcome the progress achieved since the last review.** We take positive note that all member countries could provide most required indicators in a timely manner. The data categories with initially low reporting rates, such as international investment position and general government fiscal flows, have also witnessed a substantial increase in provision ratio. We encourage further enhancing the synergies between the data provision and other work streams, including the data standards initiatives and capacity development.

**We support the new framework to assess data adequacy for surveillance. Staff's assessment should be conducted in an evenhanded way.** The current framework serves its purpose well but with some shortcomings, such as bunching of countries at the mediocre level. We see merit in a new survey-based framework with four categories of data adequacy instead of three. Country-specific circumstances, including the development stage and the statistical capacity, should be taken into account.

**We would have preferred to see a more cautious expansion of data requirements, given the ongoing pandemic and geopolitical crisis.** The proposal should strike an appropriate balance between the benefits from more data provision and the cost and risk of more data collection. As the pandemic and geopolitical crisis is still unfolding, we wonder whether the ambitious data requirement will arouse additional concerns and stretch member countries'

resources. A parsimonious approach would also be more in line with the recent review on data standards initiatives.

**Staff might be over-optimistic of countries' capacity to provide some of the new data categories.** While we appreciate staff for their survey of member countries, caution is needed when interpreting its results. For example, staff might have overestimated the availability of public sector data, as more than half of member countries did not respond to the survey and most of them are low-income countries with limited statistical capacities. Staff might also have overestimated the number of member countries who can provide Foreign Exchange Intervention (FXI) data for surveillance purposes, as many countries are borrowing from the Fund and providing the data for the purpose of program performance assessment rather than regular surveillance.

Having said that, we would like to offer the following comments on specific new data requirements:

### **Public Sector**

**The scope of government and definitions of indicators should be carefully calibrated, with members' specific circumstances taken into account.** As staff propose to broaden the coverage of debt data to general government, it is necessary to reach a common understanding on its scope between staff and country authorities. If there are any divergent opinions, member countries' explicit legislation should be respected and followed. Special caution should be exercised when assuming the relevant government implicitly bear responsibilities for those debt of independent commercially-based SOEs and over-extend the envelope of general government debt.

**We have some reservations about providing Non-Financial Public Corporations' (NFPCs) data.** While we understand the NFPCs' data could help to estimate contingent liabilities, a lot of member countries have spent tremendous efforts on the NFPCs reform. Many such corporations are now independent in management and responsible for their own profits and losses. They have been important sources of fiscal revenues, rather than sources of fiscal risks. While staff's proposal of public sector data includes NFPCs, their debt should not be classified as a category of public sector debt. Providing their debt data to the Fund and using the data to estimate the fiscal cost of contingent liabilities could send out a wrong signal that government would bear the responsibilities of their liabilities, reversing the hard-won gains in hardening their budget constraint. More importantly, because of different country circumstances and economic regimes, the number of various state-owned enterprises, many of them are share holding companies, is numerous in some countries. Requiring provision of NFPCs' data will put unbearable burdens on these countries.

**The same scrutiny should be extended to other contingent liabilities to ensure evenhandedness and avoid blind spots.** After the outbreak of the pandemic crisis, many

member countries have provided government guaranteed loans to the corporate sector, with some authorities offering direct equity support. While these measures helped to cushion the pandemic shock, they are also government's contingent liabilities. In addition, many member countries are facing demographic challenges. Unsustainable pension and health care systems in these countries could lead to fiscal risks that are no less severe than loss-making NFPCs. In this regard, we are concerned that overemphasis on NFPCs may have generated some blind spot in the Fund's vision on the global debt landscape. *Do staff see data gaps in sources of contingent liabilities outside the NFPCs, such as liquidity and solvency support during crisis, financing gap in pension and public health care system, and potential need of bailing out financial institutions?*

**We see merit in providing liquid financial asset data of the government.** We encourage staff to further improve the balance-sheet approach of debt sustainability analysis by incorporating more categories of assets into the framework. Some non-liquid assets, such as infrastructure, could also generate cash flows and additional financing through collateral borrowing and securitization.

#### **Foreign Exchange Intervention**

**We are not convinced that the FXI data in every country is necessary for the Fund surveillance and caution against making the FXI data provision an obligation for all member countries.** The Fund's Articles of Agreement allows its member countries to choose among different exchange rate regimes. For those countries with fixed or managed exchange rate, the intervention is part of the rules implied by their choice of exchange rate regime. The Fund's external sector surveillance should focus on whether member countries' exchange rate is appropriate, rather than whether member countries' FXI is appropriate. Even if the Fund is interested in the latter question, it can be answered by examining the evolution of a member's BOP position and other related indicators, rather than those market sensitive FXI data. Under the existing data provision arrangement, member countries have been required to provide a wide range of external sector data, including the changes in BOP, exports and imports, balance sheet of the central bank, and international reserves. This data should be enough for the Fund's surveillance.

**The current safeguard measures cannot fully address the confidentiality concern.** While the data can be provided with confidentiality promise of the Fund, we are concerned about recent cases of leakage of confidential information. With little value-added by providing FXI data, the damage from data leakage is substantial. A comprehensive review of existing rules and guidance on the treatment of confidential information should be done before requiring member countries to provide data that is highly confidential. Furthermore, it is worth noting that the Executive Directors as well as their countries' authorities have the right to access the confidential and market sensitive information. We are seriously concerned that the FXI data will be used for other purposes than the Fund surveillance.

**We consider a narrow definition of FXI as more appropriate.** We note with concern that staff propose to define FXI in broad terms by including all foreign exchange transactions, regardless of their policy intention. Intervention by its meaning always imply some policy intention. There are many transactions that are not initiated by the central banks and not for the purpose of affecting the exchange rate should not be treated as FXI.

### **Macrofinancial Data**

**We agree that the proposed data provision requirement would help to ensure a proper monitoring of member countries' financial system.** We encourage staff to continue providing technical assistance to the member countries if necessary. It is important to coordinate with other international standard-setting bodies, such as the Financial Stability Board, to ensure a consistent definition of required indicators.

Finally, we support staff's proposal to maintain the long-standing practice of not applying remedial measures to members not providing outdated data series.