Measuring Well-Being and Fostering Progress; an Asia-Pacific Perspective
by the OECD Statistics Directorate

New European Indicators to Supplement the Unemployment Rate
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The OECD has led international reflection on the measurement of well-being and progress. Three OECD World Fora on this issue were organised in Palermo, Italy in 2004, Istanbul, Turkey 2007 and Busan, Korea in 2009. These events have helped to develop a shared sense of common purpose and direction among the many stakeholders and agencies active in developing more relevant statistics on well-being and progress.

In May last year, on the occasion of the Organisation’s 50th anniversary, the OECD Secretary-General launched the “OECD Better Life Initiative” (www.oecd.org/betterlifeinitiative). This initiative has two main components: a report entitled “How’s Life?”, which contains analysis of indicators on different aspects of well-being and quality of life in 40 countries and which strives to offer a more comprehensive picture of people’s lives; and «Your Better Life Index» (www.oecdbetterlifeindex.org), an innovative and interactive tool which enables citizens to rate countries on those things which make for a better life according to their personal experience and evaluation. The OECD well-being framework is presented at Figure 1.

In October 2012, the OECD will organise, jointly with the Government of India, the 4th OECD World Forum on Statistics, Knowledge and Policy: Measuring Well-Being and Fostering Progress of Societies. Building on its three predecessors, the main focus of the New Delhi Forum will be to take stock of world-wide initiatives on measuring well-being and progress and on promoting the use of new measures for policy-making in developed, emerging and developing countries.

The Forum’s programme will be designed so as to reflect the conclusions of a number of regional conferences on measuring well-being and fostering the progress of societies that the OECD has organised in association with the OECD Development Centre, PARIS21 and regional actors. In addition to the Asia-Pacific Conference, the Latin American Conference took place in Mexico City, Mexico in May 2011, the African Conference will take place in Rabat, Morocco in April 2012.
Commission for Asia and the Pacific, and the National Statistical Institute of Korea).

Warm welcome

The official welcome was delivered by Motohisa Furukawa, Japanese Minister for Economic and Fiscal Policy. Mr Furukawa emphasised the significance of Japan’s move to establish its Commission on Measuring Well-Being, in the follow-up to the Government’s “New Growth Strategy”. The Commission’s report which has just been completed, underscores the importance of measures in three critical fields: (1) economic and social conditions; (2) physical and mental health; and (3) relationships; all being supported with long-term measures of sustainability. In concrete terms, the report proposed not only indicators of life-satisfaction, but also of relationships associated with family, community, and nature.

Increased relevance

In his opening address, Rintaro Tamaki, OECD Deputy Secretary-General, outlined the importance of OECD’s work on measuring well-being and its strong relation to ongoing discussion on the economic crisis and development.

He emphasised the shifting centre of gravity resulting from the emergence of new poles of economic growth in China and other countries in Asia and Latin America, which has made the prosperity of OECD and non-OECD countries increasingly intertwined. It in this context that the OECD is enhancing its engagement with emerging economies such as China, India and Indonesia, and is developing close cooperation with many other countries throughout the region, and the world at large.

Regional initiatives

Japan’s “New Growth Strategy” aims to create demand and jobs through regulatory reform and fiscal measures. The Strategy also focuses on key challenges, notably climate change and population ageing, and how to turn these into sources of growth. Importantly, it links these challenges to the issues of well-being and happiness, and reflects on how the country should restore a sense of shared values in the aftermath of the earthquake and nuclear accident of March 2011.

Japan is not alone in Asia in bringing well-being to the forefront of its policies. In China, the 12th five-year plan refers to the notions of well-being and of an harmonious society, while a recently launched National “Quality Index” measures the economy not just by size, but by sustainability, social equality and ecological impact. Whilst not directly affecting government priorities, the index has provoked intense debate, especially amongst provincial leaders.

At the United Nations, following an initiative by Bhutan, the General Assembly has adopted a resolution calling on United Nations Member States to pay greater importance to happiness and well-being when implementing measures to spur social and economic development. The UN Assembly invited countries to pursue the elaboration of additional measures that better capture the importance of the pursuit of happiness and well-being in development with a view to guiding their public policies.

Gross National Happiness

The keynote address from Karma Tshiteem, Secretary of the Bhutanese Gross National Happiness Commission, focused on Bhutan’s pursuit of Gross National Happiness (GNH). Bhutan’s development approach seeks to achieve a harmonious balance between material well-being and the spiritual, emotional and cultural needs of society. It is based on the belief that happiness is the ultimate desire of every citizen, and that the purpose of development is to enable the conditions for happiness to be realised.

Bhutan’s journey with GNH began more than four decades ago and more elaborate metrics to measure
disasters and environmental risks».

Highlights included the following:

- ageing poses particular measurement challenges for assessing well-being in the Asia-Pacific region;
- it is difficult to capture the well-being of women confronting specific challenges such as caring for children and the elderly, dealing with unfriendly working environments, and discrimination;
- governance should be understood as a separate dimension of well-being; there is an urgent need for a better conceptual framework, for translating this framework into tangible measures, and for recognising the large differences in types of governments in the region;
- governments need to measure extreme risks, recognising both their perceived and actual consequences, and providing transparent information on their effects.

These conclusions will act as the primary mechanism for shaping the Asia-Pacific contribution to the 4th OECD World Forum in New Delhi.
The International Labour Organisation’s (ILO) labour force framework is the internationally agreed reference for comparable statistical reporting on the (non-monetary dimension of the) labour market. It provides for a division of the population into three mutually exclusive groups: employed, unemployed and economically inactive persons.

The main indicator within this framework is the so-called ILO unemployment rate (number of unemployed persons as a percentage of the labour force). It is the established headline measure for international comparisons, and is therefore of central interest to policy makers, the media and the public at large. In the European Union, the ILO definition of unemployment is operationalised as follows – unemployed persons are those aged 15 to 74 who:

- are without (any) work
- are available to start work within the next two weeks
- and have actively sought employment at some time during the previous four weeks.

Unemployment is the most widely used labour market indicator, reflecting a range of aspects that are both economic (e.g. labour underutilisation, business cycle) and social (e.g. joblessness, risk of poverty and social exclusion, etc.). However, with an increasingly fragmented and diversified labour market and strongly varying degrees of attachment to it, the unemployment rate can on its own no longer sufficiently describe all those aspects. There is therefore a pressing need for statistics that supplement the ILO unemployment rate to provide an enhanced, more nuanced picture of the labour market status of people.

**Work Towards Agreement Across the European Statistical System**

A debate on this matter was launched in the European Statistical System (ESS) in late 2008. The ESS is a partnership between Eurostat (i.e. the statistical office of the European Commission) and the national statistical institutes and other national authorities responsible in each EU Member State for the development, production and dissemination of European statistics. A dedicated task force was set up in early 2009 to study how to supplement the unemployment rate. This task force consisted of experts from the statistical offices of nine European countries, the OECD, the ILO, the European Central Bank and Eurostat.

It delivered a report in June 2010, which was further discussed in other high-level European fora, this time with the participation of all member countries of the ESS. Finally, after more than two years of discussion and consensus-building, an ESS-wide agreement was reached in March 2011 on three points: the harmonised names, the definitions and the underlying measurement to be used. This agreement is a real breakthrough because past attempts in the European Union and in international fora had failed to produce tangible results in practice. Additionally, the ILO is looking into this work as part of an ongoing discussion to create supplementary indicators to be integrated within a reviewed labour status framework.

The three new indicators are the following:

1. **Underemployed part-time workers** – are persons who are employed working part-time who wish to work additional hours and are available to do so.

2. **Persons seeking work but not immediately available** – the sum of persons neither employed nor unemployed who are in one of the following groups:
   - Actively seeking work during the last 4 weeks but not available for work in the next 2 weeks
   - Found a job to start in less than 3 months but not available for work in the next 2 weeks
   - Found a job to start in 3 months or more
   - Passively seeking work during the last 4 weeks and available for work in the next 2 weeks.

People covered by this indicator are in particular situations just outside the labour market. It is a small population and individuals do not stay long in it. More than half are young persons.
They are mainly students and people looking for their first job.

3. Persons available to work but not seeking work – persons neither employed nor unemployed who want to work, are available for work in the next 2 weeks but are not seeking work.

This group consists mostly of discouraged jobseekers and persons prevented from job seeking by personal or family circumstances. It is a big, structural group with looser attachment to the labour market. It has however a very different profile from that of other economically inactive persons.

The sum of the groups covered by indicators 2 and 3 has been termed the Potential Additional Labour Force (PAF). Persons in the PAF are not part of the standard labour force, which encompasses only employed and unemployed people (see Figure 1). However, they have a stronger attachment to the labour market than other economically inactive persons.

Features of the New Indicators

1. The three new indicators neither alter nor call into question the standards currently used for unemployment statistics, i.e. the ILO unemployment definition. The ILO unemployment rate remains the benchmark and headline indicator.

2. They integrate into the three categories of the ILO labour status framework as subgroups of the employed and economically inactive. This allows new types of analyses, e.g. working with six non-overlapping labour categories in cases where having only three labour statuses is too limiting. Indeed, the integration of the new indicators within the existing labour statuses was not originally a goal in itself, but eventually became an important feature to the point that some interesting ideas were discarded because they did not fit in this scheme, e.g. the household dimension of unemployment, unemployment spells, etc.

3. The new indicators capture people in situations of labour market attachment in between the three standard ILO labour statuses.

Underemployed people have a lower attachment to employment than other employed persons, but an obviously higher attachment than jobless people. For instance, underemployed part-time workers have shorter job tenure and a higher risk of joblessness than other employed persons. For their part, people in the potential additional labour force have a lower attachment to the labour market than the unemployed but higher than other economically inactive persons.

4. As a final, practical advantage, the new indicators can be calculated on the basis of existing EU Labour Force Survey statistics and results can also be produced for past periods; although with some breaks in time series. The calculation of both quarterly and annual results is possible.

Main Methodological Problems Found

The new indicators were agreed after intense expert discussion. A number of methodological problems were found and debated. Consensus
was not always possible, and the following three issues deserve particular mention.

a. Underemployment of full-time workers. The main criteria for underemployment are the willingness to work more hours and the availability to do so. However part-time workers meeting those criteria seem to have a very different profile from the underemployed working full-time: the former have a pattern similar to involuntary part-time workers whereas the latter can be seen as having insufficient income despite working many hours. In the ESS discussion there were supporters of focussing on part-time workers and supporters of a comprehensive measure of labour underutilisation including full-timers. There was another issue: underemployed full-time workers typically want to work very few additional hours: for instance, in the EU in 2010, the number of underemployed full-time workers was 110% of the number of underemployed part-time workers, but the volume of hours the former wanted to work was only 55% of the volume desired by the latter. This suggests that measures in full-time equivalents or in volume of hours underutilised could be more appropriate for underemployed full-time workers. This approach creates in turn other issues of integration with labour status, as the statistical unit of full-time equivalents or hours is no longer the individual. Eventually, it was agreed that countries interested in the number of underemployed full-time workers could publish it on a voluntary basis.

b. Indicator names. The adopted indicator names are admittedly not perfect. They reflect the consensus reached in the quest for fully accurate names, but they are long and not catchy. Indeed, it was not possible to coin short, accurate, telling indicator names. There is hope that better names will arise in time as users and media put the indicators to use. There is also a need for a better name for the indicators as a set, as the currently used ‘supplementary indicators’ is not a real standalone name.

c. Denominator for publication. The most controversial point was, however, not the indicator definitions or names but the denominator for publishing the indicators in relative terms, i.e. the choice to publish them as shares or rates. Indeed, no consensus on this point was possible in any of the fora discussing it. This issue is very controversial because it crucially determines the communication to users, in particular as to the perceived magnitude of the phenomenon measured by the indicators, whether they are presented as independent indicators or as constituents of a broader overarching measure of labour underutilisation, or whether the sum of unemployment and the new indicators is highlighted or not (e.g. as would happen if they all have the same denominator). The denominators also define the approach for analysis, e.g. it is quite different if a certain target group is presented as a percentage of the labour force or as a percentage of the economically inactive population.

The following denominators were discussed: working age population; labour force (i.e. active population); the so-called extended labour force, meaning the labour force plus the potential additional labour force; persons employed or part-time employed (only for underemployment); and the economically inactive population (only for the potential additional labour force). There was ultimately no agreement on this point, which could suggest that there is no single best solution. Eurostat decided to publish all three indicators divided by the labour force, i.e. the same denominator as for the unemployment rate.

**Data Release**

Eurostat and a number of European national statistical offices issued a coordinated release on 10 November 2011. Eurostat released annual data for the year 2010 and previous years, with breakdowns by sex, main age groups, educational level attained and nationality. In the future, Eurostat will streamline the new indicators in the annual LFS data releases. 2011 data are scheduled for release on 19 April 2012. Publication of quarterly data will be considered at a later stage.


The Statistics Bureau, Ministry of Internal Affairs and Communications, Japan has been assisting the National Institute of Statistics (NIS), Ministry of Planning, Cambodia through the Japan International Cooperation Agency (JICA) “Project for Improving Official Statistics in Cambodia”. The project runs from August 2005 until March 2015. The Statistics Bureau has been playing the primary role in the project by dispatching advisers and experts to Cambodia, accepting trainees every year from the NIS, and so on. Since its initiation, the project provided technical assistance for:

- The 2008 Population Census;
- The 2009 Nation-wide Establishment Listing;
- The 2011 Economic Census (a first-ever in Cambodia and whose enumeration was completed in March 2011).

The Government of Japan has also been providing financial assistance for the project activities. For a project outline: www.stat.go.jp/english/info/meetings/cambodia/phase3.htm.

In response to the request from the Royal Government of Cambodia, the Ministry of Foreign Affairs of Japan, after consultations with the related organisations in Japan, including the Statistics Bureau, approved the initiation of the project on 19 February 2010. The project activities have been conducted based on the Record of Discussion (R/D) signed between the Royal Government of Cambodia and the Government of Japan on 14 June 2010. Before signing the R/D, three preliminary study teams were dispatched from Japan to Cambodia, once by the Statistics Bureau and twice by JICA, and carefully considered the needs, targets, and other relevant elements of the project to confirm the requests from the NIS in detail.

The Statistics Bureau accepted the primary role in the project with the understanding that improvement in the quality of Cambodian official statistics would be indispensable for early recovery from the aftermath of the past political upheavals and the economic and social development of the country. The project was also expected to promote goodwill and friendship between Japan and Cambodia in the fields of economy, society, and culture. Furthermore, it was hoped that through this project the relationship would extend from the two countries to other East Asian countries, and bring about positive impacts on mutual economic development in the region.

**Project outline**

The project period was initially set for five years (Phase I and II), and then extended for another four years (Phase III). The project framework was set up as follows:

- **Phase I.** Provide statistical training; August 2005 to March 2007
- **Phase II.** Assist the 2008 Population Census; April 2007 to September 2010
- **Phase III.** Assist the 2011 Economic Census, 2013 Cambodia Inter-censal Population Survey and 2014 Cambodia Inter-censal Economic Survey; October 2010 to March 2015.

This project is expected to contribute to Cambodia in two ways. First, more accurate demographic and economic statistics obtained from the Population Census and the Economic Census were expected to contribute to the socio-economic development of Cambodia. Secondly, since these two censuses will produce sampling frames for demographic and economic surveys, it was expected that a wider range of more accurate and systematic statistics would be obtained from the sample surveys. In particular, the 2011 Economic Census was considered essential for achieving a full coverage of the sampling frame, because there was no reliable business register with high coverage in Cambodia, and field enumeration of all the establishments was considered necessary for improving such base information for economic statistics.

In Phase I of the project, elementary and intermediate courses of statistical training were provided to the NIS and provincial statistical staff to enhance the statistical capacity of Cambodia so that the 2008 Population Census would be smoothly implemented. In addition, since the statistical system
of Cambodia is decentralized, the training courses were also provided to the staff of line ministries to enhance the overall statistical capacity of the Cambodian Government, and to strengthen the leading role of the NIS as the central statistical office.

In implementing the project, the Statistics Bureau of Japan made utmost efforts to honour the ownership of the NIS in the project, and decided to dispatch the experts on a short-term basis with high frequencies to meet the needs of the NIS. The NIS has been taking the coordinating role in developing the statistical capacity of the government.

In assisting the execution of the 2008 Population Census, Japan worked in partnership with UNFPA and Germany. As Germany entrusted its responsibilities to UNFPA, the roles of assistance were shared between UNFPA and Japan.

### Technical Assistance for the 2008 Population Census

To achieve better collaboration in the technical assistance for the 2008 Population Census (PC2008), official meetings such as the Census Technical Committee were established with the participation of both UNFPA consultants and JICA experts. Policy matters and other relevant information was shared and discussed, while both sides assumed clear roles depending on the field of activities.

Since a population census requires an enormous amount of human and financial resources and long time for preparation, it is difficult for a single country to support this huge task in developing countries. Therefore, collaboration between donors is indeed necessary and effective as well.

The outputs of the project in regard to the Population Census are not limited to national reports, provincial reports, analytical reports, and the census atlas, but also include statistics and statistical maps on a small area basis. In the project, Japan also provided funds for constructing a new building, complete with all the required equipment for the NIS in order to facilitate PC2008 data processing, and to safely keep the massive amount of PC2008 forms. For a PC2008 outline: [www.stat.go.jp/english/info/meetings/cambodia/census08.htm](http://www.stat.go.jp/english/info/meetings/cambodia/census08.htm)

### Technical Assistance for the 2011 Economic Census

Since the implementation of the economic census was a first experience for Cambodia, the following measures were taken in the preparatory stages, starting in 2006 so that NIS and provincial staff could accumulate knowledge and techniques for the economic census:

1. **Training for the NIS core staff**

   From 2006 to 2009, NIS core staff were sent annually to Statistics Indonesia (BPS) for advanced training. Statistics Indonesia has experience of conducting the economic census, and has undertaken three surveys in the past.

   The training in Indonesia, to give the core staff preparation for the 2011 Economic Census (EC2011), was conducted (four times) with funding assistance from JICA. Training in Indonesia was more effective than in Japan, because the country situation in Indonesia is more similar to Cambodia than Japan. Trainees from the NIS learned from Indonesian experiences, and brought the Census forms, manuals, and other documents of the Indonesian economic census back to Cambodia.

2. **2006 Establishment Listing in Phnom Penh (sample survey)**

3. **2007 Establishment Survey in Phnom Penh (sample survey)**

4. **2009 Nation-wide Establishment Listing (complete count)**

   As a preliminary step toward EC2011, this survey enumerated all existing establishments in Cambodia, producing an establishment...
directory, and released the number of establishments by area and industrial sector. With this enumeration, it became possible to plan EC2011 smoothly, since the picture of establishments in Cambodia could be more clearly grasped. Results include statistics and statistical maps on small-area basis in addition to national reports.

5. 2010 Pilot Survey of EC2011 (sample survey)

This pilot survey was conducted just one year before EC2011 as a dress rehearsal by using almost the same form as that of EC2011 so that NIS and provincial staff could acquire necessary knowledge and experiences. 7,040 sample establishments (199 villages) were selected from all 24 provinces of Cambodia, and all the large establishments with 100 persons engaged or more were also interviewed.

6. 2011 Economic Census

The census was successfully conducted from 01 to 31 March, 2011 as planned. The success owes to the efforts of the NIS and provincial staff with accumulated knowledge and experiences through the preceding four operations described in (2) to (5) above.

Through these four actual surveys and listings, the covered area has gradually been expanded, and the contents have also gradually been upgraded to enhance skills and knowledge of the staff. For more details of the EC2011 outline: www.stat.go.jp/english/info/meetings/cambodia/census11.htm

Conclusion

The 2008 Population Census was successfully implemented in March 2008. The final results were released in September 2009 on schedule, one year and six months after the reference date. The total population of Cambodia was counted as 13.4 million. The 2009 nation-wide Establishment Listing was also successfully implemented in February 2009. The final results were released in December 2009 on schedule, ten months after the reference date. The total number of establishments was 337 thousand. Further, the 2011 Economic Census was implemented successfully in March 2011.

Through Statistics Bureau of Japan’s engagement in the project, the feeling from the people involved is that international cooperation in official statistics is a rewarding experience, as close personal relationships are nurtured through the collaboration among the professionals of different countries. International cooperation can produce not only the planned outcomes in official statistics but also the mutual trust and friendship among the professionals involved in the project.

On the occasion of the successful completion of three huge tasks on schedule, the Statistics Bureau of Japan wishes to express its thanks to the NIS and provincial staff who made great efforts that led to the success. We also wish to express our appreciation to UNFPA and the Government of the Federal Republic of Germany for the excellent partnership in the 2008 Population Census. Further, we express our sincere thanks also to the Statistics Indonesia which kindly devoted their precious resources to provide the training on the economic census for the Cambodian statistical staff.

Enumeration of the first-ever Economic Census in Cambodia

Example of a statistical map by small area

Training in Indonesia: NIS staff exchanging their experiences with Statistics Indonesia staff.

11th Global Forum on Tourism Statistics

14-16 November 2012
Reykjavik, Iceland

Organised by the OECD Tourism Committee, Statistics Iceland, the Icelandic Ministry of Industry, Energy and Tourism, and EUROSTAT.

To speak at the Forum: http://11thtourismstatisticsforum.is/call_for_papers.aspx

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The Statute of the European System of Central Banks establishes that the ECB, assisted by the national central banks, shall collect the necessary statistical information to undertake the ESCB tasks. Since its inception, and even more in the aftermath of the financial crisis, the ECB has continuously sought ways of improving the quality and provision of such statistics. A major milestone in this process has been the ECB’s recent publication of improved monetary financial institutions (MFIs) interest rate statistics in June 2011.

This article describes the improvements made to the banking interest rate statistics collected by NCBs and compiled and published by the ECB. Note that banks represent by far the largest component in the MFI sector and MFI interest rate statistics are entirely collected from credit institutions. Its aim is to produce a comprehensive, detailed and harmonised statistical picture of the level and the changes in interest rates applied by MFIs. The collection of harmonised monetary and financial statistics is based on Regulation ECB/2001/18 and the latest enhancements stemming from ECB/2009/7 (www.ecb.int/ecb/legal/1005/1021/html/index.en.html).

**Background**

MFI interest rate statistics are collected for a number of purposes: firstly, they provide an important input in analysing the transmission of monetary policy to the real economy. In particular, they make it possible to study the pass-through of changes from policy rates over market interest rates to rates on loans and deposits; thus, these statistics enable the ECB to assess the transmission and impact of monetary policy on the cost of borrowing, as part of the cost of capital, to households and non-financial corporations. Secondly, MFI interest rate statistics enhance the monetary analysis of euro area aggregates by providing data which complement MFI balance sheet statistics. MFI interest rate statistics also provide information on the degree of integration of European financial markets, thereby allowing consumers to compare the rates charged by MFIs across countries. For more information on the purposes of collecting interest rates, see articles “Enhancements to MFI balance sheet and interest rate statistics”, Monthly Bulletin, ECB, April 2002, and “The use of harmonised MFI interest rate statistics”, Monthly Bulletin, ECB, July 2005.

In order to be able to perform analyses with reliable euro area aggregated data, in turn enabling cross-country comparisons, a harmonised reporting framework was set up (regulation ECB/2001/18). Consequently, since 2003, harmonised data have been available on interest rates and business volumes for new business agreements and outstanding amounts. Information on outstanding amounts is drawn from MFI balance sheet statistics, whereas information on new business volumes is collected together with interest rate information. Information on euro area interest rates relies on the average of national interest rate series, weighted by the respective volumes and aggregated to calculate euro area MFI interest rates. These statistics are subdivided by sector (i.e. households and non-financial corporations), split between deposits and loans and broken down by initial rate fixation period and/or original maturity.

**Overview of the New Statistics on MFI Interest Rates**

Financial innovation and experience with the first harmonised framework for MFI interest rates for the euro area highlighted the need for further enhancements and breakdowns in order to keep these statistics fit for use, particularly with regard to rates on new loans. For example, the existing MFI interest rate statistics were not detailed enough to be able to answer questions on the costs of funding for small and medium-sized enterprises (SMEs) nor on the comparability of loans to households (for other purposes) in light of the inclusion of statistics on sole proprietors (e.g. doctors, lawyers or architects) and their different relevance across countries. Consequently, in the enhanced reporting framework, the following aspects have been improved:

1. refinements in the size classes of new loans to non-financial corporations;
2. refined breakdowns by period of rate fixation;
3. separate information on guarantees and collateralisation on loan rates;

4. a breakdown between the short and long-term current cost of finance for non-financial corporations;

5. the compilation of rates on overdrafts and credit lines in an homogenous way and separately from credit card debt; and,

6. the separate reporting of interest rates of loans to sole proprietors within the household sector.

After weighing up the merits for users and the costs for reporting agents, a new reporting framework (regulation ECB/2009/7) was adopted, and led to the production of 56 additional statistical series with reported data; reference period starting June 2010. These enhancements have been made with regard to the data compiled on new business loans, which refer to any new loan agreement – either specified for the first time or renegotiated – between the customer and the credit institution. At the same time, all previous indicators continue to be collected, thus ensuring data continuity over time.

**Examples of enhancements**

The new ECB regulation has introduced 44 new loans to non-financial corporations new series and 12 new loans to households new series. Within the new loan series to non-financial corporations, two categories are included which further specify the size of the loan. Effectively, the original instrument category including loans up to €1 million is now broken down into two sub-categories which capture loans up to and including €250,000 and loans over €250,000 and up to €1 million. Indirectly, i.e. by assuming that the average size of new loans for small and medium-sized corporations is, in general, below the size of loans typically granted to large corporations, these additional breakdowns enable an improved analysis of the borrowing cost of capital of SMEs. Indeed, feedback from producers and users has indicated that the previous single threshold of €1 million had been too broad. As shown in Figure 1, the more detailed size classes for loans to non-financial corporations clearly enable the ECB to distinguish interest rates according to the size of loans. Between June 2010 and November 2011 small loans consistently showed higher interest rates (for example on average 152 basis points higher for rates charged on loans larger than €1 million) than medium-sized or large loans.

| Table 1. New MFI interest rate statistics covered by Regulation ECB/2009/7 |
|---------------------------------|----------------------|----------------------|
| **Sector**                      | **Further breakdowns** |
| Revolving loans and overdrafts  | HHs NFCs             |
| Extended credit card debt       | HHs NFCs             |
| Loans with collateral and/or guarantees | HHs |
| Loans to sole proprietors/unincorporated partnerships (SP/UP) | HHs |
| Loans up to an amount of €0.25 million | NFCs |
| Loans over an amount of €0.25 million and up to €1 million | NFCs |
| Loans over an amount €1 million | NFCs |
| Loans broken down by maturity | NFCs |

Within the “lending for purposes other than house purchase and consumption”, interest rates on, and volumes of, loans to SP/UP are identified separately.
Sole proprietors or unincorporated partnerships represent an economic group previously not distinguishable within the household sector. According to the new ECB regulation, loans to small-scale unincorporated businesses and loans to self-employed persons, e.g. physicians or lawyers, are now separately identified. The new data thus show that the interest rate for new loans for these micro-firms ranged between that of small and medium-sized loans for the period from June 2010 to November 2011 (figure 1).

Particularly when studying refinancing patterns, it is often of interest to understand the maturity profile of new loans to non-financial corporations with short interest rate fixation periods. In this respect, the new Regulation introduces a new indicator which distinguishes business volumes within the category of new loans to non-financial corporations with an initial rate fixation period of up to one year that have an original maturity of up to one year from those with an original maturity of over one year. Figure 2 shows that, on average, between July 2010 and November 2011, 81.75% of loans to non-financial corporations (up to €250,000) had an original maturity of less than one year.

Finally, new series focusing on loans with collateral and/or guarantees have been made available to allow the measurement of the amount and dynamics of loan collateralisation. Interest rates charged on loans with collateral result from the interaction of opposite incentives: on the one hand, loans with collateral provide banks with greater insurance, thereby leading to lower rates, all other features being equal; on the other hand, when dealing with higher-risk customers, lenders may be inclined to refuse a loan unless guarantees or collateral are provided. In those cases, higher rates are charged than other borrowers, however referring to customers who would have otherwise not be granted loans. Between June 2010 and November 2011 interest rates on collateralised loans to non-financial corporations often appear to be higher than those on non-collateralised loans, suggesting that the second incentive tends to dominate the rate-setting behaviour of banks in the euro area.

Dissemination on MFI Interest Rate Statistics

Aggregated euro area data, as well as country-specific statistics for participating Member States, are published by the ECB on a monthly basis and are followed by the dissemination of a press release (www.ecb.europa.eu/press/pr/stats/mfi/html/index.en.html). The full set of statistics can be downloaded from the “MFI interest rates” part of the “Money, banking and financial markets” section of the ECB’s Statistical Data Warehouse (http://sdw.ecb.europa.eu). More detailed information on MFI interest rate statistics, including the release calendar, is available from the “Bank interest rates” part of the “Monetary and financial statistics” section of the ECB’s statistics website (www.ecb.europa.eu/stats/money/interest/index.html).
According to preliminary estimates, foreign direct investment outflows slowed in Q3 2011, following steady increases over the previous three quarters. Annual global FDI outflows, which dropped as a consequence of the global financial crisis, by more than 40% in 2009, saw a rebound in 2010, increasing by 20%. In Q3 2011, OECD countries accounted for 90% of global FDI outflows and 70% of inflows. Even though the OECD in total continues to be net exporter of capital, outflows have declined since the peak seen in 2007.

Outward investments of companies resident in the United States, France and the United Kingdom, (accounting for over 40% of OECD outward FDI in 2010) dropped dramatically in Q3 2011. However, outward investments of several other OECD countries, i.e. Japan and Italy, have increased significantly in the latest quarter reported, reaching for the first time investment levels recorded in 2008.

Inflows

OECD countries invest more and more in OECD countries, with amounts of investment inflows in the third quarter of 2011 last seen in 2008. The large majority of OECD inflows go into North America.

In Q3 2011, FDI inflows to OECD countries increased by 26%, bringing them to the same level as in Q2 2008. The United States accounted for a third of these OECD inflows, while Australia, France, Germany, Switzerland and the United Kingdom combined accounted for another third.

Other significant destinations, for FDI in Q3 2011, were China, Brazil, and Russia.

Table 1. Foreign Direct Investment Outflows, billions on US dollars

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</thead>
<tbody>
<tr>
<td>World</td>
<td>1376.1</td>
<td>2169.8</td>
<td>1902.2</td>
<td>1121.9</td>
<td>1355.4</td>
<td>288.0</td>
<td>364.2</td>
<td>393.8</td>
<td>406.6</td>
<td>353.9</td>
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<tr>
<td>OECD</td>
<td>1188.0</td>
<td>1931.8</td>
<td>1635.8</td>
<td>903.3</td>
<td>1063.2</td>
<td>219.5</td>
<td>266.6</td>
<td>344.5</td>
<td>342.0</td>
<td>323.2</td>
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<tr>
<td>EU27</td>
<td>685.9</td>
<td>1252.6</td>
<td>960.1</td>
<td>381.3</td>
<td>451.7</td>
<td>77.8</td>
<td>75.3</td>
<td>199.8</td>
<td>158.0</td>
<td>132.4</td>
</tr>
<tr>
<td>G20</td>
<td>835.3</td>
<td>1439.8</td>
<td>1209.7</td>
<td>809.1</td>
<td>911.8</td>
<td>176.4</td>
<td>242.5</td>
<td>244.8</td>
<td>325.1</td>
<td>271.9</td>
</tr>
</tbody>
</table>
FDI Stocks

Stocks of FDI, both inward and outward, for most OECD countries, both in terms of US dollars and measured as a percentage of GDP, continued to grow over the last five years to 2010.

The United States has by far the largest amount of both inward and outward stock of FDI as measured in US dollars, for example in 2010 there was 2.7 trillion US dollars of FDI stock in the United States while US companies held FDI stock of 4.4 trillion US dollars. Only France, Germany, the United Kingdom and China (for inward investment) come close to these very large amounts.

However, the relative importance of FDI for the United States, measured as a percentage of GDP, was only 18 per cent in 2010 for inward investment and 31 per cent for investments abroad. In countries hosting Special Purpose Entities this ratio is usually far in excess of OECD average for both inward (30 per cent) and outward investments (39 per cent). In the same year, G-20 countries’ inward investments were 24 per cent of their GDP combined and 28 per cent of outward investments.

Find up to date and detailed FDI statistics at www.oecd.org/investment/statistics

Definition

Foreign Direct Investment is a category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor. The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence (not necessarily control) on the management of the enterprise. The direct or indirect ownership of 10% or more of the voting power of an enterprise resident in one economy by an investor resident in another economy is the statistical evidence of such a relationship.

FDI statistics are on a directional basis (inward or outward) and relate to FDI flows, FDI positions (stocks) and FDI income. Outward investments are cross-border investments by direct investors resident in the reporting country while inward investments are investments by non-resident investors in the reporting country.

FDI flows are cross-border financial transactions within a given period (e.g. year, quarter) between affiliated enterprises that are in a direct investment relationship. FDI positions relate to the stock of investments at a given point in time (e.g. end of year, end of quarter). FDI flows and positions include equity (10% or more voting shares), reinvestment of earnings and inter-company debt. FDI income is the return on direct investment positions of equity (dividends and reinvested earnings) and debt (interest).

Table 2. Foreign Direct Investment Inflows, billions of US dollars

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<tbody>
<tr>
<td>World</td>
<td>1453.6</td>
<td>1962.8</td>
<td>1745.8</td>
<td>1136.6</td>
<td>1244.7</td>
<td>306.0</td>
<td>395.1</td>
<td>314.1</td>
<td>336.6</td>
<td>317.0</td>
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<tr>
<td>OECD</td>
<td>1008.2</td>
<td>1354.8</td>
<td>1055.8</td>
<td>6663.1</td>
<td>659.8</td>
<td>178.0</td>
<td>208.9</td>
<td>171.1</td>
<td>181.8</td>
<td>228.3</td>
</tr>
<tr>
<td>EU27</td>
<td>562.9</td>
<td>856.6</td>
<td>537.1</td>
<td>371.8</td>
<td>291.6</td>
<td>84.3</td>
<td>87.1</td>
<td>116.8</td>
<td>82.9</td>
<td>99.1</td>
</tr>
<tr>
<td>G20</td>
<td>915.4</td>
<td>1194.4</td>
<td>1042.6</td>
<td>670.5</td>
<td>805.3</td>
<td>208.3</td>
<td>254.6</td>
<td>189.6</td>
<td>248.4</td>
<td>246.3</td>
</tr>
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</table>

Table 3. Foreign Direct Investment Stocks, as a percentage of GDP

<table>
<thead>
<tr>
<th></th>
<th>Inwards</th>
<th>Outwards</th>
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<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>OECD Total</td>
<td>26.0</td>
<td>29.0</td>
</tr>
<tr>
<td>EU27 Total</td>
<td>41.0</td>
<td>44.4</td>
</tr>
<tr>
<td>G20 Total</td>
<td>20.7</td>
<td>22.4</td>
</tr>
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</table>
National Accounts at a Glance 2011

National Accounts at a Glance is designed to present the national accounts in a way that reflects the richness inherent in the data and the value it represents for analysts and policymakers. It responds to the Stiglitz Commission’s recommendation that policymakers look beyond just GDP when they assess material well-being of citizens.

In particular it uses national accounts data to show important findings about households and governments, including important series on gross adjusted household income and non-financial fixed assets of households, and new series, among others, on general government expenditures by function.

The publication is broken down into six key chapters, and provides indicators related to GDP, income, expenditure, production, government and capital respectively.

www.oecd.org/statistics/nationalaccounts/ataglance

Southeast Asian Economic Outlook 2011/12

This edition of the Southeast Asian Economic Outlook examines the macroeconomic situation, policies and medium-term growth prospects for countries in the region; structural challenges; green growth strategies, policies and institutions; and environmental taxes. It finds that growth for the region will moderate in the near term but solid growth performance will continue until 2016. To sustain this favourable outlook, countries need to meet considerable structural challenges. Green growth offers an alternative growth strategy in the long term.

OECD (2012), Southeast Asian Economic Outlook 2011/12, OECD Publishing
www.oecd.org/document/40/0,3746,en_2649_33731_48965544_1_1_1_1,00.html

Latin American Economic Outlook 2012

Transforming the State for Development

Even in the midst of a global financial crisis, Latin American and Caribbean economies find themselves in better condition than in years past. Latin America must seize this opportunity to design and implement good public policies. The greatest of the long-term objectives of Latin American states remains development: economic growth and structural change that is rapid, sustainable and inclusive. In particular, governments must reduce inequalities in income, public-service delivery and opportunities, as well as promote the diversification of economies, often concentrated on a few primary-product exports.

www.oecd.org/document/41/0,3746,en_2649_33731_48925737_1_1_1_1,00.html
AGENDA
FORTHCOMING MEETINGS

OECD

<table>
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<th>Date</th>
<th>Meeting</th>
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<tr>
<td>14-16 March 2012</td>
<td>Working Party on Indicators of Educational Systems (INES), OECD Directorate for Education. Tallin, Estonia</td>
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<tr>
<td>17-18 April 2012</td>
<td>Expert workshop on Environmental Indicators. OECD Environment Directorate. OECD, Paris, France</td>
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<tr>
<td>22-23 May 2012</td>
<td>OECD Forum 2012. OECD, Paris, France</td>
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<tr>
<td>23-24 May 2012</td>
<td>OECD Council meeting at ministerial level. OECD, Paris, France</td>
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<tr>
<td>4-5 June 2012</td>
<td>Committee on Statistics (CSTAT), OECD Statistics Directorate. OECD, Paris, France</td>
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<tr>
<td>4-6 June 2012</td>
<td>Working Party of National Experts on Science and Technology Indicators (NESTI), OECD Directorate for Science, Technology and Industry. OECD, Paris, France</td>
</tr>
<tr>
<td>11 June 2012</td>
<td>Working Party on Territorial Indicators - 23rd Session, OECD Directorate for Public Governance and Territorial Development. OECD, Paris, France</td>
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Other meetings

<table>
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<tr>
<th>Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>15-22 May 2012</td>
<td>G8 summit. Chicago, United States. Chicago, United States</td>
</tr>
<tr>
<td>16-18 May 2012</td>
<td>G20 Labor Ministerial</td>
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<tr>
<td>6-8 June 2012</td>
<td>60th plenary session of the Conference of European Statisticians, OECD, Paris, France</td>
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</table>

Unless otherwise indicated attendance at OECD meetings and working parties is by invitation only.