

New quarterly Main Economic Indicator zone totals for flows of foreign direct investment, trade in goods, and trade in services

Balance of payments (BOP) statistics form a subject dataset hosted in the OECD *Main Economic Indicators* (MEI) database. The main analytical use for the information is short-term analysis and to provide an overview of economic trends. Emerging from the quality review of OECD balance of payments statistics, in 2005, were recommendations for a number of quality improvements. These related to timeliness, consistency, data collection, zone totals, review of metadata, raising the profile of the OECD BOP data set, and coordination of work on OECD Member country BOP with that of non-members.

Implementation of the quality review recommendations is being progressed incrementally. In particular regarding zone totals, these have now been created for OECD total and the G7 group of countries for trade in goods, trade in services and flows of foreign direct investment (FDI) – see table 1. To enable this development US dollar series have been introduced for all countries that did not have them for goods exports, goods imports, services exports, services imports, flows of direct investment abroad, and direct investment in the reporting economy. For trade the quarterly zone totals are seasonally adjusted. All BOP data are in current prices. More country groupings or zones will be created progressively for these and additional variables.

Table 1 BOP zone total series

Quarterly BOP zone total series in MEI database	MEI Code
OECD service exports s.a.	OTO.BPCRSE01.CXCUSA
OECD service imports s.a.	OTO.BPDBSE01.CXCUSA
OECD goods exports s.a.	OTO. BPCRTO01.CXCUSA
OECD goods imports s.a.	OTO. BPDBTD01.CXCUSA
OECD flows of FDI abroad	OTO. BPFADI02.CXCU
OECD flows of FDI in the reporting economy	OTO.BPFADI03.CXCU
G7 service exports s.a.	G7M.BPCRSE01.CXCUSA
G7 service imports s.a.	G7M.BPDBSE01.CXCUSA
G7 goods exports s.a.	G7M. BPCRTO01.CXCUSA
G7 goods imports s.a.	G7M. BPDBTD01.CXCUSA
G7 flows of FDI abroad	G7M. BPFADI02.CXCU
G7 flows of FDI in the reporting economy	G7M.BPFADI03.CXCU

All Member countries supply BOP data to the OECD according to the concepts and framework of the IMF Balance of Payments Manual 5th Edition. Regarding timeliness, quarterly data are supplied by all OECD countries between 30 and 100 days after the reference period. BOP data is normally on the MEI database within one week of receipt.

Very summary BOP data for large **non-member** economies (Brazil, China, India, Russian Federation, South Africa and Indonesia) are available on the MEI database. These data are sourced from the IMF to avoid duplication of work and to minimise the reporting burden on countries.

While OECD total trade in goods and services data in the MEI have already been publicised in the OECD quarterly trade press release and elsewhere, the quarterly FDI series for OECD and G7 are new to the MEI database and are chosen here for a closer look at trends.

Some trends in OECD and G7 FDI data

FDI flow data are notoriously volatile and ‘lumpy’ since one very large merger/acquisition can seriously impact national totals and even in a few cases at the OECD level. This volatility can be seen in the quarterly OECD flow data below in Chart 3. It can be observed that OECD outflows of FDI have exceeded inflows in 13 of the last 16 quarters. But trends in quarterly data are difficult to discern.

One advantage of quarterly data is that they allow relatively timely first estimates of the annual data so that preliminary estimates of FDI flows in 2005 are now available for G7 and total OECD - see Charts 1 and 2.

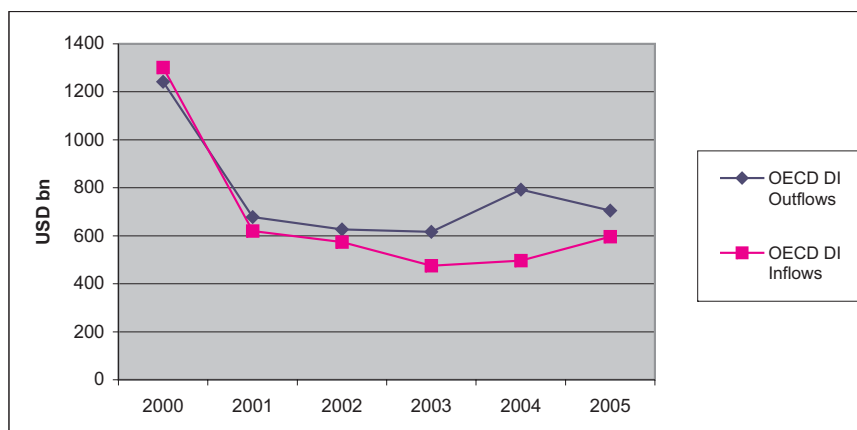
Inflows of FDI into G7 and OECD as a whole rose in 2005, while outflows declined leading to a convergence of outflows and inflows, with combined flows close to the 2004 total and well below the peak year of 2000. In 2005 OECD inflows of FDI were USD 596 bn and outflows USD 705 bn. These preliminary estimates will be subject to revision as more information becomes available in the coming months. Detailed information on OECD countries' FDI stocks, flows, and income by industry and partner country are published annually in the *OECD International Direct Investment Statistics Yearbook*, which is also available as an electronic database.

Chart 1: G7 Annual Direct Investment Flows



N.B. 2005 estimates are preliminary and subject to revision

Chart 2: OECD Annual Direct Investment Flows



N.B. 2005 estimates are preliminary and subject to revision

Chart 3: OECD Quarterly Direct Investment Flows



N.B. Q4 2005 estimates are preliminary and subject to revision