

# SDDS Metadata For International Investment Position of China

## 0. Prerequisites

### 0.1 Legal environment

#### 0.1.1 Responsibility for collecting, processing, and disseminating statistics

The SAFE (SAFE) is responsible for compilation and dissemination of China's IIP according to the *Measures for the Collection of Statistics and the Declaration of the BOP (the Measures)*. The *Measures* which was implemented on January 1, 1996 was the foundation for China's BOP Statistics. In November 2013, the premier of the State Council Mr. Li Keqiang signed *the decree of the State council and promulgated the revised version of the Measures*, which has been implemented on January 1, 2014. The *Measures* can be found at the official website of SAFE (<http://www.safe.gov.cn>).

According to the Article 5 of the *Measures*: "The SAFE is responsible for organizing and implementing the statistics and the declaration of the balance of payments and carrying out supervision and verification in compliance with the procedures as stipulated in *the Statistical Law of the People's Republic of China*; collecting, calculating, and disclosing information on the balance of payments and international investment position; formulating and revising the detailed rules of the *Measures*; and compiling and issuing the declaration forms and the statistical statement on the balance of payments. The relevant government departments shall assist with the statistics and the declaration of the balance of payments."

The BOP statistics include BOP and IIP in China.

#### 0.1.2 Data sharing and coordination among data producing agencies

According to the *Measures*, the SAFE is responsible for collection, compilation and dissemination of China's IIP. The disseminated data are in line with SNA on standards, concepts and principles.

As to IIP statistical cooperation, the SAFE cooperates closely with National Bureau of Statistics (NBS), Customs General Administration (Customs), People's Bank of China (PBC), Ministry of Commerce (MOFCOM), the National Tourism Administration (NTA), and other departments. Those government departments share source data regularly to facilitate BOP compilation, and communicate on statistical standard adjustments and other matters as well.

#### 0.1.3 Confidentiality of individual reporters' data

According to the Article 16 of the *Measures*: "The SAFE or its branches/sub-branches shall keep strictly confidential the specific data that is declared and which is only to be used for the BOP statistics. Unless otherwise provided for by the law, the statisticians for the BOP shall not provide the specific declared data in any forms to any institutions or individuals."

#### 0.1.4 Ensuring statistical reporting

According to the Article 5, 7 and 8 of the *Measures*, it not only authorizes the SAFE in charge of the data collection, but also requires the reporters to provide the required information to the SAFE. Failure to report the data or reporting false data will lead to penalty.

According to the Article 17 of the *Measures*: "Chinese and non-Chinese residents who fail to carry out the collection of the statistics and the declaration of the BOP in accordance with the relevant

	regulations shall be penalized by the SAFE or its branches/sub-branches in accordance with Article 48 of the Regulations on Foreign Exchange Administration of the People’s Republic of China.”
<b>0.2 Resources</b>	<b>0.2.1 Staff, facilities, computing resources, and financing</b>
	<p>The staff of BOP Department of the SAFE is responsible for IIP data compilation. The staff of BOP Divisions of the SAFE branches and sub-branches is responsible for data collection and verification. The SAFE regularly organizes trainings, comprehensively or specifically on certain topics, to update the knowledge and expertise of its staff.</p> <p>The SAFE collects and aggregates IIP data mainly via computer systems, which are supported by Technology Department.</p> <p>The BOP/IIP statistical work is funded by the administrative appropriation. The expense on new statistical projects, training etc. should be subject to approval prior to their implementation of the budget year.</p>
	<b>0.2.2 Ensuring efficient use of resources</b>
	<p>The expense on the BOP/ IIP statistics staff and system is funded by the administrative appropriation. The new technology system and the related work can be funded based on approval one year in advance and should be included as scheduled for next year. Meanwhile, to ensure effective use of the funds, the new system and the work should be completed on time, report the progress, and accept regular internal supervision.</p>
<b>0.3 Relevance</b>	<b>0.3.1 Monitoring user requirements</b>
	<p>The BOP department of the SAFE holds the press conference quarterly, informs the public of China’s BOP and IIP situation, and takes questions concerned from the media.</p>
<b>0.4 Quality management</b>	<b>0.4.1 Quality policy</b>
	<p>Data quality is the priority in terms of timeliness, accuracy and comprehensiveness. The SAFE has set up regulations and rules to guide verification on data quality by the branches.</p>
	<b>0.4.2 Quality monitoring</b>
	<p>The SAFE monitors data quality closely. When collecting and processing the data, the SAFE verifies the quality both by computer programs and manually. The SAFE also communicates with data supplies, the main data users and media on issues related to data quality.</p>
<b>1. Integrity</b>	
<b>1.1 Professionalism</b>	<b>1.1.1 Impartiality of statistics</b>
	<p>According to the Measures, the SAFE determines the data source, methodology and compilation practice of China’s BOP statistics independently.</p>
	<b>1.1.2 Selection of sources, methodology, and modes of dissemination</b>
	<p>Beginning from 2015, China compiles BOP in accordance with the Sixth Edition of Balance of Payments and International Investment Position Manual (BPM6). Upon the BPM6’s release in 2009, the SAFE started to prepare to adopt the new international standards, including adjusting data sources</p>

	<p>and designing new statistical systems. The major progress includes: in November 2013, the State Council signed the Decree of the State Council of the People's Republic of China No. 642 revised the Measures. Also, the SAFE upgraded the supporting BOP statistical systems, and improved the statistical framework. To name a few, the SAFE revised and released the Classification and Codes for Foreign-related Receipt and Payment Transactions (ITRS codes, 2014 version), which was implemented on May 1, 2014. The related IT system was upgraded accordingly. The SAFE also upgraded Report on External Financial Assets, Liabilities, and Transactions (FAL), which was implemented on September 1, 2014 and included domestic financial institutions as the reporters. Meanwhile, the SAFE is revising Trade Credits Sample Survey, and improving the estimate on FDI and equity liabilities of Chinese enterprise listed abroad.etc.</p> <p>Currently, the SAFE uses BOP statement, FAL, enterprise surveys and estimates as major data sources. The statistics of other government departments and data published by the international organizations are also used to compile China's IIP.</p> <p>China's IIP data are released through the official website of the SAFE (<a href="http://www.safe.gov.cn">http://www.safe.gov.cn</a>). Meanwhile, complete IIP statements are disseminated in the SAFE's Annual Report, which was first published in 1997 both in Chinese and in English, in BOP Annual Report, which was first published in 1999 both in Chinese and in English, and in China's Balance of Payments Report, which was first published both in Chinese and in English.</p> <p><b>1.1.3 Commenting on erroneous interpretation and misuse of statistics</b></p> <p>When releasing the IIP data, the SAFE also release short notes on the main items.</p> <p>The SAFE reserves the right to comment on the erroneous interpretation and misuse of the data. The corresponding articles will be posted on the official website of the SAFE.</p> <p>The SAFE interprets the IIP data by the semi-year China's BOP Report.</p>
<p><b>1.2 Transparency</b></p>	<p><b>1.2.1 Disclosure of terms and conditions for statistical collection, processing, and dissemination</b></p> <p>The relevant laws, regulations and normative documents of IIP statistics can be obtained from the official website of the SAFE (<a href="http://www.safe.gov.cn">http://www.safe.gov.cn</a>). The compilation methodology, concepts and coverage of items, and advance release calendar are also accessible in the official website.</p> <p><b>1.2.2 Internal governmental access to statistics prior to release</b></p> <p>In principle, the SAFE releases the IIP statistics to the public (including other government agencies, businesses and public users) though the official website of the SAFE. Before the release, the data are labeled as "internal". Other government departments, institutions and individuals cannot access to the data in advance.</p> <p>But, the leaders of the State Council, the Governor and Vice Governor of People's Bank of China have the right to access to IIP statistics 3-5 days in advance before the release. The main purpose is to assist them to quick respond to the media and guide the users to understand the BOP situation properly during the press conference.</p> <p><b>1.2.3 Attribution of statistical products</b></p>

	<p>The IIP statistics are released to the public only through the official website of the SAFE, and hard copies come later. Other media can reprint those data from the website of the SAFE, but they are not the official platforms to release the data.</p> <p><b>1.2.4 Advance notice of major changes in methodology, source data, and statistical techniques</b></p> <p>The major changes in the compilation methodology of IIP statistics and the data source shall be released in advance through the bulletin in official website of the SAFE. The SAFE has released articles about the BPM6 implementation and statistical adjustments in China. It also releases BOP statistics and the notes together to the public.</p>
<p><b>1.3 Ethical standards</b></p>	<p><b>1.3.1 Guidelines for staff behavior</b></p> <p>The employees of the BOP Department of the SAFE head office are civil servants. They shall perform duties in accordance with The Civil Servant Law of the People's Republic of China.</p> <p>The employees of the SAFE shall abide by The SAFE Working Rules</p> <p>According to Article 16 of the Measures: “Unless otherwise provided for by the law, the statisticians for the BOP shall not provide the specific declared data in any form to any institutions and individuals.”</p>
<p><b>2. Methodology</b></p>	
<p><b>2.1 Concepts and definitions</b></p>	<p><b>2.1.1 Concepts and definitions</b></p> <p>The conceptual framework and classification of China’s IIP statement are in accordance with the BPM6.</p> <p>However, due to the limitations on data sources and statistical methods, there are several deviations from the international standards when compiling the IIP statistics, as part of “2.2.1.2” for “exception”.</p>
<p><b>2.2 Scope</b></p>	<p><b>2.2.1 Scope</b></p> <p><b>2.2.1.1 Scope of the data</b></p> <p>In principle, the IIP statement of China records financial assets and liabilities of residents of China Mainland with the rest of the world. Residents of Hong Kong and Macao Special Administrative Regions and Taiwan Province of China are treated as non-residents in China’s IIP statistics.</p> <p><b>2.2.1.2 Exceptions to coverage</b></p> <p>Due to the difficulty in collecting the data, some international positions, such as employee stock options and the overseas investment in real estate, could not be fully covered.</p> <p><b>2.2.1.3 Unrecorded activity</b></p>

	For external stocks that may channel through underground banking, the SAFE does not include them in the IIP statistics.
<b>2.3</b> <b>classification/sectorization</b>	<b>2.3.1 Classification / sectorization</b> In principle, China's IIP data are classified and published according to the BPM6.
<b>2.4 Basis for recording</b>	<b>2.4.1 Valuation</b> In most cases, external positions are valued at market prices at the end of each quarter. For other investment such as loans and deposit, face values are used. <b>2.4.2 Recording basis</b> In principle, the IIP are recorded on an accrual basis. <b>2.4.3 Grossing/netting procedures</b> According to BPM6, the IIP statistics records external financial assets and liabilities separately. Assets and liabilities should not be netted out with each other under the same financial instruments.
<b>3. Accuracy and reliability</b>	
<b>3.1 Source data</b>	<b>3.1.1 Source data collection programs</b> Overall, the data sources of China meet the requirements to compile the China's BOP. The data sources include: the BOP, the FAL, and the surveys conducted by the SAFE; the statistics and administrative records of other government departments; the statistics published by international organizations. Data from relevant government departments are: the outward foreign direct investment statistics of the non-financial sector by the MOFCOM, and the statistics of the PBC. Data from the internet are also evaluated and used. For instance, the SAFE uses annual reports of the Chinese enterprises listed abroad to estimate Chinese equity liabilities. <b>3.1.2 Source data definitions, scope, classifications, valuation, and time of recording</b> <b>Direct Investment:</b> As to the assets, the source data include the FAL of the SAFE and the MOFCOM. As to the liabilities, the source data include the ITRS, estimates and annual Foreign Direct Investment Survey undertaken by the SAFE. <b>Portfolio Investment:</b> Data on portfolio investment assets (including the Qualified Domestic Institutional Investors (QDII)) are derived from the FAL of the SAFE. Data on overseas bond liabilities and the investment of the Qualified Foreign Institutional Investors (QFII) into China are from the SAFE. Data on equity liabilities of Chinese enterprise listed abroad are estimated by the SAFE. <b>Financial Derivatives:</b> Before 2015, financial derivatives were included under portfolio investment. Beginning from 2015

	<p>Q1, it is shown separately, and the data are mainly derived from the FAL.</p> <p><b>Other investment:</b></p> <p>Data on other investment liabilities are from the SAFE and the PBC. Data on other investment assets are from the SAFE, the PBC and other public accessible data.</p> <p><b>Reserve assets:</b></p> <p>Data on changes in reserve assets are from the PBC.</p> <p><b>3.1.3 Source data timeliness</b></p> <p>Most of the source data can meet time requirements to compile quarterly IIP data. For data with long time lag, estimates are used. For instance, stocks of nonfinancial sector direct investment (both assets and liabilities) are annual data with time lag of three quarters. Therefore, the SAFE uses estimates before obtaining the final data and uses the final data to revise the IIP statement of reference periods.</p>
<p><b>3.2 Assessment of source data</b></p>	<p><b>3.2.1 Source data assessment</b></p> <p>Two-step evaluation is used to check the data coverage and quality. First, the reported data should pass the logical check embedded in the submission system. Failure to go through the check leads to data modification and verification by the reporters. Second, for those passing the logical check, the SAFE will check the data quality by taking into account relevant factors. The check can be manually or with the help of the computer programs. The SAFE will return questionable data to the reporters and discuss with the relevant government agencies about the data concepts, coverage and quality.</p>
<p><b>3.3 Statistical techniques</b></p>	<p><b>3.3.1 Source data statistical techniques</b></p> <p>Beginning from 2015, the SAFE estimates round-tripping FDI and include it as direct investment assets in IIP statement. The estimate is used to supplement MOFCOM's outward FDI statistics on non-financial sector.</p> <p><b>3.3.2 Other statistical procedures</b></p> <p>The SAFE does not make seasonal adjustments to IIP.</p> <p>When releasing the IIP data, the SAFE also release short notes on the main items. The SAFE's interpretation on the IIP data will be published in the semi-year/ annual China's BOP Report.</p>
<p><b>3.4 Data validation</b></p>	<p><b>3.4.1 Validation of intermediate results</b></p> <p>As for the data submitted by the reporters, SAFE will check the data automatically by using the computer program according to the logical relationship among those data. At the same time, as for the data which could not be checked by the computer system, SAFE control the quality of those submitted data by guiding the branches to check regularly with the rules for checking.</p> <p><b>3.4.2 Assessment of intermediate data</b></p> <p>In line with the BPM6, the SAFE processes the original data to obtain the aggregate. The SAFE will also evaluate the data quality by comparing relevant data sets. For instance, The SAFE will check</p>

	<p>whether the volume of certain financial instruments fluctuate within reasonable range. It will also check the patterns of similar data sets and compare non-transaction and transaction flows of financial instruments.</p> <p><b>3.4.3 Assessment of discrepancies and other problems in statistical outputs</b></p> <p>The SAFE assesses whether BOP and IIP reconcile.</p>
<b>3.5 Revision studies</b>	<b>3.5.1 Revision studies and analyses</b>
	<p>When publish the annual IIP data, the SAFE will revise the previous year's quarterly IIP. The statistics in China's BOP Report also will be revised accordingly.</p>
<b>4. Serviceability</b>	
<b>4.1 Periodicity and timeliness</b>	<b>4.1.1 Periodicity</b>
	<p>The SAFE disseminated the annual IIP of 2004-2005 in 2006.</p> <p>Since 2011, the IIP data were disseminated on a quarterly basis.</p> <p>When publishing the year-end IIP data, SAFE disseminates the revised each quarter-end's IIP data of the previous year.</p> <p><b>4.1.2 Timeliness</b></p> <p>The time lag for the quarterly IIP is one quarter after the end of the reference quarter.</p>
<b>4.2 Consistency</b>	<b>4.2.1 Internal consistency</b>
	<p>To a large degree, the SAFE compiles quarterly IIP in a consistent way.</p> <p>Meanwhile, the SAFE updates the IIP data source when implementing BPM6, which leads to breaks in time-series data. New data source such as the FAL, estimate on external equity liabilities of Chinese enterprise listed abroad, and estimate on round-tripping DI assets contributes to the breaks.</p> <p>Also, before 2015, the SAFE did not demonstrate financial derivatives account separately in IIP. Beginning from 2015 Q1, financial derivatives have been shown explicitly in the IIP, which also contributes to the breaks in time-series data.</p> <p><b>4.2.2 Temporal consistency</b></p> <p>According to the BPM6, the BOP and the IIP should be reconciled.</p> <p>However, due to the time-lag in obtaining the final data, methodological changes and difficulty in retrieving historical data, flows and stocks are not necessarily reconciled for each recording period.</p> <p><b>4.2.3 Intersectoral and cross-domain consistency</b></p> <p>In general, BOP and IIP statistics are fully integrated with the National Accounts, the monetary and financial statistics in concept and data framework.</p>
<b>4.3 Revision</b>	<b>4.3.1 Revision schedule</b>
	<p>Since 2010, the revision mechanism is introduced to IIP statistics.</p>

	<p>Quarter-end IIP data is released by two steps: the preliminary data are released within 3 months after the reference quarter, and the revised data released with the year-end IIP of the next year.</p> <p><b>4.3.2 Identification of preliminary and/or revised data</b></p> <p>The SAFE releases both preliminary and revised quarter-end IIP. The preliminary data is to be released within 3 months after the reference quarter, and the revised data released together with the year-end IIP of the next year.</p> <p>The advance release calendar for the next year will be posted on the SAFE’s website at the end of each year. The calendar includes the release schedule of both preliminary and revised IIP. The SAFE will also declare in the news whether the IIP are preliminary or revised.</p> <p><b>4.3.3 Dissemination of revision studies and analyses</b></p> <p>When releasing the IIP data, the SAFE also release short notes on the main items.</p> <p>Information on major changes in methodology is provided in advance in news bulletin on the SAFE’s website, or as footnotes with the released time-series data.</p> <p>The SAFE’s interpretation on the IIP data will be included in the semi-year/ annual China’s BOP Report.</p>
<b>5. Accessibility</b>	
<b>5.1 Data</b>	<p><b>5.1.1 Statistical presentation</b></p> <p>The IIP Data are disseminated in millions of US dollars, demonstrating the following items:</p> <p>External financial assets include direct investment, portfolio investment, financial derivatives, other investment, and international reserves.</p> <p>External liabilities include direct investment, portfolio investment, financial derivatives, and other investment.</p> <p><b>5.1.2 Dissemination media and format</b></p> <p><b>Hard copy - New release</b></p> <p>The data are released simultaneously to all users on the SAFE ’ s official website (<a href="http://www.safe.gov.cn">http://www.safe.gov.cn</a>) .</p> <p><b>Hard copy - Weekly bulletin</b></p> <p>Currently, China does not compile each week-end’s IIP.</p> <p><b>Hard copy - Monthly Bulletin</b></p> <p>Currently, China does not compile each month-end’s IIP.</p> <p><b>Hard copy - Quarterly bulletin</b></p> <p>SAFE disseminates the quarter-end IIP statements quarterly on the SAFE’s official website (<a href="http://www.safe.gov.cn">http://www.safe.gov.cn</a>).</p>



	<p><b>Hard copy - Other</b></p> <p>Complete IIP statements are disseminated in the SAFE's Annual Report, which was first published in 1997 both in Chinese and in English, and in BOP Annual Report, which was first published in 1999 both in Chinese and in English. Complete IIP statements are also disseminated in China's BOP Report, which was first published in 2005 both in Chinese and in English.</p> <p>Other media, such as the news media, newspapers or other websites would reprint IIP data from the website of the SAFE, but they are not the official channel for releasing the IIP data.</p> <p><b>Electronic - On-line bulletin or data</b></p> <p>The SAFE disseminates the quarter-end IIP statements quarterly on the official website of the SAFE. (<a href="http://www.safe.gov.cn">http://www.safe.gov.cn</a>).</p> <p><b>Electronic - Other</b></p> <p>Other media, such as the news media, newspapers and other websites would reprint IIP data from the website of the SAFE, but they are not the official platforms to disseminate the IIP data.</p> <p><b>5.1.3 Advance release calendar</b></p> <p>The advance release calendar for the next year is posted on the SAFE's website at the end of each year. The calendar includes the releasing time of the BOP, IIP, and the international trade in goods and services.</p> <p><b>5.1.4 Simultaneous release</b></p> <p>The data are released simultaneously to all users on the SAFE's website.</p> <p><b>5.1.5 Dissemination on request</b></p> <p>As for the unpublished non-confidential data, in principle, the SAFE will not provide to the individual users on their demand. But, SAFE will share the relevant aggregate data among the data suppliers in response to their needs.</p> <p>The SAFE is dedicated to increasing data transparency, according to the changing circumstances and conditions.</p>
<p><b>5.2 Metadata</b></p>	<p><b>5.2.1 Dissemination of documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques</b></p> <p>The documentation on China's IIP concepts, scope, classifications, basis of recording, data sources, and statistical techniques can be accessed in the China's metadata on SAFE's website.</p> <p><b>5.2.2 Disseminated level of detail</b></p> <p>The SAFE applies the presentation illustrated in BPM6 for BOP/IIP. The level of detail is the same to all data users.</p>