

Frequently Asked Questions

1. What is the Coordinated Direct Investment Survey (CDIS)?

The CDIS is an IMF-led worldwide coordinated exercise to collect data on direct investment positions. The purpose of the CDIS is to improve the quality of **direct investment position** statistics in the international investment position (IIP) and the availability of these statistics by **immediate counterpart economy**. The CDIS supports the objective of developing **from-whom-to-whom** cross border data on direct investment positions, complementing the Coordinated Portfolio Investment Survey (CPIS), and contributes to a better understanding of financial interconnectedness.

2. Are CDIS data position or flow data?

CDIS includes only direct investment position (stock) data.

3. What is direct investment?

Direct investment arises when a unit resident in one economy, which is called **direct investor**, makes an investment that gives **control or a significant degree of influence** on the management of an enterprise that is resident in another economy which is called **direct investment enterprise**. There is a significant degree of influence when a direct investor owns equity that entitles it to **10 percent or more** of the voting power in the direct investment enterprise (which is usually equal to ownership of ordinary shares). Equity and debt instrument positions between units in a direct investment relationship are included in direct investment, except for debt between selected affiliated financial corporations (see question number 18). Included in direct investment are fellow enterprises.

4. What is the valuation basis for equity and debt instrument positions in the CDIS?

Market value is the recommended basis for valuation for listed equity and debt securities. **Unlisted equity** and other equity should be valued using the concept of **own funds at book value (OFBV)** (as proxy for market value) obtained from the books of the direct investment enterprise. It is the sum of paid-up capital, all types of reserves identified as equity, cumulated reinvested earnings, and cumulated retained holding gains or losses included in own funds. OFBV is the recommended basis for valuation for unlisted equity in the CDIS (in order to ensure data comparability). However, OFBV is one of many options to value unlisted equity provided by the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* and OECD's *Benchmark Definition of Foreign Direct Investment (BD4)*. **Debt instruments other than debt securities** – that is, loans, deposits, insurance, pension, and standardized guarantee schemes, trade credit and advances, and other accounts payable/receivable– are to be valued at **nominal value**. Nominal value is defined as the amount the debtor owes to the creditor, which comprises the outstanding principal amount including any accrued interest not yet paid.

5. What are fellow enterprises?

They are enterprises resident in different economies that are under the control or influence of the same direct investor, but neither fellow enterprise controls or influences

the other fellow enterprise (they do not hold 10 percent or more of the voting power in the other). Asset and liability positions in equity and debt instruments with fellow enterprises are to be included in the CDIS. Some CDIS participant economies are able to separately identify and report positions with fellows, while others only report fellows data aggregated within total direct investment position.

6. What is reverse investment?

Reverse investment is the investment by a direct investment enterprise in its direct investor. Reverse investment also includes debt instrument claims of a direct investment enterprise on its direct investor.

7. What does Inward direct investment mean?

Inward direct investment includes all liabilities and assets (reverse investment) of resident direct investment enterprises with their nonresident direct investors. It also covers assets and liabilities between resident and nonresident fellow enterprises if the ultimate controlling parent (enterprise at the top of the control chain) is nonresident. If the residence of the ultimate controlling parent is unknown, liabilities are treated as inward. Inward direct investment is also called **direct investment in the reporting economy**.

8. What does Outward direct investment mean?

Outward direct investment covers assets and liabilities (reverse investment) of resident direct investors with their nonresident direct investment enterprises. It also covers assets and liabilities between resident and nonresident fellow enterprises if the ultimate controlling parent (enterprise at the top of the control chain) is resident. If the residence of the ultimate controlling parent is unknown, assets are treated as outward. Outward direct investment is also called **direct investment abroad by the reporting economy**.

9. What is the directional principle basis?

The directional principle is a presentation of direct investment data organized according to the direction of the direct investment relationship. Under the directional principle basis, the investment by a direct investment enterprise in its direct investor (reverse investment) is netted against investment by the direct investor in the direct investment enterprise (inward direct investment is comprised of the liabilities of the resident direct investment enterprise to its nonresident direct investor minus the assets of the resident direct investment enterprise on its nonresident direct investor; outward direct investment is comprised of the assets of the resident direct investor on its nonresident direct investment enterprise minus the liabilities of the resident direct investor to its nonresident direct investment enterprise). In addition, asset and liability positions in equity and debt instruments with fellow enterprises are included in inward and outward depending on the residence of the ultimate controlling parent (see questions 7 and 8). The presentation of CDIS data into inward and outward follows the **directional principle basis**.

10. What is the assets/liabilities principle basis?

The assets/liabilities principle is a presentation of data organized according to whether the investment relates to an asset or liability. The presentation of the international

investment position according to the *Balance of Payments and International Investment Position Manual (BPM6)* standard presentation follows the **asset/liability basis**.

11. What is the meaning of negative direct investment position data in the CDIS?

Direct investment positions are negative when a direct investor's claims (equity and/or debt) on its direct investment enterprise are less than the direct investment enterprise's claims (equity and/or debt) on its direct investor. Direct investment positions also could be negative due to net negative positions with fellows. Direct investment equity positions also could be negative due to negative retained earnings (which may result from the accumulation of negative reinvested earnings).

12. What does mirror data mean?

Mirror data are data as reported by counterpart economies. For a given economy A with inward investment from economy B, its mirror data would be the outward investment reported by B in economy A. Similarly, for this given economy A with outward investment in economy B, its mirror data would be the inward investment reported by B from economy A. Using inward (outward) direct investment positions reported by CDIS participant economies, "mirror" data on outward (inward) direct investment positions of their counterpart economies **can be derived**. Mirror data should be used with caution as they have **limitations**. For example, some relevant counterparts of the compiling economy may not participate in the CDIS, or may not provide information because of confidentiality reasons or because the data fall below a reporting threshold.

13. Why are mirror data useful?

For economies that do not participate in the CDIS (and for economies that do not collect direct investment positions), mirror data can provide insights of inward and outward positions. These data can be used as an indicator until data from direct investment surveys are available. **For economies that participate in the CDIS**, mirror data could be used to cross check and verify their own estimates and may also be useful in highlighting data gaps or errors at counterpart economy level.

The CDIS database contains tables (please see **Tables 3-i and 3-o**) that present mirror data. This allows data to be easily compared by direct investment partner economies and to identify asymmetries (See [CDIS Project on Bilateral Asymmetries](#)).

14. What does derived data mean?

Derived data for a given economy are data for this economy calculated based on mirror information. For a given economy A with inward investment from economy B, its derived inward data would be the outward investment reported by B in economy A. Similarly, for this given economy A with outward investment in economy B, its derived outward data would be the inward investment reported by B from economy A. **The CDIS database contains indicators with derived data** (inward direct investment positions, derived; inward equity positions, derived; etc.). Users can build their own queries with derived data (See [Query tab](#)).

15. Why are derived data useful?

Derived data are calculated based on mirror data, therefore usefulness and limitations of mirror data apply to derived data (see questions 12 and 13 above).

16. Could direct investment in the CDIS arise from positions between residents?

No, direct investment positions in the CDIS **cover cross-border positions by immediate counterpart economy.**

17. What is the difference between the immediate counterpart economy and the ultimate investing economy?

The **immediate counterpart economy** is the **first** counterpart economy. The CDIS collects direct investment data by immediate counterpart economy. **The ultimate investing economy** is the economy in which the ultimate investor is resident. The **ultimate investor** is the enterprise that has control over the investment decision to have a direct investment position in the direct investment enterprise. As such, the ultimate investor controls the immediate direct investor and is, therefore, the ultimate controlling parent of this investor. It is identified by proceeding up the immediate direct investor ownership chain through the controlling links (ownership of more than 50 per cent of the voting power) until an enterprise is reached that is not controlled by another enterprise. If there is no enterprise that controls the immediate direct investor, then the immediate direct investor might be considered the ultimate investor in the direct investment enterprise.

18. Does CDIS cover position data for all sectors?

CDIS covers direct investment position data for all institutional sectors. However, for direct investment in the form of debt instruments between financial intermediaries, some exclusions apply. Debt between selected affiliated financial corporations is not classified as direct investment because it is not considered to be so strongly connected to the direct investment relationship. The financial corporations covered by this case are: (a) deposit-taking corporations (both central banks and deposit-taking corporations other than the central bank); (b) investment funds; and (c) other financial intermediaries except insurance corporations and pension funds. In other words, the usual direct investment definitions apply for captive financial institutions and money lenders, insurance corporations, pension funds, and financial auxiliaries.

19. Is equity in international organizations included in direct investment when the voting power is 10 percent or more?

No, equity in international organizations is excluded from direct investment.

20. Are foreign portfolio investment positions included in the CDIS?

If there are positions in securities (equity and or debt) between units in a direct investment relationship (except for debt between selected affiliated financial corporations), such positions are to be included in the CDIS. Data on bilateral portfolio investment positions are available from the IMF's Coordinated Portfolio Investment Survey (CPIIS).

21. Is real estate included in CDIS?

Nonresident investment in real estate, by convention, is treated as direct investment and should be included as direct investment equity (if the share of voting power is of 10 percent or more). Nevertheless, there are some exceptions; e.g.; when foreign government and/or international organizations acquire real estate for their enclaves (embassies, consulates, military bases, etc.).

22. Are all economies participating in CDIS?

Participation in the CDIS is voluntary. The IMF is actively working to expand participation. Information on data availability can be found in the “CDIS Data Availability” report. Data for both inward and outward direct investment positions are sought; nonetheless, for economies where outward direct investment is not material, data on inward direct investment positions are sufficient for participation in the CDIS.

23. What is the earliest period available of the CDIS?

CDIS data are available from 2009 onwards. The CDIS collects annual data.

24. Do you have more detailed information that is not published?

All non confidential CDIS data reported to the IMF are published.

25. How often are CDIS data updated and revised?

CDIS data are updated and revised once a year, in mid-December.

26. What does the symbol "C" mean in the CDIS database?

“C” means that data are confidential.

27. Where can I find information on the methodology used by CDIS reporting economy?

Details for individual reporting economies can be found in the CDIS metadata. Most CDIS participating economies report metadata. The metadata explain the methodology they use to collect and compile their CDIS data and any deviation from the CDIS recommended standards. The metadata provide useful information for data users about compilation methods and practices, data sources, and collection methods. Users can get metadata responses by economy (including specific comments provided by participating economies), or cross-economy metadata comparisons in the reports available on the CDIS website.

28. Is there other bilateral information on direct investment disseminated by the IMF?

The CDIS is the only IMF database that includes inward and outward direct investment positions cross classified by immediate counterpart economy. In addition, there are two data sets that contain information on direct investment: (i) **balance of payments**, which includes **transactions** in direct investment assets and direct investment liabilities as well as transactions in direct investment income and (b) **international investment position (IIP)**, which includes positions in direct investment assets and liabilities. Both balance of

payments and IIP data are reported by economies at a global level, with no breakdown by counterpart economy (See data.imf.org).

29. What are the differences between direct investment data in the International Investment Position (IIP) and the CDIS?

Both datasets follow the statistical framework for direct investment established in the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*. The IIP and CDIS include only **position** data. However, **CDIS and IIP data are presented on different basis**: CDIS data are presented on the **Directional Principle basis** (broken down between inward and outward) and direct investment data in the IIP are presented on the **Asset/Liability basis** (according to *BPM6* standard presentation), which could be used to derive data on directional basis. Data in the CDIS **should be consistent** with direct investment data in the IIP. **Discrepancies between IIP and CDIS data, however, could arise** for example when there are different compiling agencies, different vintages of data, different coverage, or due to methodological reasons (such as different valuation methods for unlisted equity). In order to improve the consistency of IIP and CDIS data, the 2015 *CDIS Guide* recommends certain **good practices** be carried out by CDIS reporting economies.

30. Are CDIS data required to participate in the SDDS Plus? What is the minimum requirement?

CDIS data are required to participate in the SDDS Plus. The SDDS Plus requires participants to report inward direct investment by immediate (first) direct investor, by counterpart economy, for both equity and debt instruments. Gross debt liabilities and gross debt assets must be shown separately by immediate counterpart economy of direct investor. The SDDS Plus prescribes annual data, as of the end of December each year. The SDDS Plus requires preliminary data to be reported to the IMF within nine months after the end of the reference year.