

IV. ANNEX

Recent Developments in International Financial Statistics and Evolution of Statistics Compiled by the Central Bank of China

The recurrent international financial crises since the mid-1990s have prompted international organizations and central banks worldwide to undertake detailed research on the symptoms and indicators of potential financial vulnerabilities. The complexity of the global financial architecture, however, makes it impossible for any single indicator to assess whether a financial system is stable. Instead, a wide array of concepts needs to be considered to form an overall picture of the health of a financial system. Unquestionably, sufficient statistics provide one of the major sources of information to support this task. This annex will provide a brief review of the recent developments in international financial statistics and evolution of statistics compiled by the Central Bank of China.

Recent Developments in International Financial Statistics

In retrospect, recent developments in international financial statistics go back to the World Bank's requirements for its developing member countries to submit external debt statistics. The Bank for International Settlements (BIS) in a subsequent move started compiling banks' international assets and liabilities data. Over recent years, the International Monetary Fund (IMF) has also actively promoted the Special Data Dissemination Standards (SDDS) and the Macprudential Indicators (MPIs). Furthermore, the BIS, the IMF, the World Bank and the Organization for Economic Cooperation and Development (OECD) jointly published a quarterly release of statistics on the external debt of 176 countries over the world. In general, the above efforts have been geared toward two main directions: strengthening international financial statistics and establishing statistics disclosure standards.

In terms of strengthening international financial statistics, the related statistics can be classified into the following three categories: (1) from debtor sources: such as the World Bank statistics on long-term external debt, (2) from creditor sources: such as the BIS data on international financial claims and liabilities of bank offices resident in reporting countries, and

(3) from both debtor and creditor sources: such as the joint BIS-IMF-OECD-World Bank statistics on external debt. These statistics show a country's external debt conditions and the international assets and liabilities positions of its banking sector, and therefore are important indicators of the country's financial stability.

In addition, those statistics are used to calculate a number of early warning indicators for measuring financial crises or financial vulnerability. For example, the ratio of short-term external debt to foreign exchange reserves measures the appropriate level of a country's foreign exchange reserves, and the ratio of external debt to exports or GDP measures a country's credibility and solvency. Regular and correct disclosure of external claims and liabilities complies with the international trend of information transparency. It not only helps the international community and the local public to gain a deeper understanding of a country's external claims and liabilities but also serves as an important reference for the government to manage external debt payments (liquidity management) and financial institutions' exposure to country risk.

As for establishing statistics disclosure standards, the main purpose is to set a unified standard for the disclosure of various statistics. The SDDS and MPIs established by the IMF are notable examples. The standardization of the disclosure format of statistics (especially financial statistics) enhances the transparency of financial markets, enables cross-country comparison and also helps countries identify and evaluate the potential problems of their financial environments.

Recent Evolution of Financial Statistics Compiled by the Central Bank of China

(1) Conformation of Financial Sector and External Sector Data to the SDDS

Due to the fact that our country, the Republic of China (Taiwan), is not a member of the IMF, the Bank is barred from subscription to the SDDS. The Bank cannot present its SDDS metadata on the Dissemination Standards Bulletin Board (DSBB), nor can it develop hyperlinks on the DSBB to our national summary data page. Nevertheless, the Bank continues to observe international practices and strengthen statistical quality as well as information transparency. The Bank on its own initiative has released the statistical items, data pages and advanced release calendars of Taiwan's financial and external sectors in line with the SDDS as from the end of December 1998. These statistics are regularly updated and available to the public on the Bank website (<http://www.cbc.gov.tw/economic/estatistics/sdds/sdds.htm>).

With regard to financial sector data, statistics released by the Bank largely conform to the SDDS in coverage, which comprise the analytical accounts of the banking sector and the central bank (covering monetary aggregates, claims on the public and private sectors, external positions, and reserve money among other items), interest rates and stock price indices. The Bank's data on the external sector comply with the SDDS in areas such as balance of payments, merchandise trade and exchange rates. The Bank also compiles and disseminates external debt statistics but has yet to conform to the specifications of the SDDS. The IMF requires subscribers to the SDDS to disclose external debt statistics by maturity (long-or short-term), sector (general government, monetary authorities, banks and other sectors) and instrument (not yet specified) as from March 2003. Currently, no the SDDS subscribers have made available their external debt statistics in the SDDS.

(2) External Debt Statistics

The data of the long-term external public debt (with a maturity of over one year) of the R.O.C. were first compiled by the Bank in 1971 and began to be released in the Balance of Payments Quarterly in 1983. In 1987, the Bank began compiling long-term external debt of private enterprises data, which mainly include medium- and long-term borrowings from foreign financial institutions, installment loans for import financing from foreign suppliers, loans from parent companies abroad, external corporate bonds and other foreign currency debts. However, these data are not available to the public.

In 1998, the Bank further extended external debt statistics to cover external debt with a maturity of up to and including one year. In the breakdown, short-term external public debt includes repurchased government bonds bought by qualified foreign institutional investors (QFIs), overseas Chinese and foreigners, and by domestic investment trust companies with funds raised overseas; while short-term external private debt includes short-term foreign liabilities of domestic banking units (DBUs) such as interbank deposits and call-loans from foreign banks and interbranch accounts, and short-term offshore liabilities of offshore banking units (OBUs) such as interbank deposits and call-loans from offshore banks and deposits from offshore firms, as well as import trade credit of private enterprises. By compounding short-term private external debt with short-term public external debt and long-term private and public external debt, the total external debt of the R.O.C. is compiled.

To sum up, the Bank has extended external debt statistics from long-term external public debt to total external debt, which covers external public debt and external private debt and

is further broken down into long-term and short-term. Data are available as from the end of June 1999, listed in the Balance of Payments Quarterly from the August 2001 edition onwards, and can also be downloaded from the Bank website (<http://www.cbc.gov.tw>).

(3) Banks' International Assets and Liabilities Statistics

Banks' international assets and liabilities statistics have been compiled since the first quarter of 2000 when Taiwan became a reporting country in the BIS international banking statistics (from creditor sources). Since then, the Bank has submitted local banks' international assets and liabilities and domestic banks' consolidated cross-border claims in the required format to the BIS on a quarterly basis. The BIS started disseminating statistics on the international assets and liabilities of Taiwan's local banks in its BIS Quarterly Review as from June 2001, which cover the data from the end of December 2000. In the meantime, the consolidated cross-border claims of Taiwan's domestic banks as from the end of December 2000 onwards are available on the BIS website.

The Bank compiles and disseminates banks' international assets and liabilities data, which include locational financial statistics of local banks and consolidated cross-border claims of domestic banks. Data are available as from the end of June 2000 and released on a quarterly basis in the addendum of the Balance of Payments Quarterly and also on the Bank website.

Locational financial statistics gather financial assets and liabilities of local banks (consisting of domestic banks, local branches of foreign banks, and their OBU's located in Taiwan) vis-à-vis non-residents in all currencies (including foreign currencies and the NT dollar) and vis-à-vis residents in foreign currencies. Data released by the Bank are broken down by instrument (loans and deposits, debt securities, and others), customer (residents and non-residents) and external positions in foreign currencies.

Consolidated cross-border claims measure the international claims of domestic banks (including their OBU's and overseas branches), covering claims vis-à-vis non-residents in all currencies and vis-à-vis residents in foreign currencies. Data are broken down by area, maturity and sector.