

Annual Coordinated Portfolio Investment Survey

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1. Introduction

The Coordinated Portfolio Investment Survey (CPIS) is conducted on an annual basis under the auspices of the International Monetary Fund (IMF). The purpose of the CPIS is to collect information on the stock of cross-border holdings of securities (equity securities and long- and short-term debt securities) valued at market prices prevailing at end-December of the reference year, and broken down by the economy of residence of the issuer of the securities. The coverage of the CPIS is extended with information from two other surveys, namely, Securities Held as Foreign Exchange Reserves (SEFER) and Securities Held by International Organizations. The data sets for these two surveys are not disclosed at a detailed level because the data are reported confidentially. Together, however, the three surveys provide a global database on the stock of cross-border holdings of securities, broken down by the economy of residence of the issuer of the securities and cross-classified by type of security.

The IMF is considering a number of enhancements to its CPIS. The recent global financial crisis has led to considerable user interest in the data set, as the only global exercise measuring portfolio investment on a from-whom-to-whom basis. This interest has led to requests from important data users for

enhancements in the CPIS data set, most important in terms of frequency and timeliness, but also in terms of scope. The IMF would like the CPIS to be completed semi-annually and on a more timely basis. The proposal is to move the dead-line for the submission of a country's data from mid-October to mid-July. Another enhancement proposed is to broaden the scope of the CPIS to obtain information on the institutional sector of the foreign debtor and on negative or short positions in securities, and to collect information on the nationality of holders of securities.

2. CPIS/SEFER

Since 2001, the Centrale Bank van Aruba (CBA) has coordinated the CPIS for Aruba and has also participated in the SEFER. Through these surveys, the CBA collects annual data on the stock of cross-border equities, long-term debt instruments, and short-term debt instruments, broken down by economy of residence of issuer and holder. This information is used to compile the balance of payments statistics and the international investment position (IIP) of Aruba.

As was the case for the previous surveys, the data are collected by surveying the end investor. Surveyed for Aruba are, among others, banks, insurance companies, and pension funds. The CPIS does not yet include data for the household sector, the offshore

companies, and the Aruba Exempt Corporations (AVVs).

3. Results from the 2009 CPIS

3a. Reported portfolio investment assets

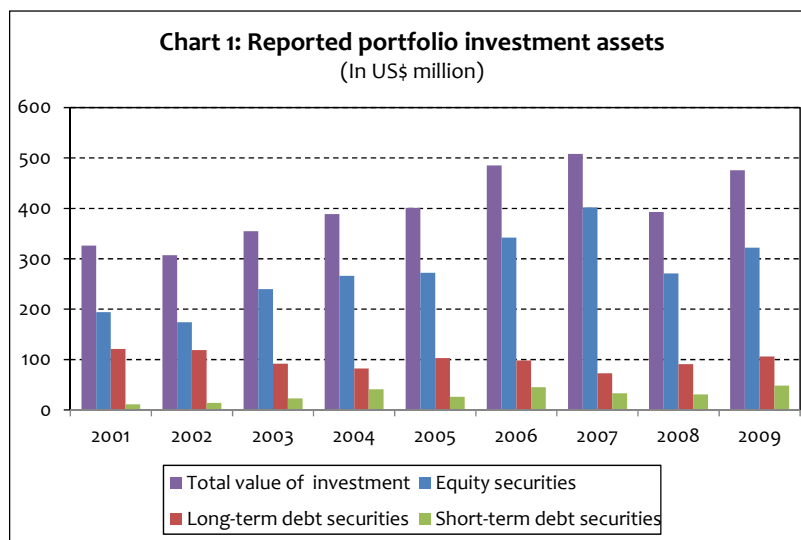
Table 1 shows the results of Aruba's reported portfolio investment assets for the period 2001-2009, broken down by equity and debt securities (long- and short-term) (Chart 1). Aruba's reported

total portfolio investment assets amounted to US\$ 476 million at the end of December 2009 (2007: US\$ 508 million; 2008: US\$ 393 million) and consisted largely of equity securities amounting to US\$ 322 million or 68 percent of Aruba's total portfolio investment assets. In addition, long-term and short-term debt securities amounted to, respectively, US\$ 106 million (22 percent) and US\$ 48 million (10 percent) at end-2009.

Table 1: Reported total portfolio investment assets by securities

(End of period, in millions of U.S. dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Equity securities	194	174	240	266	272	342	402	271	322
Long-term debt securities	121	119	92	82	103	98	73	91	106
Short-term debt securities	11	14	23	41	26	45	33	31	48
Total value of investment	326	307	355	389	401	485	508	393	476



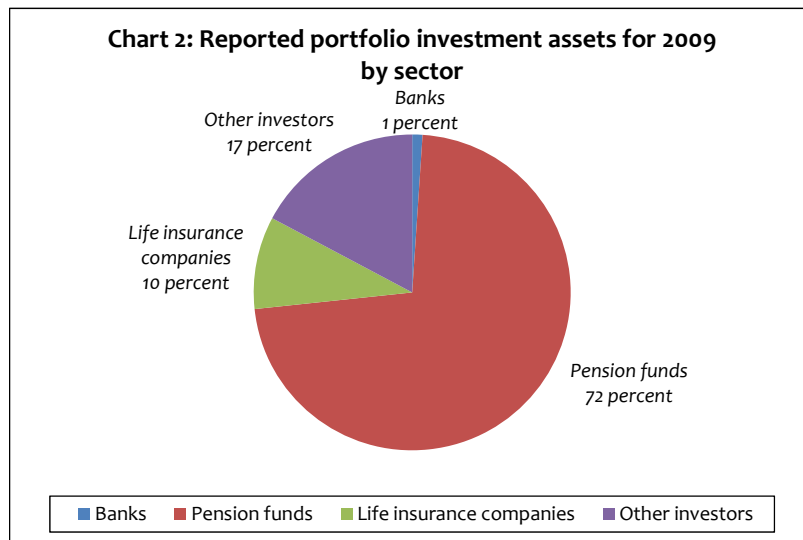
The share of equity securities in Aruba’s total portfolio investment decreased by one percentage point to 68 percent at the end of December 2009 compared to end-December 2008. The share of long-term debt securities also fell by one percentage point to 22 percent, while that of short-term debt securities rose by 2 percentage points to 10 percent. As was the case in previous years, Aruba’s share in the total reported portfolio investment assets of all participating economies was negligible.

Broken down by sector, the share of pension funds in Aruba’s total portfolio investment assets dropped by 2 percentage points to 72 percent in 2009. The shares of the other sector, which includes business enterprises, and life insurance companies were, respectively, 17 percent and 9 percent. The share of banks (onshore and offshore) stayed relatively small at 1 percent (Chart 2).

Table 2: Reported total portfolio investment assets by sector

(End of period, in millions of U.S. dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Pension funds	228	201	260	289	292	361	388	291	344
Insurance companies	46	41	35	24	33	33	44	35	45
Banks	27	41	26	29	18	20	6	4	5
Other	25	24	34	47	58	71	70	63	82
Total value of investment	326	307	355	389	401	485	508	393	476



The primary market where Aruba's residents have invested was the United States with 63 percent at end-December 2009 (2008: 59 percent), followed by Luxembourg and the Netherlands Antilles,

both with 9 percent. In addition, the Netherlands accounted for 3 percent at end-December 2009. The residual category was 16 percent (Chart 3).

Table 3: Reported total portfolio investment assets by country of nonresident issuer
(End of period, in millions of U.S. dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Japan	1	1	2	7	10	16	12	8	8
Luxembourg	n.a.	n.a.	n.a.	n.a.	1	52	23	41	42
Netherlands	6	3	6	20	17	39	21	16	12
Netherlands Antilles	10	21	23	26	28	18	34	35	42
United Kingdom	7	4	8	9	14	19	15	9	8
U.S.A.	247	227	290	291	291	282	323	233	299
Other countries	55	51	26	36	40	59	80	51	65
Total value of investment	326	307	355	389	401	485	508	393	476

n.a. = data not available

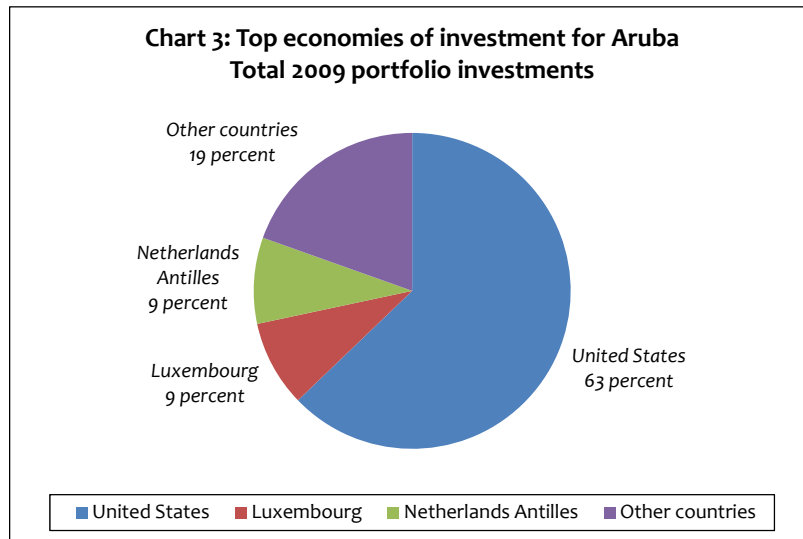


Table 4: Portfolio investment liabilities (derived from creditor data)

(End of period, in US\$ million)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Equity securities	114	0	101	69	69	1	1	6	-1
Debt securities	293	579	1,483	2,095	2,432	2,205	2,853	2,730	2,376
Total portfolio	407	579	1,584	2,164	2,501	2,206	2,854	2,736	2,375

3b. Derived portfolio investment liabilities

Table 4 shows Aruba's derived portfolio investment liabilities by country of nonresident holder as derived by the IMF from the CPIS reports of other participating countries that are holders of the securities issued in Aruba. Preliminary results indicate that Aruba's total portfolio investment liabilities (derived from creditor data) amounted to US\$ 2,375 million at the end of December 2009, a decrease of 13 percent compared to end-December 2008. However, based on the quarterly Portfolio Investment Reports, the so-called PIR, submitted to the CBA, and available government finance statistics, the reported outstanding portfolio investment liabilities amounted to only US\$ 600 million at end-December 2009 (2008: US\$ 592 million). Again, a large discrepancy exists between the reported and derived portfolio investment liabilities.

The large discrepancy between the reported and derived portfolio investment liabilities could be attributed to (1) nonparticipation in reporting of some enterprises in Aruba, (2) under-reporting or misclassification of cross-border portfolio investment by reporting

enterprises in Aruba, and, most importantly, (3) nonparticipation in reporting of the so-called offshore companies and AVVs established in Aruba that use the service of trust companies and other service providers as their registered office. The Statistics Department (STATD) plans to reduce this discrepancy by obtaining information of these offshore companies and AVVs.

4. Concluding remarks

As in previous years, Aruba's share in the global overall results of the CPIS was negligible. Nevertheless, it is important for Aruba to continue gathering data on portfolio investment, as these data and the data obtained through the PIR provide additional information on portfolio investment-related stock and flows as recorded in, respectively, Aruba's balance of payments and the IIP.

For future CPIS, the following changes are recommended. In February 2009, the State Ordinance on the Supervision of Trust Service Providers became effective. This ordinance gives the CBA a tool to obtain relevant data on portfolio investment from trust companies on their clients, which comprise the offshore companies and AVVs registered in Aruba

with nonresident status, and that engage in portfolio investment transactions. The CBA also will approach the AVVs established after January 1, 2006, that have not requested nonresident status and that, based on available information from the balance of payments, engage in portfolio investment transactions. Also,

the CBA will once more approach the domestic banks that invest on behalf of their resident clients in order to get the relevant data to include the household sector in the CPIS.

As for the IMF's proposed enhancements to future CPIS, the CBA will strive to comply as much as possible.