

Box 9. China: Subscribing to the SDDS

China's statistics have attracted unusual attention in recent years, particularly in the area of national accounts. Given China's status as the world's second largest economy, the controversy surrounding the quality of its statistics, particularly in regard to the actual size and rate of growth of the economy, is watched closely by academics, markets, and politicians the world over. The controversy is at its most heated in regard to quarterly real growth figures, where analysts often display a wide range of estimates at variance from the official preliminary figures.

Similarly, in line with the lower growth rates they estimate, some analysts believe China has overestimated the size of its economy. However, a recent study (Rosen and Bao, 2015) delved into the details of the Chinese statistical system, conducted robustness checks, and concluded that "China has made great progress in modernizing GDP statistics" and, if anything, the overall size of China's economy is underestimated. Indeed, they find that, if China were to switch from using the 1993 SNA to the 2008 version, its economic size could be as much as 13–16 percent larger—not a minor discrepancy for an economy of such global import.

The IMF has not stayed on the sidelines of these developments. Staff missions have discussed perceived data weaknesses with the authorities and included their assessment of the adequacy of the data in their reports. These assessments present a picture of slow but steady improvement over time. Whereas in the 1990s, staff raised major concerns across

virtually all sectors of the economy, viz., "... deficiencies in China's economic statistics are seriously complicating economic policy making and hampering effective surveillance . . .,"¹ by 2005, staff was balancing the discussion of weaknesses with recognition of the efforts at improvement made by the authorities. From 2008 onwards, economic statistics were deemed to be broadly adequate for surveillance (a rating of B in the Statistical Issues Appendix), despite some shortcomings, particularly in the areas of national accounts and government finance.

Part of the perceived improvement can be attributed to the technical assistance provided by the IMF and other international organizations. Over the past 25 years, the Fund sent close to 160 technical assistance missions on statistics to China. These missions covered all sectors of the economy, with an initial emphasis on the balance of payments, monetary statistics, and the national accounts. Subsequently, fiscal and financial sector statistics acquired more prominence. As an important step, on September 30, 2015, China for the first time reported the currency composition of its international reserves (COFER) to the IMF on a partial basis, with plans to gradually move to full coverage within two to three years. The progress made in the statistical area enabled China to subscribe to the SDDS on October 7, 2015.

¹ IMF (1996a).

information on methodologies and sources—monitorable proxies—to facilitate this assessment. These metadata are published in an IMF-supported bulletin board, the Dissemination Standards Bulletin Board (DSBB), "as provided to the IMF," leaving the responsibility for their accuracy and reliability with the subscribing country. This setup implies that a country may be in full observance of the standards, and reported as such in the DSBB, while at the same time providing faulty data—potentially in breach of its obligations under Article VIII, Section 5 (see Box 2 above). This could have clear repercussions for the credibility of the dissemination initiatives.

100. Data users' misperception regarding the endorsement of data quality by the Fund spreads to the dissemination initiatives. While the evaluation found a remarkable lack of familiarity with and use of the initiatives (Figure 12), more important was the finding that, among those who are familiar, a significant number believe that a country's participation in the GDDS or SDDS implies that the Fund is monitoring and/or endorsing the data quality.

101. Data producers, especially in low-income and emerging market countries, expressed positive opinions regarding the impact of subscription on dissemination practices, data quality, and third parties' perception of national data (Figure 13). Their opinions were more mixed, however, regarding the effect of these initiatives on access to financial markets. Empirical analysis for this evaluation (De Resende and Loyola, 2016) could not find convincing evidence of the effects of the SDDS on subscribers' gross foreign direct investment inflows, exchange rate volatility, or sovereign borrowing costs, in contrast to the findings in some earlier work by IMF staff.

... and collaborates with international partners in statistics.

102. In addition to its work on standards and methodologies, the IMF has a long history of collaboration with other international organizations in the statistical realm, including on allocation of data responsibilities, sharing of data, reduction of overlapping data requests