Results of the 2011 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 CPIS collects information on the stock of cross-border holdings of equity and long- and short-term debt securities broken down by the economy of residence of the issuer. These securities are valued at market prices prevailing at end-December of the reference year. 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. These data sets are disseminated at an aggregate level only, as the data are reported on a confidential basis. 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.

In response to data gaps identified in the wake of the recent financial crises, a number of enhancements are being incorporated to the CPIS effective with the data that would be reported for June 2013. These enhancements include (a) conducting the CPIS on a semi-annual frequency, with data to be reported for both end-June and end-December of each year, (b) accelerating the timeliness of data submission to –and of data redissemination by– the IMF, and (c) introducing additional voluntarily reported data items on the sector of foreign debtor, and on short (negative) positions.

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 equity, and long- 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 results, identifying the value of positions in equity and debt securities as of end-2011, cover banks, insurance companies, pension funds and other investors.

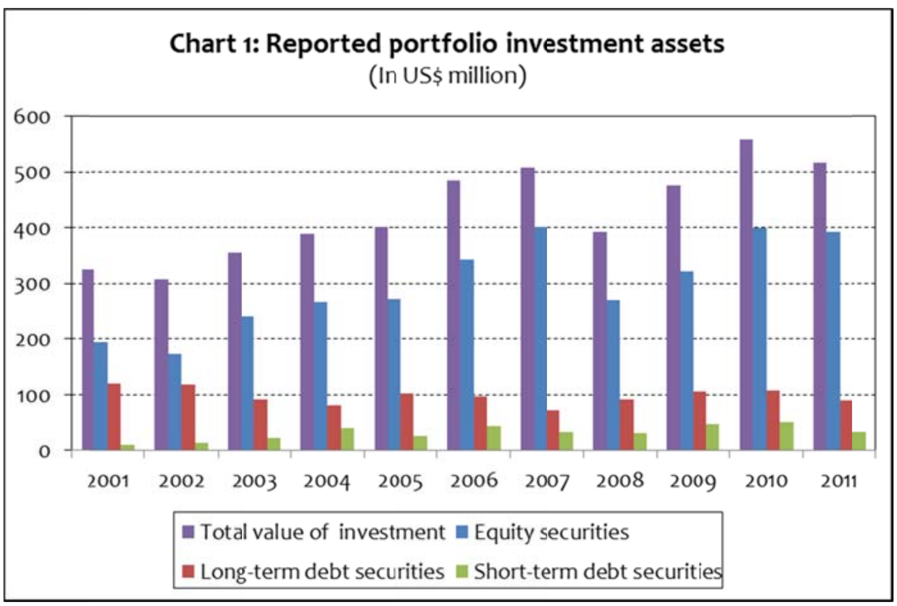
3. Results from the 2011 CPIS

3a. Reported portfolio investment assets

Table 1 shows the results of Aruba's reported portfolio investment assets for the period 2001-2011, broken down by equity and long- and short-term debt securities (Chart 1). Aruba's reported total portfolio investment assets amounted to US$ 516 million at the end of December 2011 (2009: US$ 476 million; 2010: US$ 558 million) and consisted largely of equity securities amounting to US$ 393 million. In addition, long- and short-term debt securities amounted to, respectively, US$ 90 million and US$ 33 million at end-2011.

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	2010	2011
Equity securities	194	174	240	266	272	342	402	271	322	399	393
Long-term debt securities	121	119	92	82	103	98	73	91	106	108	90
Short-term debt securities	11	14	23	41	26	45	33	31	48	51	33
Total value of investment	**326**	**307**	**355**	**389**	**401**	**485**	**508**	**393**	**476**	**558**	**516**

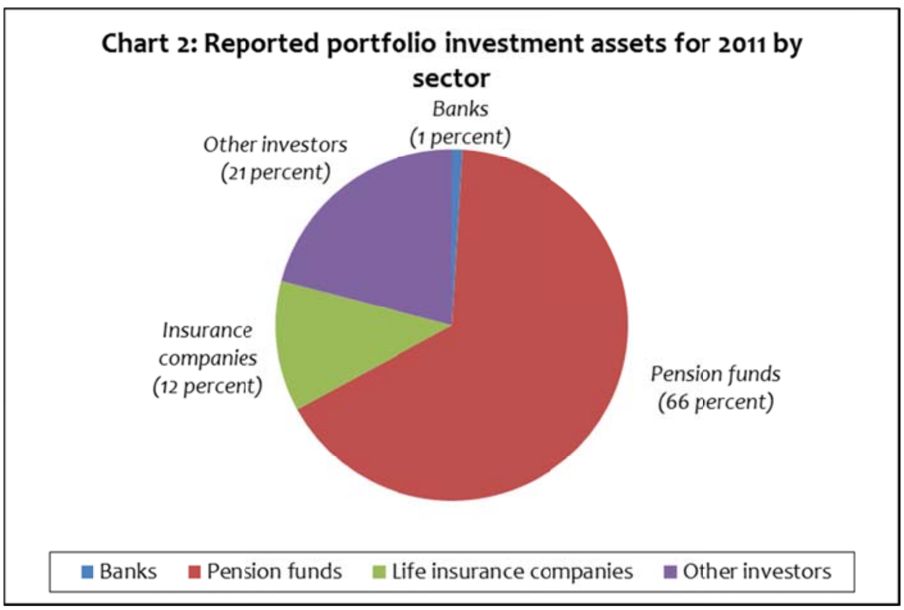


The share of equity securities in Aruba's total portfolio investment increased by 4 percentage points to 76 percent at the end of December 2011 compared to end-December 2010. In contrast, the share of both the long- and short-term debt securities fell by, respectively, 2 percentage points to 17 percent and 3 percentage points to 6 percent. As was the case in previous years, Aruba's share in the total reported portfolio investment assets of all participating economies was negligible.

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	2010	2011
Pension funds	228	201	260	289	292	361	388	291	344	386	341
Insurance companies	46	41	35	24	33	33	44	35	45	73	62
Banks	27	41	26	29	18	20	6	4	5	4	5
Other investors	25	24	34	47	58	71	70	63	82	95	108
Total value of investment	**326**	**307**	**355**	**389**	**401**	**485**	**508**	**393**	**476**	**558**	**516**

Broken down by sector, the share of pension funds in Aruba's total portfolio investment assets dropped by 3 percentage points to 66 percent in 2011 (2010: 69 percent). The share of the other investors, which includes business enterprises, and that of insurance companies, were, respectively, 21 percent (2010: 17 percent) and 12 percent (2010: 13 percent). The share of banks remained relatively small at 1 percent (Chart 2).

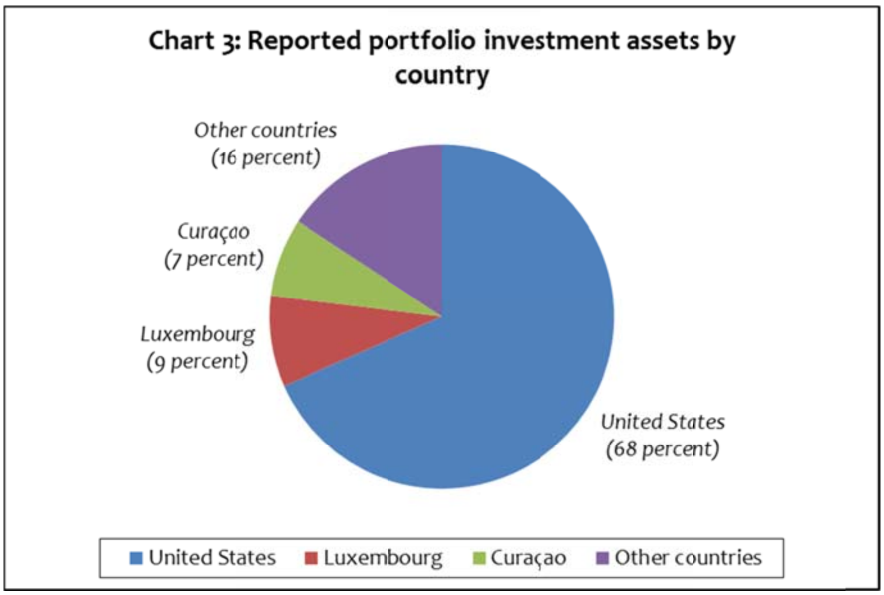


The primary market in which Aruban residents had invested was the U.S.A. with 68 percent at end-December 2011 (2010: 66 percent), followed by Luxembourg (9 percent) and Curaçao (7 percent). In addition, the Netherlands accounted for 2 percent at end-December 2011. The residual category was 14 percent (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	2010	2011
Japan	1	1	2	7	10	16	12	8	8	9	4
Luxembourg	n.a.	n.a.	n.a.	n.a.	1	52	23	41	42	49	44
Netherlands	6	3	6	20	17	39	21	16	12	13	9
Netherlands Antilles/Curaçao	10	21	23	26	28	18	34	35	42	43	38
United Kingdom	7	4	8	9	14	19	15	9	8	8	6
U.S.A.	247	227	290	291	291	282	323	233	299	369	353
Other countries	55	51	26	36	40	59	80	51	65	67	62
Total value of investment	**326**	**307**	**355**	**389**	**401**	**485**	**508**	**393**	**476**	**558**	**516**

n.a. = data not available



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$ 1,430 million at the end of December 2011, a decrease of 24 percent compared to end-December 2010. However, based on the quarterly Portfolio Investment Reports, the so-called PIR, submitted to the CBA by resident issuers of securities, and available data on the bond issues by the Aruban government, the reported outstanding portfolio investment liabilities amounted to only US$ 604 million at end-December 2011 (2010: US$ 573 million). Again, a large discrepancy exists between the reported (by resident issuers of securities) and derived portfolio investment liabilities (reported by nonresident holders of Aruban securities).

Table 4: Portfolio investment liabilities (derived from creditor data)
(End of period, in millions of U.S. dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Equity securities	114	0	101	69	69	1	1	6	-1	0	1
Debt securities	293	579	1,483	2,095	2,432	2,257	2,866	4,268	2,388	1,874	1,429
Total portfolio	407	579	1,584	2,164	2,501	2,258	2,867	4,274	2,387	1,874	1,430

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.

4. Concluding remarks

As in previous years, Aruba's share in the global overall results of the CPIS was negligible in 2011. Nevertheless, it is important to continue gathering data on portfolio investment, as these data obtained through both the CPIS and the PIR provide additional information on portfolio investment-related flows and stocks as recorded in, respectively, Aruba's balance of payments and the IIP.

For future CPIS, the CBA plans to broaden the scope of the survey to also include the household sector. Also, the CBA has committed itself to comply as much as possible with IMF's proposed enhancements to future CPIS mentioned earlier.