

## CATT Second Meeting (November 16, 2020)— Summary of Discussions

### ATTENDEES

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- **IMF:** Ms. Maria Borga, Ms. Silvia Matei, Ms. Kristy Howell, Mr. Malik Bani Hani, Mr. Kenneth Egesa, Ms. Jennifer Ribarsky, Mr. David Stephen Bailey, and Ms. Tatiana Carandang.
- **Eurostat:** Ms. Lena Frej-Ohlsson, Mr. Robert Leisch, and Ms. Laura Wahrig
- **Country representatives:** (Argentina) Ms. Silvia Amiel, (Botswana) Ms. Baby Mogapi, (Brazil) Mr. Thiago Vieira, (Canada) Mr. Denis Caron, (Denmark) Mr. Casper Winther, (Germany) Mr. Jens Walter, (Jamaica) Mr. Esmond McLean, (Kosovo) Mr. Bedri Zymeri, (Mexico) Mr. Gerardo Durand Alcántara, (Moldova) Ms. Angela Gherman–Cernei, (Morocco) Mr. Mounir Rhandi, (Peru) Ms. Consuelo Soto, (Russia) Mr. Robert Pupynin, and (Thailand) Ms. Angsupalee Wacharakiat
- **Other International Organizations:** Mr. Rodolfo Ostolaza (OECD) and Mr. Markie Muryawan (UNSD).

The three new members to CATT—Ms. Jennifer Ribarsky (IMF), replacing Ms. Margarida Martins and representing national accounts (NA) perspective; and Ms. Laura Wahrig (Eurostat) and Mr. David Stephen Bailey (IMF), both representing Government Finance perspective—were introduced at the outset of the meeting.

### SUMMARY OF DISCUSSIONS/KEY POINTS

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#### Overview of work accomplished by CATT and outcome of BOPCOM

1. The CATT Co-Chairs (Ms. Borga and Ms. Frej-Ohlsson) presented a comprehensive overview of the work accomplished by CATT so far and provided a summary of the outcomes of the public consultation and the recent October 2020 BOPCOM meeting for the CATT Guidance Notes (GNs) discussed in the meeting—C.1, C.2, and C.5.1—and the cross-domain (GZTT/CATT) GN C.11. They highlighted the close cooperation with BPTT and the AEG and briefed the meeting on the new developments, including (i) the GZTT becoming a joint TT with representation from both balance of payments (BOP) and NA, and (ii) merging of IPTT with GZTT.

#### ***GN C.1 - Recording of Transactor-Based Services (Travel, Construction, Government Services, n.i.e.)***

2. Opinions on the proposed changes to separate the components of the transactor-based services and classify them into the respective goods and services categories have been divided, both within the

CATT review and the public consultation. Supporters highlighted the benefit of harmonization with NA, while others pointed out that the compilers will face severe difficulties. Furthermore, travel was an important item for many economies, and it was suggested that users be consulted before any decisions were taken.

3. Considering the divided opinions, the GN was submitted to the BOPCOM for discussion, not decision. The outcome was that the topic be reconsidered and the GN further improved focusing on maintaining the reporting of transactor-based services and including only a supplementary reporting for travel services that is in line with SNA product classification. The revised GN will be circulated again among the CATT for review and resubmitted to BOPCOM via written procedure.

4. The OECD representative noted the need for ensuring consistency with GN C.7.

#### ***GN C.2 - Goods and Services Account by Enterprise Characteristics***

5. Overall, the comments received from the public consultation were in favor of the proposal to include an additional breakdown by enterprise characteristics to be reported as supplementary items in the annual data collection, while some concerns were voiced that these may overload the framework and suggested inclusion in subsidiary manuals and guides (e.g., IMTS, MSITS).

6. BOPCOM meeting was in full agreement with the recommendation of this GN and approved the topic to be part of the annotated outline of *BPM7*.

#### ***GN C.5.1 - Statistical Impact of the Change in Treatment of Operating Leases in Business Accounting***

7. An overwhelming majority in the public consultation supported the recommendation of the GN not to change the recording standards of economic ownership in *BPM6* in order to be in line with IFRS 16 during the public consultation process. BOPCOM members also showed a strong support for maintaining the principle of economic ownership. The introduction of the new International Financial Reporting Standard on leasing should not lead to any methodological changes to the *2008 SNA* and *BPM6*. Moreover, additional guidance for compiling lease transactions should be provided in the updated Compilation Guide.

8. The GN was approved by BOPCOM and will be combined with GN C.5.2 under one GN—C.5. The combined GN will be part of the annotated outline of *BPM7*.

#### ***GN C.11 - Valuation of Imports and Exports (CIF-FOB Adjustments)***

9. Members of AEG showed a clear preference for using invoice values instead of CIF/FOB adjustments (Option 3) on conceptual grounds, while the CATT members supported Option 3 with a lesser majority while showing concerns about the quality and the availability of the data.

10. BOPCOM members agreed that from a conceptual point of view the use of invoice values is superior. However, it recommended undertaking further investigations to assess the access to and quality of the data. GZTT is to seek volunteer countries from the SNA and the BPM community to undertake a feasibility test across a large enough sample of countries representing different circumstances before a decision is made.

11. Ms. Ribarsky, representing the GZTT, informed on the ongoing follow up work to prepare a testing questionnaire to help determine the feasibility of the proposed change across a large sample of countries. The intention is to launch it in December 2020/January 2021 with a targeted time frame for response of six months and preferably reach out to non-European countries, considering the latter are more advantaged by the data collection system. CATT members were also invited to consider the possibility of volunteering to participate in the testing.

#### **Revisions to GN calendar to better align with 2021 BOPCOM schedule**

12. Mr. Leisch (Co-Secretary) informed on the schedule of 2021 BOPCOM meeting (February 22–24, June 21–24, and October 26–28 (or October 25–28 if virtual)), which will have an impact on the timeframe of some CATT GNs, and outlined the current status of the next rounds of GNs, as follows:

- *GN C.7 Treatment of Travel Packages, Health-Related Travel, and Taxes and Fees on Passenger Tickets* has been reviewed by the CATT and is currently under review by the drafting team albeit with some delays compared to the original timeline. The team confirmed a revised draft will be submitted next week. The GN will be submitted for discussion by the February BOPCOM meeting. The new CATT members requested a copy of the draft GN and consolidated comments from the CATT members.
- A first draft of *GN C.8 Recording Penalties and Fines* was sent to the Co-Chairs and the Secretariat of CATT and will be disseminated for CATT consultation soon. The outcome of this GN will need to be coordinated with DITT's D.15 GN. The intention is to finalize the GN in early February for submission to the next BOPCOM meeting.
- The *C.4 Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; Merchanting of Services* is now scheduled to be submitted to the June 2021 BOPCOM meeting. However, this GN has become another cross-domain issue between CATT and GZTT and the authors are advised not to postpone their preparations because of the assumed extra time that is needed during the cross-domain consultation phase. The drafting team confirmed their engagement with the work, including a first contact with GZTT. Ms. Matei (Co-Secretary) expressed her interest in the topic and the possibility of her assisting the team to the extent possible.
- *GN C.5.2 Economic Ownership in the Context of Financial and Operating Lease Transactions Pertaining, in Particular, to Aircrafts* was initially planned to be finalized in April but will be submitted to the June 2021 BOPCOM, too. Preparations have already started and a kickoff meeting with the authors will take place next week. Mr. Bailey expressed interest in the outcome of the C.5 GNs from the government finance (GFS) perspective and highlighted the impact of the current changes brought by the new business accounting to GFS statistics.
- A final version of *GN C.6 Trade in Services Classification* has now been rescheduled for submission to the June 2021 BOPCOM meeting.
- *GN C.3 International Trade Classified by Currency (Including for Trade Linked to Long-Term Trade Credits and Advances)*, is scheduled for submission to the June 2021 BOPCOM.
- *GN C.9 Valuation of Trade Under Long Term Contracts* is also scheduled for submission to the June 2021 BOPCOM.

13. During the meeting, Mr. McLean (Jamaica) expressed interest in participating in addition in the drafting teams of GNs C.6 and C.9. His involvement will be considered as a possibility for C.9.

### **Takeaways from the First Round of GNs and Way forward**

14. The Co-Chairs and Co-Secretaries highlighted their appreciation for the extensive efforts made by the authors of the first GNs (C.1, C.2, and C.5.1) working under a tight schedule, including in holidays, to ensure a timely submission of the documents for the October 2020 BOPCOM. The efforts of the CATT members in general were also noted for their timely review and constructive suggestions provided during the process. Timely coordination among various TTs on cross domain topics in order to achieve a comprehensive methodological harmonization between SNA and BPM was found essential. The last BOPCOM meeting has shown that the outcome of the public consultation process is important and has a crucial impact on the decisions by BOPCOM members.

15. Ms. Matei noted the main takeaways from the perspective of the Secretariat and stressed the importance of respecting the drafting/review schedule. She also noted the complex review process involving several rounds of review of the GNs by the authors and sought ways of streamlining the process.

16. Feedback from the members indicated great satisfaction with the coordination and secretariat work provided throughout the process and supported the continuation of the same in the future, including dissemination of consolidated comments on GNs.

17. Some members noted the restrictive short format of the GNs but appreciated the possibility of adding details in the annexes. Ms. Borga confirmed the uniform standard template that is being imposed by the BPTT across BPM TTs.

18. Ms. Frej-Ohlsson shared feedback from the drafting team perspective and noted the importance of organizing more team meetings rather than extensive exchanges by email.

19. As representative of both Working Party on International Trade in Goods and Services (WPTGS) and the related Task Force on International Trade Statistics (TF-ITS), Mr. Ostolaza suggested equally involving members of the TF-ITS<sup>1</sup> when the CATT GNs are posted for public consultation. Similarly, Ms. Frej-Ohlsson informed on the Eurostat's Working Group interest in a more active participation in the review of CATT GNs.

20. Mr. Muryawan (UNSD) praised the IMF for the good coordination among various working groups and TTs that will positively impact the timeline of the preparation of the related guides, including the IMTS and MSITS. He also noted that those trade-related issues that cannot be fully covered by the BPM (e.g., supplementary tables) could be taken up for a more detailed consideration in the related guides, such as the IMTS and MSITS.

21. **Next meeting of CATT:** The next (virtual) meeting is tentatively scheduled after the February 2021 BOPCOM meeting at a date to be determined.

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<sup>1</sup> While most of the TF-ITS members are also represented in the OECD WPTGS, the inclusion of the former in the review process would ensure recognition of its role in the methodological development of CATT-relevant topics.

## ACTIONS

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### *Secretariat:*

- circulate the Minutes;
- circulate the draft GN C.7 and consolidated comments from the CATT to the new members;
- circulate the updated timetable for CATT GNs.

### *Co-chairs:*

- revert on Mr. McLean's interest to participate in the drafting of GN C9.

### *Drafting team of GN C.7:*

- submit the revised GN that incorporates comments from the CATT early next week (November 23–27).

### *CATT members:*

- can submit their interest in participating in the testing phase for the GZTT/CATT C.11 by November 30.