

**STATISTICS**

# **Current Account Task Team (CATT) Second Meeting**

November 16, 2020



# Outline

- **Overview**
- **Outcomes of BOPCOM and Next Steps for the GNs Discussed**
- **Revisions to GN Calendar to Better Align with 2021 BOPCOM Schedule**
  - 2021 BOPCOM Meetings
  - Current Schedule of CATT GNs
- **Way Forward**

# Overview

# Overview

CATT work started in **June 2020**

Inaugural meeting on June 11, 2020

**Coordination** with other Task Forces or Working Groups on cross-cutting issues

BPTT

AEG

GZTT

IPTT

WPTGS

Digitalization TT

## 10 GNs of CATT

to be finalized by **October 2021** (individual timelines in additional slides) covering methodological, measurement issues, and supplemental presentations, associated with current account

Following public consultations three CATT GNs **C.1, C.2, C.5.1** were submitted to BOPCOM  
Contribution by CATT on GZTT GN **C.11** (CIF/FOB) that was also presented to BOPCOM

GN **C.7** is still under internal TT review and GN **C.8** is being drafted

**BPM6 Update website/ CATT:**  
<https://www.imf.org/en/Data/Statistics/BPM/CATT>

# Outcomes of BOPCOM and Next Steps for the Guidance Notes Discussed

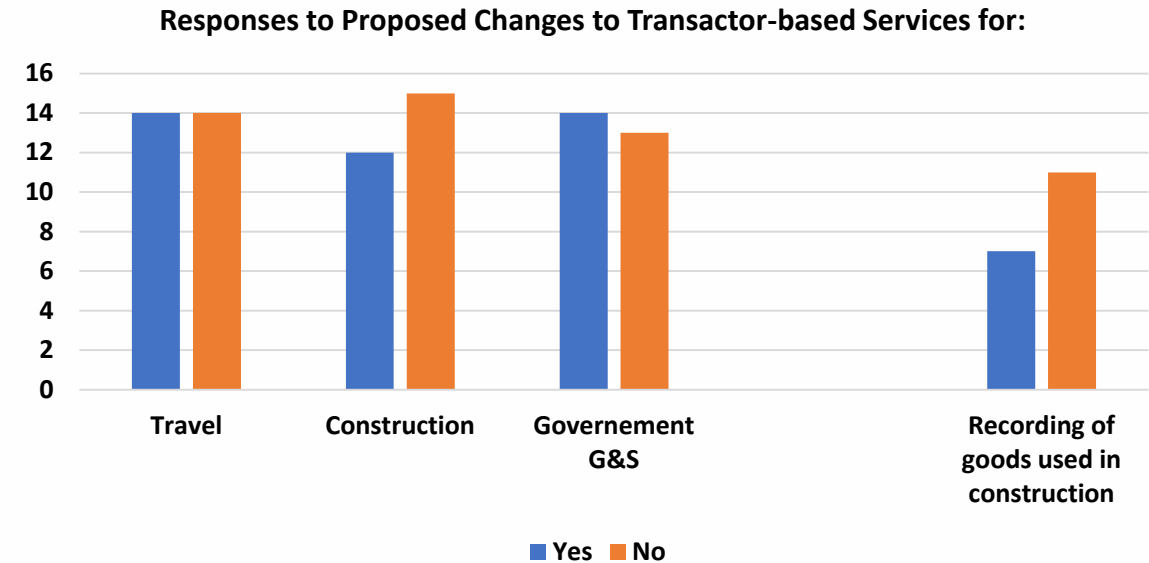
- **C.1: Recording of transactor-based services (travel, construction, and government services, n.i.e.)**
- **C.2: Goods and Services Account by Enterprise Characteristics**
- **C.5.1: Statistical Impact of the Change in Treatment of Operating Leases in Business Accounting**
- **C.11: GZTT - Valuation of Imports and Exports (CIF-FOB Adjustments)**

**BOPCOM website:**

**<https://www.imf.org/external/bopage/stindex.htm>**

# C.1 Recording of Transactor-Based Services (Travel, Construction, and Government Services, n.i.e.) - Outcomes of Public Consultation

- Overall, public opinions on the proposed changes to separate the components of the transactor-based services and classify them into the respective goods and services categories are *divided*.



- While supporters of the proposal noted the importance of a better consistency with the national accounts and other related macroeconomic statistics, concerns about the potential implications were also highlighted.
- Further reflection is needed on the multiple consequences of adopting this proposal and close coordination with ongoing work of various task teams and working groups is necessary to ensure that harmonized standards are adopted.
- It is also suggested that users should be consulted before any decisions are taken to eliminate the travel item from the BPM and to implement the proposed changes to construction and government services.

# C.1 Recording of Transactor-Based Services (Travel, Construction, and Government Services, n.i.e.) – Outcomes of BOPCOM

## Summary of BOPCOM Discussions

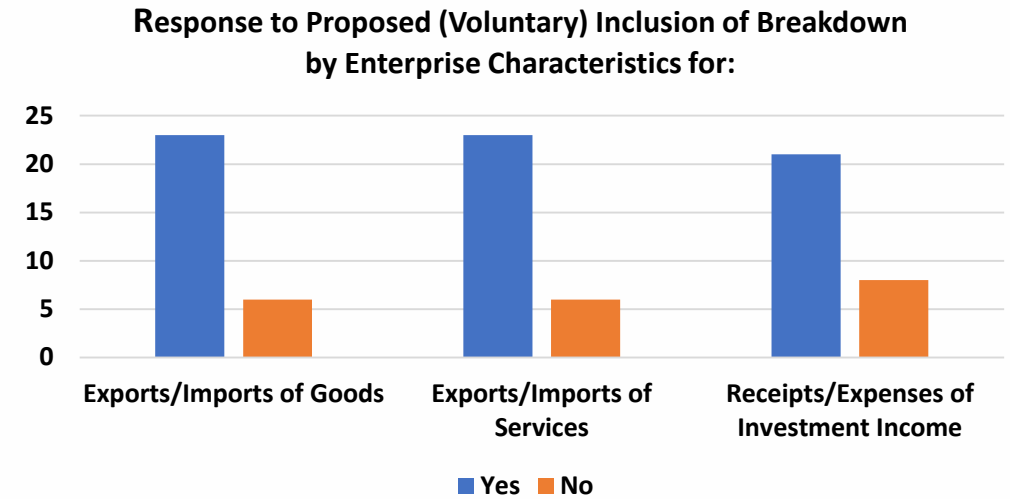
- Need to give the topic a more thorough consideration in a more holistic approach (digital services; value for users/policy makers)
- Highlighted practical difficulties for implementation, but supported supplementary tables
- Most members advocated maintaining the status quo highlighting the importance of transactor-based services items to BOP users, in particular the travel services
- Majority of members did not see enough justification for a change in the treatment of construction input goods as being owned by the construction services buyer

## Actions

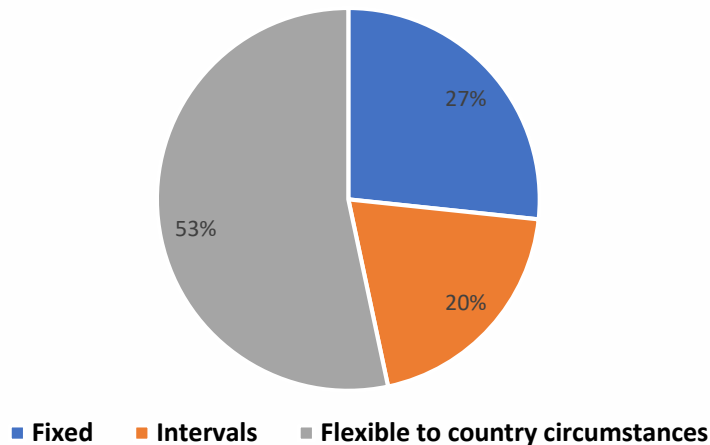
- Re-consider the topic and revise the GN focusing on maintaining the reporting of transactor-based services in the BOP
- Strengthen the itemization of supplementary reporting for travel services to improve alignment with the SNA product classification
- Circulate for **review by CATT** and submit to **BOPCOM via written procedure**

## C.2 Goods and Services Account by Enterprise Characteristics Outcomes of Public Consultation

- Overall, most public opinions are in favor on the proposal to include additional breakdown by enterprise characteristics to be reported *as supplementary items* in the annual data collection.
- There is wide agreement about the usefulness of such data for policymakers and for globalization analysis: however, implementation challenges should be considered, in particular for services and investment income, with emphasis on developing countries.



Preferred Guidance on Thresholds for the Product, Industry, Size, and Ownership Classifications



Potential risks of overloading the BPM framework with supplementary tables, duplicating other manuals and guides; it is suggested to consider moving most of the Annex I proposal into these subsidiary manuals and guides (e.g., IMTS, MSITS, Guide on Measuring Global Production).



## C.2 Goods and Services Account by Enterprise Characteristics – Outcomes of BOPCOM

### Summary of BOPCOM Discussions

- **Full agreement** with the proposal to include enterprise characteristics as part of the annual reporting of the current account, as *supplementary items* as proposed
- On **thresholds** (on product, industry, size and ownership classifications): agreement to include general criteria in the updated Manual, but allow countries to decide on their own thresholds
- Some stressed that this initiative may fit appropriately as part of *FATS*
- **Investment income**: concerns that the reference to the disaggregation of receipts and expenditures of investment income into foreign owned/domestically owned could be misleading

### Actions

- **Finalize the GN**, taking into accounts the comments above, from members for posting on BOPCOM website
- The updated GN will be **part of the proposed annotated outline of BPM7**

## **C.5.1 Statistical Impact of the Change in Treatment of Operating Leases in Business Accounting – Outcomes of Public Consultation**

- The overwhelming majority is *in favor not to change the fundamental recording principle of economic ownership* in the 2008 SNA and the BPM6.
- The majority supports the practical approaches proposed by the GN.
- The inclusion of additional practical guidance in the updated *BPM Compilation Guide* is also welcomed.
- *Practical feasibility of the proposal*: Recording of financial and operating leases under IFRS 16 is seen as challenging to implement; compilers expect an increased burden due to additional adjustments of data.
- Some countries have already started contacting enterprises for more information on their leasing activity in order to deal with the challenges posed by IFRS 16.

## C.5.1 Statistical Impact of the Change in Treatment of Operating Leases in Business Accounting – Outcomes of BOPCOM

### Summary of BOPCOM Discussions

- **Strong support for the proposal** to maintain the status quo and not to make any changes to the *2008 SNA* and *BPM6* recording standards on leases
- Full agreement on the need for providing **additional guidance in the updated *BPM6 Compilation Guide*** in preparing the macroeconomic statistics estimates from the business accounting data based on IFRS 16

### Actions

- **Finalize the GN** stating the final recommendations for posting on BOPCOM website when the GN on C.5.2 is finalized
- The updated GN will be **part of the proposed annotated outline of *BPM7***
- The updated ***BPM Compilation Guide* to include additional practical guidance** –especially on adjustments of surveys data from business accounts

-> Planning ahead on drafting GN C.5.2 (Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts)

## **C.11 (GZTT) Valuation of Imports and Exports (CIF-FOB Adjustments) – AEG Consultation Feedback**

- **Preference for option 3 (use of invoice values)**
  - ▶ conceptually more aligned with basic prices;
  - ▶ facilitate the compilation of supply and use tables.
- **Members highly value consistency between SNA and BPM**
  - ▶ preference for a solution that maintains this consistency moving forward.
- **Potential practical difficulties in obtaining external trade data at transaction values**
  - ▶ need to conduct supplementary surveys for freight and insurance charges;
  - ▶ statistical issues (e.g., breaks in time series data);
  - ▶ may not solve the existing asymmetries.
- **The AEG requested that experimentation and testing are conducted**
  - ▶ assess the extent of the difficulties in obtaining external trade data at transaction values;
  - ▶ impact of the proposed changes.

## **C.11 (GZTT) Valuation of Imports and Exports (CIF-FOB Adjustments) – CATT Feedback**

- **Preference (7 out of 12) for option 3 (use of invoice values) on conceptual grounds**
  - Use of invoice values is considered superior on a conceptual basis, but practicality needs to be considered;
  - Highlighted the importance of a coordinated approach in the revision of manuals (in particular with the IMTS and ITS) and that the new manuals be harmonized.
- **Concerns are pointing to practical aspects**
  - Availability of good information to separately estimate the transport costs (freight and insurance); significant challenges in implementing additional surveys;
  - Need to recalibrate the IT systems and data processing;
  - Implications for data compilation techniques for goods and related services;
  - Customs agreements and the need to harmonize the work/standards with the IMTS and ITS;
  - Reassessment of staff capacity to process a huge volume of data.
- **Improved inter-agency cooperation** and need for **stepping up the agreements with the Customs**, and in some cases high level support, were considered important

## C.11 (GZTT) Valuation of Imports and Exports (CIF-FOB Adjustments) – Outcomes of BOPCOM

### Summary of BOPCOM Discussions

- Conceptually, option 3 was recognized as superior, but its feasibility was questioned on the grounds of lack of access to the required data.
- Full agreement for **further investigation** to: (i) assess the availability of and compilers' access to detailed data on invoice prices from customs; (ii) the impact on bilateral asymmetries; and (iii) how to collect additional data for freight and insurance services.
- Agreed on an **overarching objective** of the final decision on the valuation of imports and exports to **keep the current consistency between the SNA and the BPM**.
- **Supported GZTT's plans to test the proposal** (for access to invoice values from customs and assess the differences with the FOB valuation) on a large sample before deciding on whether a change is warranted.

### Actions

- GZTT 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 concerning **access to the required data** and the **quality of the data**.

# **Revisions to GN Calendar to Better Align with 2021 BOPCOM Schedule**

# 2021 BOPCOM Meetings

## Tentative schedule for 2011 BOPCOM Meetings:

- ❑ February 22–24
- ❑ June 21–24
- ❑ October 26–28 or  
*October 25–28 if virtual*



# Current Schedule of CATT Research Topics: **High-Priority Items**

| Research Topic  | Teams (Lead and Contributors)                   | Links to Other GN /TTs | Proposed Delivery/<br><b>BOPCOM</b>          | Current Status        |
|---|---|------------------------|--|-----------------------|
| C.1 Recording transactor-based components of services (travel, construction and government goods under services)              | IMF (lead), Canada, Peru                        | C.6                    | <b>Oct. 2020</b><br><b>Written procedure</b> | <b>Under revision</b> |
| C.2 Goods and services account by (trading) enterprise characteristics  | <b>OECD (lead)</b> , Denmark, Jamaica, Mexico   |                        | <b>Oct. 2020</b>                             | <b>Approved</b>       |
| C.3 International trade classified by currency (including for trade linked to long-term trade credits and advances)           | <b>Brazil (lead)</b> , Kosovo, Moldova, Morocco |                        | <b>June 2021</b>                             |                       |
| C.4 Merchanting and factoryless producers; clarifying negative exports in merchanting; Merchanting of services                | <b>Germany (lead)</b> , Denmark, OECD           | GZTT/IPTT              | April 2021/<br><b>June 2021</b>              |                       |
| C.5.1 Statistical impact of the change in treatment of operating leases in business accounting                                | <b>Eurostat (lead)</b> , Canada, Russia         | IPTT                   | <b>Oct. 2020</b>                             | <b>Approved</b>       |
| C.5.2 Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts | <b>Eurostat (lead)</b> , Russia, Canada         | IPTT                   | April 2021/<br><b>June 2021</b>              |                       |

# Current Schedule of CATT Research Topics: **Medium-Priority Items**

| Research Topic  | Teams (Lead and Contributors)                | Links to other TTs | Proposed Delivery Date                | Current Status           |
|---|--|--------------------|---------------------------------------|--------------------------|
| C.6 Trade in services classification  | OECD (Lead), IMF, UNSD, Argentina            | GZTT/<br>DZTT      | April 2021/<br><b>June 2021</b>       |                          |
| <b>C.7 Treatment of travel packages, health-related travel, and taxes and fees on passenger tickets</b> | <b>Germany (Lead),</b><br>Botswana, Thailand | C.1                | <b>Jan. 2020/</b><br><b>Feb. 2021</b> | <b>Reviewed by CATT</b>  |
| <b>C.8 Recording penalties and fines</b>  | <b>USA (Lead),</b> Brazil                    | DITT – D15         | <b>Feb. 2021</b>                      | <b>Under development</b> |
| C.9 Valuation of trade under long term contracts  | <b>Argentina (Lead),</b><br>OECD             |                    | <b>June 2021</b>                      |                          |

## GNs of other Task Teams relevant to the CATT

|  |      |   |   |
|--|------|---|---|
| Valuation of imports and exports of goods in the international standards (CIF to FOB adjustment) | GZTT | Text contribution (BOP), Review by CATT Sep. 2020/<br><b>October 2020</b> | <b>Undecided</b><br><b>Test feasibility</b> |
|--|------|---|---|

# Way Forward

# Takeaways from the First Round of GNs

Very tight schedule for preparing the first GNs, including turnaround time for addressing the comments received

Need to set a clear understanding of the review expected at each stage by the parties involved in the process

- Due to time constraint during this first round, additional comments received from BPTT members were integrated together with those gathered during the public consultation

Coordination among various Task Teams is of paramount importance to achieve a comprehensive methodological harmonization among related topics in the updated SNA and BPM

- Coordination will be strengthened by the conversion of the GZTT to a joint Task Team reporting to both the ISWGNA/AEG and the BOPCOM

**Takeaways from drafting teams....?**



# Next Set of CATT GNs

- ❑ C.7 – links to C.1
- ❑ C.8 – links to DITT (D.15)
  - Amended and harmonized timeline with D.15 needed
- ❑ C.4 – coordination with GZTT
  - Extended Timeline to fit June 2021 BOPCOM

**Other Issues?**

**Thank You!**

