

CATT Third Meeting (March 15, 2021)— Summary of Discussions

ATTENDEES

- **IMF:** Ms. Maria Borga, Ms. Silvia Matei, Ms. Kristy Howell, Mr. Malik Bani Hani, Mr. Kenneth Egesa, Mr. Borys Cotto, Mr. Thomas Alexander, Mr. David Stephen Bailey, and Ms. Tatiana Carandang.
- **Eurostat:** Ms. Lena Frej-Ohlsson, Mr. Robert Leisch, and Ms. Laura Wahrig
- **Country representatives:** Ms. Silvia Amiel (Argentina), Ms. Baby Mogapi (Botswana), Mr. Thiago Vieira (Brazil), Mr. Denis Caron (Canada), Mr. Casper Winther (Denmark), Mr. Jens Walter (Germany), Mr. Andrea Carboni (Italy), Mr. Esmond McLean (Jamaica), Mr. Gerardo Durand Alcántara (Mexico), Ms. Angela Gherman–Cernei (Moldova), Mr. Mounir Rhandi (Morocco), Mr. Robert Pupynin,¹ Ms. Angsupalee Wacharakiat (Thailand), and Ms. Patricia Abaroa (USA).
- **Other International Organizations:** Mr. Rodolfo Ostolaza (OECD), Mr. Markie Muryawan (UNSD), Mr. Joao Fonseca (IPSASB), and Mr. Bedri Zymeri (World Bank).

Changes in the CATT composition were announced at the outset of the meeting. These include: (i) **new members**—Mr. Andrea Carboni (Italy), Ms. Patricia Abaroa (USA), Mr. Joao Fonseca (IPSASB) representing the public accounting standards perspective, and Mr. Thomas Alexander (IMF) replacing Ms. Jennifer Ribarsky, and representing national accounts (NA) perspective; (ii) **organizational changes**—Mr. Bedri Zymeri, from Central Bank of the Republic of Kosovo to World Bank; and (iii) the **departure** of Ms. Consuelo Soto Crovetto (Peru).

SUMMARY OF DISCUSSIONS/KEY POINTS

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 February 2021 BOPCOM meeting for the CATT Guidance Note (GN) discussed in the meeting—**C.8 Recording penalties and fines**, as well as updates for information on the reason for the postponement of **C.7 Treatment of Travel Packages Health-Related, Travel and Taxes**

¹ Represented by officials from the Central Bank of Russia.

and Fees on Passengers Tickets and the progress post BOPCOM/AEG meetings of October 2020 on the cross-domain (GZTT/CATT) **GN C.11 The Valuation of Imports and Exports of Goods in the International Standards (CIF to FOB Adjustment)**.

2. An open discussion ensued seeking clarification on topics of interest covered by several of the GNs. Main issues covered are presented below.

3. **GN C.8 Recording penalties and fines:** Ms. Howell (IMF) noted that C.8 was not approved pending clarification on whether fines and penalties should have an impact on the income of DIEs and therefore on GNI. Ms. Borga confirmed and noted that the drafting team would consult with the Advisory Expert Group on National Accounts (AEG) to ensure consistency with national accounts. Ms. Wahrig offered to provide additional comments on the GN from the GFS perspective. Mr. Bani Hani (IMF) further raised the issue of the impact of fines on the net income of a DIE and the income tax, and the pertinence of such a decision, in particular in the case of a resulting negative income due to the payment of fines. Ms. Borga clarified that the GN was debating the question whether paid fines and penalties should impact profits according to BOP recording standards, independently on what business account statements are showing, and that additional changes to the GN can be made. Mr. Bailey enquired about the GN's timeline, specifically if the revised version will be sent to AEG for consultation before or after their meeting in April. Ms. Borga explained that the GN's timeline is not particularly tied to the AEG meeting, unless the community chooses to discuss the topic in the meeting. GN C.8 will be revised in light of the discussions held during the BOPCOM meeting and subsequently sent to the AEG for consultation.

4. **C.7 Treatment of travel packages, health-related travel, and taxes and fees on passenger tickets:** Ms. Frej-Ohlsson elaborated on the main reasons to postpone finalization of this GN. She explained that the outstanding issue referred to inconsistencies concerning the treatment of tour operators in the *BPM6/2008 SNA* and *ESA 2010*. A resolution on this GN is pending outcomes from C.1 and C.4 with a view to ensuring a holistic view on the revision and avoid inconsistent treatment in the new manuals. Mr. Carboni further touched upon the practical difficulties involving various aspects covered by the GN, in particular when distinguishing some intertwined travel sub-components, such as health-leisure packages (medical treatment-spa; dental care, footballers' recuperation, etc.) and separating travel agencies and tour operator transactions.

5. **GZTT/CATT C11 on Valuation of imports and exports of goods in the international standards (CIF to FOB adjustment):** Ms. Borga clarified that a joint GZTT/CATT survey intended for both BOP and NA communities was just launched. The survey is posted on the UNSD and the IMF's *BPM6* update webpage and the deadline for collecting responses is April 12. Mr. McLean (Jamaica) underlined the importance of this topic for the Caribbean countries and offered to participate in Stage II along with the several already-identified volunteer countries to undertake a research on the practical feasibility of adopting the invoice values for trade. Ms. Matei (Co-Secretary) agreed to circulate the link to the website where the survey is posted, together with a pdf version, and invited CATT members to take the survey and possibly consider participating in the Stage II. Mr. Ostolaza offered to also share the link with the OECD Working Party on International Trade in Goods and Services (WPTGS).

6. **C.1 Recording transactor-based components of services (travel, construction and government goods under services):** In response to Ms. Wahrig's question on the possibility to further provide comments on C.1, it was agreed that the revised version incorporating BOPCOM

recommendations would be circulated again. Ms. Matei further offered to share with the new members all the GNs that have been previously circulated or discussed in various groups.

7. **C.2 Goods and services account by (trading) enterprise characteristics:** Mr. McLean enquired about the status of this GN. Mr. Leisch (Co-Secretary) explained that the GN was almost finalized and had only a minor issue concerning harmonized definitions in the various manuals on the applied thresholds for foreign influence and foreign ownership of enterprises that needed to be addressed. The lead author, Mr. Ostolaza confirmed the fact and noted in addition that C.3 and C.11 were related, and that the outcome of C.3 would depend on C.11 and the availability of invoice values.

8. **C.9 Valuation of trade under long term contracts:** Some members enquired about the reasons of dropping this GN, in particular considering the increasing importance of the topic. The discussion that ensued elaborated on the context and the main reason for this decision, pointing out to the limited availability of additional information outside the initial issues raised by Australia, which was found insufficient to justify the work involved in a GN. An alternative might be to consider the topic on the list of Clarification Notes. Ms. Borga concluded saying that IMF would consult the Financial and Payments System Task Team (FITT) to determine to what extent the GN of Financial derivatives (F.4) covered clarifications relevant for this GN.

9. **Other GNs:** the meeting was informed that **C.5.2 Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts** is under review by the Secretariat and will be submitted for CATT's review shortly. **C.3 International trade classified by currency (including for trade linked to long-term trade credits and advances)** is currently under CATT review; members were invited to provide comments preferably before the deadline.

TAKEAWAYS FROM THE EXPERIENCE TO DATE

10. Mr. Leisch presented the main takeaways highlighting the lessons learnt but also expressing appreciation for the work of the various drafting teams and the good team cooperation. The Co-Chairs further noted their appreciation for the extensive efforts made by the authors of the second rounds of GNs that went to the February 2021 BOPCOM but also those under various stages of review or drafting. More generally, the efforts of the CATT members were highlighted and appreciated 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 with the SNA and GFS remains essential.

11. Feedback from the members indicated great satisfaction with the coordination and secretariat work provided throughout the process.

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

ACTIONS

Secretariat:

- Circulate the Minutes;

- circulate the information related to the launching of the public consultation of the GN on "Valuation of Imports and Exports of Goods in the International Standards (CIF to FOB Adjustment);"
- circulate the GNs that have previously been discussed in BOPCOM or recently reviewed to the new CATT members;
- incorporate correction in the power point presentation to update the status of GN C.8, and circulate to membership.

IMF:

- Investigate with the FITT whether the related GN of Financial derivatives (F.4) covers clarifications relevant for C.9.

Mr. Ostolaza (OECD):

- Share the link to the trade invoice survey with the WPTGS community.

CATT members:

- Participate in the survey related to the public consultation on the GN C11 and submit their interest in participating in the Stage II, as applicable.