



Globalization Task Team (GZTT)

State of play

15th Meeting of the Advisory Expert Group on National Accounts

April 6 -8, 2021, Virtual Meeting

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Outline

- **Overview of the GZTT Work**
- **G.1 Valuation of Imports and Exports**
 - Testing strategy and outreach
- **G.2 Treatment of MNE and Intra-MNE Flows**
- **G.4 Treatment of SPEs**
- **Forthcoming GNs**

GZTT: Overview of the Work

- Official joint task team **Advisory Expert Group (AEG) on National Accounts/ IMF Committee on Balance of Payments Statistics** (Committee)
- Additional research issues identified by the AEG.
- Guidance notes (GNs) rolled over from the defunct Intellectual Property Products Task Team (IPTT) into GZTT work program.
- New co-chair: Mr. Branko Vitas, in replacement of Mr. Paul Roberts, who retired from the Australian Bureau of Statistics.
- Membership extended, since November 2020, to include Government Finance Statistics experts.
- Ongoing collaboration with other TTs: Current Account Task Team (CATT), Direct Investment Task Team (DITT) and Digitalization Task Team (DZTT).

G.1 Valuation of Imports and Exports

- Further Progress on the GNs post AEG and Committee Meetings in October 2020
 - Valuation of imports and exports (CIF-FOB adjustment)
 - Consultation within CATT
 - Further consultation and testing to understand the practical feasibility of the preference for recording of exports and imports of goods at their observed transaction value.
 - Discussion on the testing strategy in consultation with some members of CATT
- Objectives of the testing:
 - (i) the extent of the difficulties in obtaining external trade data at observed invoice (transaction) values from customs data,
 - (ii) the practical implementation of this change, and
 - (iii) whether the benefits of the change shall outweigh the disruption (and cost) to the statistical system.

Testing Strategy: Online Questionnaire

- Questionnaire finalized within GZTT and in consultation with some members of the CATT.
- Target both national accounts and balance of payments compilers to either send separate responses or a single coordinated one.
- Two-staged approach

Stage 1: Wider Audience

A wider set of economies, reflecting geographical representation and different stages of statistical development, will also set the pace for a more detailed investigation to follow.

Stage 2: Targeted approach with selected countries

- Countries in Stage 1 will be asked to volunteer for a more detailed testing to be undertaken on a targeted approach in the second phase

Outreach Strategy

- Launched on March 12, 2021 simultaneously on UNSD and the IMF's *BPM6* update webpage. Responses for stage 1 due April 12, 2021
- A generic correspondence sent to all balance of payments compilers and national accounts compilers to inform them.
- To inform about the public consultation, assistance from:
 - GZTT members to provide support in ensuring that responses come from their respective institutions/countries.
 - CATT, BPTT Secretariat to reach out to their members
 - OECD Working Party on National Accounts and Trade in Goods and Services
 - Eurostat Working Groups (e.g., National Accounts Working Group)
 - OECD/WTO Inter-agency Task Force on International Trade Statistics
 - The representative of the COMESA on the GZTT will assist to reach out to its African member states.
- Target countries on the GZTT, namely Germany, Ireland, and Uruguay have already agreed to do active testing.

G.2 Treatment of MNE and Intra-MNE Flows

- Revised to incorporate:
 - A refined definition for MNE, emphasizing “control” as defined by *BD4* and *BPM6*,
 - A decision tree to guide national compilers.
- A second-round consultation within DITT members considering
 - DITT work on MNEs, and ultimate investing economy.
- AEG and the GZTT- for highlighting MNEs- recommend a breakdown in the national accounts through the institutional sector accounts (ISAs), eSUTs (extended supply-use tables), and/or gross value-added (GVA) should be determined by:
 - national agencies dependent on their statistical production process,
 - users’ analytical and policy needs.
- Next steps: BPTT/AEG consultation in April 2021; Item 6.2 on the April 2021 AEG agenda will focus on this GN.
- Depending on feedback received from AEG and BPTT, may be ready soon for Global Public Consultation.

G.4 Treatment of Special Purpose Entities and Residency

- No major change required in this GN
- GN draws on and consistent with the Task Force on SPEs definition for external sector statistics.
- How feedback from 2020 AEG meeting was addressed:
 1. SPEs incorporated by Government
 - GN acknowledges the issue, but to ensure **coordinated guidance**, opted to leave the issue as part of DITT's GN D.5 "*Eliminating imputations for entities owned or controlled by general government for fiscal purposes*".
 - GZTT views will be gathered when the DITT GN D.5 will be circulated to members.
 2. AEG requested more detailed guidelines on SPEs
 - Detailed guidelines have been developed to assist data collection on SPEs for external sector statistics
 - Given the GZTT has proposed the same definition of SPEs, GZTT is being consulted on appropriateness of the detailed guidelines for identifying SPEs in the context of the institutional sector accounts.
 3. Brief discussion on the conceptual aspects of the alternative presentation of consolidating non-resident SPEs

Forthcoming GNs

Issue No.	Research Topic	Classification	Links to other TTs	Status
High-priority items				
G.1	Valuation of imports and exports (CIF-FOB adjustment)	H	CATT	Draft guidance note publicly posted Stage 1: Questionnaire posted March 12, 2021; responses due by April 12, 2021 Stage 2: Detailed pilot study due August 30, 2021
	Treatment of multinational enterprises (MNE) and special purpose entities (SPE), Identifying economic presence and residency, and Intra-MNE flows			
G.2	Treatment of MNE and Intra-MNE Flows	H	DITT	Guidance note presented at October 2020 and April 2021 AEG meetings Depending on outcome of April 2021 AEG and BPTT consultations, may be ready for global consultation
G.3	Transfer pricing within MNE group [#]		DITT	To be drafted after G.5
G.4	Treatment of special purpose entities and residency	H	DITT	Guidance note presented at October 2020 and April 2021 AEG meetings Pending approval of AEG and BPTT, may be ready for global consultation
G.5	Economic ownership and recording of intellectual property products [#]	H	DZTT, DITT	Initial draft to be circulated to GZTT for discussion by May 2021
Medium-priority items				
G.6	Merchandising and Factoryless goods producers and recording of their transactions	M	CATT	Initial draft to be circulated to GZTT for discussion by May 2021
G.7	Global value chains and trade in value-added	M		Initial draft to be circulated to GZTT for discussion by May 2021
G.8	Typology of global production arrangements	M		To be drafted after G.6
G.9	Payments for “knowledge-based capital”	M	DZTT	Initial draft to be circulated to GZTT for discussion by July 2021

[#]Added from the roll-over of the former Intellectual Property Task Team into the GZTT

Questions for AEG

Any questions on the GZTT work plan?

G.4 Treatment of Special Purpose Entities and Residency:

Next steps: BPTT consultation and AEG agreement needed to move to Global Public Consultation.

- In order to ensure consistent guidance, does the AEG agree to discuss the treatment of government SPEs as part of the DITT GN D.5 “Eliminate the Imputations for an Entity Owned or Controlled by General Government that is Used for Fiscal Purposes”?
- Do members agree to that this GN “Treatment of Special Purpose Entities and Residency” can move to global consultation?

Thank you

Globalization Task Team (GZTT)

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