



Thirty-Seventh Meeting of the IMF Committee on Balance of Payments Statistics

Washington, D.C.
October 26–November 1, 2021

BOPCOM—21/20
For information

Overview of the Work of the Current Account Task Team

Prepared by the Current Account Task Team (CATT)

INTERNATIONAL MONETARY FUND

Overview of the Work of the Current Account Task Team¹

This report presents an overview of the activities and the progress made by the Current Account Task Team (CATT) since the June 2021 meeting of the IMF's Committee on Balance of Payments Statistics (the Committee). The CATT has almost delivered on its work plan, with only one GN to be presented at the February 2022 Committee meeting. The report covers (i) a summary outcome and follow-up actions for the Guidance Notes (GNs) presented in the last meeting, (ii) outcome of the review for C.4 Merchants and Factoryless Producers; Clarifying Negative Exports in Merchants; Merchants of Services and C.5.2 Economic Ownership in the Context of Financial and Operating Lease Transactions Pertaining, in Particular, to Aircrafts, and (iii) the status of C.7 Treatment of Travel Packages, Health-Related Travel, Taxes and Fees on Passengers' Tickets, which is scheduled for the February 2022 Committee meeting.

INTRODUCTION

1. The Current Account Task Team (CATT) has made further progress in the preparation of its Guidance Notes (GNs)² since the last meeting of the IMF's Committee on Balance of Payments Statistics (the Committee) in June 2021. The CATT has almost delivered on its work plan, with only one GN to be presented at the February 2022 Committee meeting.

OVERVIEW OF THE CATT'S WORK

STATUS OF THE GNS DISCUSSED IN THE JUNE 2021 COMMITTEE MEETING AND FOLLOW-UP ACTIONS

2. The Committee approved Two GNs C.3 *International Trade Classified by Currency*, and C.6 *Trade in Services Classification*. For C.3, the Committee strongly supported the need to develop a voluntary data collection template for international trade classified by currency on an annual basis, acknowledging the importance of currency composition of trade for users and policy makers. The GN, incorporating the final recommendation, is being finalized and will be posted soon. For C.6, the Committee largely supported splitting (i) the Telecommunications, Computer, and Information Services category into two standard first-level categories; and (ii) the Other Business Services category into five standard first-level categories, some concerns over confidentiality matters were raised. There was also strong agreement that the information needs related to digitalization requires a separate statistical framework outside the BPM, and that no definitive changes to balance of payments services classification should be considered before the conclusion of the ISIC revision. The GN is also being finalized and will be posted soon.

¹ Prepared by Silvia Matei (IMF), and Robert Leisch (Eurostat) – CATT Secretariat, and reviewed by Lena Frej-Ohlsson (Eurostat) and Maria Borga (IMF), co-Chairs of the CATT.

² Appendix I provides a summary status report of CATT GNs grouped by high- and medium-term priorities.

OUTCOME OF THE REVIEW FOR THE CATT GNS THAT WILL BE DISCUSSED IN THIS MEETING (C.4) OR VIA WRITTEN CONSULTATION (C.5.2)

3. C.4 Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; Merchanting of Services. In light of the considerable overlap with the issues to be raised in the Globalization Task Team's (GZTT) G.6. *Merchanting and Factoryless Goods Producers and Recording of their Transactions*, a joint GN was drafted that addresses both the balance of payments and national accounts perspectives. The GN was reviewed by the CATT, GZTT, BPTT, AEG, as well as in Eurostat's Balance of Payments Working Group and the OECD's Working Party of International Trade in Goods and Services. The global consultation outcome of this GN is also being presented at this Committee meeting. One issue discussed in this GN—the bundling of services carried out by tour operators—is also linked to GNs C.1 and C.4 as discussed below.

4. C.5.2 Economic Ownership in the Context of Financial and Operating Lease Transactions Pertaining, in Particular, to Aircrafts. The CATT, the GZTT, and the global consultation broadly supported adopting Option 1 (the status quo on the economic ownership principle when splitting leasing transactions) considering that it (i) guarantees a coherent recording of economic ownership in BPM and SNA, (ii) better reflects the distinction between the investment nature of the financial leasing and the service element of the operational leasing, and (iii) maintains a consistent recording of time series. The need for clear practical guidance on data sources and compilation methods in the Compilation Guide was also highlighted. Additional comments received during the global consultation include: (i) not all countries have adopted the IFRS-16 or plan to do so in the future; (ii) the alternative (not supported) Option 2 would imply that all leases for aircraft would be financial ones; (iii) the approach suggested by Option 1 would also be in line with recording of aircraft in IMTS; and (iv) a survey for testing the practical feasibility of the two options would be helpful. The GN will be discussed by the Committee via written consultation³ after the October 2021 meeting. Subsequently, it will be combined into a single GN with GN C.5.1 and posted.

LOOKING FORWARD – GNS SCHEDULED FOR THE FEBRUARY 2022 COMMITTEE MEETING

5. C.7 Treatment of Travel Packages, Health-Related Travel, Taxes, and Fees on Passengers' Tickets. The GN was put on hold during the February 2021 Committee meeting awaiting the outcome of the treatment of tour operators discussed in C.4 with a view to ensuring a holistic view on the revision and avoiding inconsistent treatment in the new manuals. In addition, the global consultation revealed that opinions were divided regarding whether the expenses of patients' companions should be recorded under "health related travel" or "other personal travel". A revised GN incorporating the final outcome of GN C.4 on the recording of tour operators will be submitted for discussion at the February 2022 Committee meeting.

³ There were uncontroversial outcomes from all consultations—the CATT, GZTT, BPTT, AEG, and global.

Annex I. Current Account Task Team (CATT): Current Status of GNs

Guidance Note	Links to TTs	Current Status
High-Priority Items		
C.1 Recording transactor-based components of services (travel, construction and government goods under services)		GN discussed in October 2020 BOPCOM. Pending decision on C.4 (bundling of services) at the October 2021 BOPCOM/AEG meeting. Reflect the outcomes of C.4 and C.7 (and any other relevant GNs) and finalize.
C.2 Goods and services account by (trading) enterprise characteristics	DITT	GN discussed in October 2020 BOPCOM and approved. Contact DITT to ensure a harmonized recording of investment income and finalize.
C.3 International trade classified by currency (including for trade linked to long-term trade credits and advances)		GN discussed in June 2021 BOPCOM. Approved, under finalization.
C.4/G.6 Merchanting and factoryless producers; clarifying negative exports in merchanting; Merchanting of services	GZTT	Joint GN with GZTT. Currently under public review to be discussed at the joint October 2021 AEG/BOPCOM
C.5.1 Statistical impact of the change in treatment of operating leases in business accounting	GZTT	GN discussed in October 2020 BOPCOM. Approved, will be finalized together with C.5.2.
C.5.2 Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	GZTT	Currently under written consultation (BOPCOM). Subsequently will be combined with C.5.1 into one GN.
Medium-Priority Items		
C.6 Trade in services classification	GZTT/ DZTT	GN discussed in June 2021 BOPCOM. Approved, under finalization.
C.7 Treatment of travel packages, health-related travel, and taxes and fees on passenger tickets		GN was put on hold in February 2021 BOPCOM pending decision on C4 (bundling of services by tour operators). Will be discussed in February 2022 BOPCOM. GN will be discussed at the February 2022 BOPCOM.
C.8 Recording penalties and fines	AEG	GN discussed in February 2021 BOPCOM and revised. Under consultation with AEG to clarify if penalties & fines should impact earnings of DIES.
C.9 <i>Valuation of trade under long term contracts</i>		<i>GN deleted from CATT research agenda.</i>
GNs of Other Task Teams Relevant to the CATT		
G.1/C.11 Valuation of imports and exports of goods in the international standards (CIF to FOB adjustment)	GZTT	GN discussed in October 2020 BOPCOM and AEG. Follow-up world survey (Stage 1) and testing on selected countries (Stage 2) Will be presented at October 2021 AEG/BOPCOM.