



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

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For information

Overview of the Work of the Current Account Task Team

Prepared by the Current Account Task Team (CATT)

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Overview of the Work of the Current Account Task Team¹

This report provides an update on the activities of the Current Account Task Team (CATT) since the last meeting of the IMF's Committee on Balance of Payments Statistics (the Committee) in February 2021. It covers (i) a summary outcome and follow-up actions for the guidance notes (GNs) presented in the last meeting, (ii) an update on recent work for GN G.1/ C.11 Valuation of Imports and Exports (CIF-FOB), (iii) an overview of the status of the GNs submitted to the June Committee meeting, and (iv) information on the current status of the remaining CATT guidance notes (GNs).

Overview

1. The Current Account Task Team (CATT) had one guidance note (GN) discussed at the February-2021 Committee meeting: *C.8 Recording of Fines and Penalties*. In addition, the reason for the postponement of *C.7 Treatment of Travel Packages, Health-Related Travel, and Taxes and Fees on Passengers Tickets*, as well as 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)* were presented. The CATT held its third virtual meeting (March 15, 2021) to debrief its members on the outcomes of the February 2021 Committee meeting and discuss the next steps on the work agenda.

Status of the GNs Discussed in the February 2021 Committee Meeting and Follow-Up Actions

C.8 Recording of Fines and Penalties

2. As follow-up actions, the C.8 team consulted with the national accounts colleagues and received input from the new CATT members representing Eurostat-public finance and the International Public Sector Accounting Standards Board (IPSASB). The team is currently working on developing a decision tree and suggesting case studies/examples on current treatment of transactions involving fines and penalties. Once the update is completed, the AEG will be informed and asked if a new review would be needed, or the GN could be finalized and submitted to the Committee via written procedure.

C.7 Treatment of Travel Packages, Health-Related Travel, and Taxes and Fees on Passengers Tickets

3. The GN was put on hold by Committee members, and a resolution on this GN is pending the outcome of C.4 concerning the treatment of tour operators. This issue was discussed at a Balance of Payments Working Group seminar in January 2021 organized by Eurostat to ensure a holistic view on the revision and to avoid inconsistent treatment in the updated manuals (BPM and SNA). A final version of this GN will be submitted to the October 2021 Committee meeting.

Update on GN G.1/ C.11 The Valuation of Imports and Exports of Goods in the International Standards (CIF to FOB Adjustment)

4. The October 2020 Committee meeting 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 of

¹ Prepared by Silvia Matei (IMF) and Robert Leisch (Eurostat)—CATT Secretariat; and reviewed by Maria Borga (IMF), co-chair of the CATT.

economies before deciding on whether a change is warranted. The first phase of the online survey² was conducted between February–April 2021 to determine if balance of payments and national accounts compilers have access to invoice values to compile imports and exports of goods, as well as to collect information on the current compilation process. One hundred and nineteen economies³ submitted complete responses. The results indicate that (i) both balance of payments and national accounts communities support the use of invoice values on a conceptual level (around 65 percent of responses in each domain), (ii) about half of them have access to invoice data for balance of payments and national accounts compilation, and (iii) around half of the respondents considered invoice values as fairly accurate. However, obtaining data on international freight and insurance may be a bigger challenge for countries to overcome. Currently, the GZTT is following up with the economies⁴ that agreed to participate in Stage 2 of the testing. Based on the outcome, the GZTT—in consultation with CATT—intends to submit a proposal for discussion to the Committee and to the AEG in October 2021.

GNs for the June Committee Meeting

C.3 International Trade Classified by Currency

5. The GN proposal to collect information on international trade classified by currency on a voluntary basis received wide support from the CATT, BPTT, and public consultation. Most respondents agreed to append this breakdown onto the balance of payments' goods and services account, and there was unanimous consent among respondents to use the currency of denomination for compilation and to report on an annual basis. Consequently, the GN is presented to the Committee for discussion and approval.

C.6 Trade in Services Classification

6. The GN was reviewed by the CATT, GZTT, DZTT, AEG, and BPTT, before being sent for public consultation. The consultation within the different task teams and the public provided broad support for the proposed changes in the Telecommunications, Computer and Information Services, and Other Business Services groupings while acknowledging existing challenges. Also, there was wide support for a separate accounting framework for digital services, and to introduce supplementary items for Trade-related services in the update of the *Manual on Statistics of International Trade in Services 2010 (MSITS 2010)* and the new Extended Balance of Payments Services Classification (EBOPS). The GN is presented to the Committee for discussion and approval.

C.5.2 Economic Ownership in the Context of Financial and Operating Lease Transactions Pertaining, in Particular, to Aircrafts

7. In view of the large support for keeping the status-quo from the CATT, GZTT, and BPTT consultation (Option I recommend maintaining the recording standards of the *2008 SNA* and *BPM6*), the GN will be discussed by the Committee via written procedure.

² The survey was launched on both the UNSD and IMF websites.

³ One hundred seven complete responses for balance of payments and 99 for national accounts.

⁴ Forty-three economies agreed to be contacted for the second stage of the testing exercise for the use of invoice values.

Status of Remaining CATT GNs

C.4 Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; Merchanting of Services

8. This GN is being prepared jointly by CATT and GZTT and is currently in an advanced drafting stage. A first draft of the GN should be available by early July and discussion is foreseen at the October 2021 Committee meeting. Finalization of other GNs (C.1 and C.7) is pending the outcome of C.4.

C.9 Valuation of Trade Under Long Term Contracts

9. This topic was dropped from the CATT research agenda.

Other Matters

10. CATT benefited from the active participation in the public review of its GNs by relevant groups beyond the CATT that were affiliated with CATT members, such as Eurostat's Balance of Payments Working Group and the OECD's Working Party on International Trade Statistics.

11. To have a more coordinated view of the discussions, one public sector expert from Eurostat and one from the IPSASB have joined the CATT membership.