

GZTT Meeting (May 13, 2021)—Summary of Discussions

INTRODUCTION

1. Welcome by co-chairs.

OVERVIEW OF THE GZTT WORK AND DISCUSSION ON GZTT PROGRAM OF WORK

2. The draft conclusions of the April 6-8 AEG Meeting¹ include the following topics related to GZTT work:

- Classification of the recommendations in relation to their impact on the “core accounts”:
 - Guidance notes (GNs) and their recommendations should be categorized with regards to their impact on the SNA/BPM “central framework” or core accounts.
 - The GZTT makes this distinction (i) changes to boundaries or core accounts; (ii) supplementary tables (within boundaries); and (iii) extended/satellite accounts (outside boundaries)
- Testing phase of GNs:
 - Some GNs based on well-established practices and may not need further testing.
 - GZTT should recommend which of their notes are subject to the further testing.
- Special Purpose Entities (SPEs) and multinational enterprises (MNEs) GN was approved for global consultation – questionnaires are currently being developed, to be sent to UNSD for online posting. The link will be simultaneously posted on the GZTT page on the IMF’s BPM update website.

3. Substantial progress on the workplan has been attained since the last GZTT meeting. This includes:

- AEG identified as a first priority: (i) CIF-FOB valuation of imports/exports; (ii) Economic ownership and recording of intellectual property products (IPPs); (iii) Treatment of MNEs and SPEs; (iv) Intra-MNE flows; (v) and Identifying economic presence and residency.

¹ <https://unstats.un.org/unsd/nationalaccount/aeg/2021/M15.asp>.

- Additional GNs rolled over from the defunct Intellectual Property Products Task Team (IPTT) into the GZTT work program: (i) Transfer pricing within MNE group; and (ii) Payments for “knowledge-based” (non-produced) capital.
- Many issues of the Task Team are intertwined and should be considered holistically.
- Ongoing collaboration with other TTs: Current Account Task Team (CATT), Direct Investment Task Team (DITT) and Digitalization Task Team (DZTT).

4. Update on status of GNs:

- G.1 Valuation of imports and exports: testing targets both balance of payments and national accounts compilers and includes a two-staged approach (i) wider audience and (ii) targeted approach for selected countries. The first stage is now closed.
- G.2 Treatment of MNE and Intra-MNE Flows: the global consultation will address: (i) if MNEs are material (ii) the support for the GZTT recommendations; (iii) implementation questions. Given that the GN is based on well-established practices the assumption is that there is no need for further testing.
- G.4 Treatment of Special Purpose Entities and Residency: the global consultation will focus on: (i) if SPEs are material and there is user demand for data; (ii) support for the GN’s recommendations; (iii) the current data collection initiative on SPEs for ESS; and (iv) if the recently released SPE Operational Guidelines by BOPCOM are comprehensive enough for national accounts purposes. The DITT’s GN D.5 “Eliminating Imputations for Entities Owned or Controlled by General Government for Fiscal Purposes” was shared with the GZTT members to gather their feedback. Only a few members have provided comments to the DITT and this has been reflected in the GN.

5. Status of GNs:

- G.1 Valuation of Imports and Exports (CIF/FOB adjustment) – Completed – Stage 2 testing.
- G.2 Treatment of MNEs and Intra-MNE Flows – Completed – Global consultation in May/June 2021.
- G.4 Treatment of SPEs and Residency – Completed – Global consultation in May/June 2021.
- G.3 Transfer Pricing within MNE Group – To be drafted after G.5.
- G.5 Economic Ownership and Recording of Intellectual Property Products – In progress – Expected circulation to GZTT in June 2021.
- G.6 Merchanting and Factoryless Goods Producers and Recording of their Transactions – In progress – Expected circulation to GZTT/CATT in June 2021.
- G.7 Global Value Chains and Trade in Value-Added – In progress – Expected circulation to GZTT July 2021.
- G.8 Typology of Global Production Arrangements – Linked to G.6.
- G.9 Payments for “Knowledge-Based” (Non-Produced) Capital – In progress – Expected circulation to GZTT in July 2021.

6. GNs reviewed by GZTT:
 - DITT D.5, CATT C.6, CATT C.5.2, and DITT D.4.
 - DITT will potentially consult the GZTT when finalizing D.9 and for the possible stocktaking exercise the TT will conduct on MNE statistics.
7. Upcoming meetings include: (i) UNECE Group of Experts on National Accounts, May 17–26, 2021; (ii) BOPCOM meeting June 21–24, 2021; (iii) AEG meeting July 6–9, 2021 (tentative); (iv) BOPCOM meeting October 26–28, 2021; and AEG meeting October 2021 (tentative).
8. The GZTT members agreed that:
 - The workplan in the upcoming months is quite full. The GZTT co-chairs and Secretariat will consider a better distribution of review of the guidance notes and additional time for comments from members, as needed.
 - The need to further clarify the consultation process of GNs by joint BP/SNA Task Teams and the coordination process between the BPM and SNA update.

VALUATION OF IMPORTS AND EXPORTS: PRESENTATION OF SURVEY RESULTS AND NEXT STEPS

9. The first stage of the testing ended on April 27, 2021. One hundred seventeen economies submitted completed answers and 12 still need to be contacted to clarify details. China, P.R.: Mainland did not provide a complete answer. By statistical domain, 105 economies submitted complete answers for balance of payments and 98 economies submitted complete answers for national accounts.
10. From the complete answers, 42 economies agreed to be further contacted concerning the study on invoice values.
11. The next steps include: (i) further analyze qualitative answers to open questions; (ii) contact economies with duplicate answers that are not consistent; and (iii) contact economies that agreed to be contacted for Phase 2 of study.
12. The results gathered from Stage 1 of the testing will be presented at the next UNECE and BOPCOM meetings.
13. The GZTT members agreed that:
 - The number of answers reveals interest in the topic.
 - It will be interesting to analyze additional details, for example to present results by share of the economies in the World trade and the impact on trade balance.
 - The results of the consultations will be shared with GZTT members.

AGREED ACTIONS

The GZTT Secretariat to:

- Re-circulate the MNE and SPE GN (Completed).
- Bring the topic on the coordination between the SNA and BPM update to discussion at the next ISWGNA meeting.
- Reach out to China, P.R.: Mainland to obtain the answer to the survey on the valuation of imports and exports of goods.
- Follow-up with Germany on the timeline for the stage 2 of consultation on the valuation of imports and exports of goods.
- Share the results of the consultation on the valuation of imports and exports with GZTT members.
- Inform the GZTT when D.5 will go for public consultation in case they wish to provide further feedback.

ANNEX 1. PARTICIPANT LIST

- **Co-chairs:** Mr. Michael Connolly (Ireland Central Statistics Office) and Mr. Branko Vitas (Australian Bureau of Statistics).
- **Participants from countries:** Ms. María Lourdes Erro Azcarate (Central Bank of Uruguay – Retired); Mr. Paul Feuvrier (Central Bank of Luxembourg); Mr. Satoru Hagino (Fukuyama University, Japan); Ms. Grace Kim (Australian Bureau of Statistics); Ms. Natalia Kupriyanova (Central Bank of Russia); Mr. Dylan Rassier (Bureau of Economic Analysis, United States); Ms. Kyla Wall (Australian Bureau of Statistics); Mr. Jens Walter (Deutsche Bundesbank); and Ms. Jennifer Withington (Statistics Canada).
- **International Agencies:** Mr. Celestino Giron (ECB); Mr. Rami Peltola (UNECE); Ms. Tihomira Dimova Rodde (UNECE); Mr. Phil Stokoe (IMF); and Ms. Laura Wahrig (Eurostat).
- **Secretariat (IMF):** Ms. Jennifer Ribarsky, Ms. Padma Sandhya Hurree Gobin, and Ms. Margarida Martins.
- **Unable to attend:** Ms. Ann Lisbet Brathaug (Statistics Norway); Ms. Yang Can (State Administration of Foreign Exchange (SAFE), China); Ms. Lamia Laabar (Haut-Commissariat au Plan, Morocco); Mr. Sanjiv Mahajan (Office of National Statistics, United Kingdom); Mr. Themba Munalula (Common Market for Eastern and Southern Africa (COMESA)); Mr. Roberto Ramos (Getúlio Vargas Foundation, Brazil); Ms. Norhayati Razi (Bank Negara, Malaysia); and Mr. Andrey Tatarinov (ROSSTAT, Russia).