



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

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For information

## Progress Report on Work Undertaken by the Globalization Task Team

Prepared by the Globalization Task Team (GZTT)

INTERNATIONAL MONETARY FUND



## Progress Report on Work Undertaken by the Globalization Task Team<sup>1</sup>

*This report presents an overview of the activities and the progress made by the Globalization Task Team (GZTT) since the June 2021 IMF Committee on Balance of Payments Statistics (Committee) meeting and the July 2021 Advisory Expert Group on National Accounts (AEG) meeting. The GZTT has advanced substantially on its work plan, part of which has been conducted in collaboration with the Current Account Task Team (CATT), and in consultation with the Direct Investment Task Team (DITT). The drafting of most of the Task Team’s high-priority guidance notes (GNs) has been completed and half of the work marked as medium-priority has been accomplished. The GZTT expects to close on its research agenda by the start of 2022.*

### INTRODUCTION

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- 1. The Globalization Task Team (GZTT)<sup>2</sup> has made considerable progress in the drafting of most of its Guidance Notes<sup>3</sup> (GNs).** Part of the work has been successfully conducted in collaboration with the Current Account Task Team (CATT), and in consultation with the Direct Investment Task Team (DITT).
- 2. The drafting of GNs for four out of the five high-priority topics has been completed.** Two of them, namely GNs G.1 *Valuation of Imports and Exports*, and G.2 *Treatment of MNE and Intra-MNE Flows* will be presented for final discussion, and conclusion at the joint sessions of the IMF Committee of Balance of Payments Statistics (the Committee) and the Advisory Expert Group on National Accounts (AEG) meeting in October 2021. The final version of GN G.4 *Treatment of SPEs and Residency* will be concluded by both the BOPCOM and the AEG through written consultation. The first draft of GN G.5 *Economic Ownership and Recording of Intellectual Property Products (IPPs)* is scheduled for preliminary discussion on different occasions at the forthcoming AEG, BOPCOM, Eurostat, and OECD meetings.
- 3. As for its medium-priority topics, the GZTT has advanced well with the completion of two (out of four) GNs.** The joint CATT/GZTT GN C.4. *Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; Merchanting of Services* has undergone global consultation and will be presented for discussion at the joint BOPCOM/AEG October meeting. Drafting of G.9 *Payments for “Knowledge-Based” (Non-Produced) Capital* has also been completed and is scheduled for preliminary discussion at the October Committee meeting. The consultation within GZTT of both GNs G.5 and G.9 has already been undertaken by written procedure and during the latest virtual meeting of the Task Team held on September 22, 2021. The revised versions of G.5 and G.9 are expected to be posted for global consultation, by December 2021.

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<sup>1</sup> Prepared by Ms. Padma S. Hurree-Gobin, and Ms. Jennifer Ribarsky (both, IMF) – GZTT Secretariat, and reviewed by Mr. Michael Conolly (CSO, Ireland – co-chair) and Mr. Branko Vitas (ABS, Australia – co-chair).

<sup>2</sup> Initially established by the Intersecretariat Working Group on National Accounts (ISWGNA) in April 2019, the task team is now an official joint task team with the IMF Committee on Balance of Payments Statistics (Committee). Given the cross-cutting nature of the research issues, the GZTT consists of both national accounts and balance of payments compilers (Appendix II).

<sup>3</sup> Appendix I provides a summary status report on the high- and medium-term priority issues.

4. **With respect to the remaining GNs, the GZTT expects to close the work by the first quarter of 2022.** The GZTT proposes that GN G.3 *Transfer Pricing Within MNE Group* be subsumed under G.5 given that the latter discusses international tax rules and transfer pricing in the main text and in Annex IV. The GZTT will seek feedback from the AEG and the Committee if GN G.8 *Typology of Global Production Arrangements* is needed as G.6/C.4 discusses factoryless producers and merchandising of services and builds on Chapter 2 of the *Guide to Measuring Global Production*. A drafting team has been established for G.7 *Global Value Chains and Trade in Value-Added* but, given the vast number of materials already written, will seek clarity at the November 2021 AEG meeting what would be expected in a short GN.

## Appendix I.

Issue No.	Research Topic	Classification	Links to other TTs	Status
<b>High-priority items</b>				
G.1	Valuation of imports and exports (CIF-FOB adjustment)	H	CATT	To be presented and discussed at the joint BOPCOM/AEG meeting on October 26, 2021.
<i>Treatment of multinational enterprises (MNE) and special purpose entities (SPE), Identifying economic presence and residency, and Intra-MNE flows</i>				
G.2	Treatment of MNE and Intra-MNE Flows	H	DITT	To be presented and discussed at the joint BOPCOM/AEG meeting on October 26, 2021.
G.3	Transfer pricing within MNE group <sup>#</sup>		DITT	To be drafted after G.5 ( <i>if required</i> ).
G.4	Treatment of special purpose entities and residency	H	DITT	Final version to be discussed by the BOPCOM and the AEG via written procedure.
G.5	Economic ownership and recording of intellectual property products <sup>#</sup>	H	DZTT, DITT	Preliminary discussion. Global consultation scheduled for end November 2021.
<b>Medium-priority items</b>				
G.6/C.4	Merchandising and Factoryless goods producers and recording of their transactions	M	CATT	To be presented and discussed at the joint BOPCOM/AEG meeting on October 26, 2021
G.7	Global value chains and trade in value-added	M		Drafting in process. Initial draft to be circulated to GZTT for discussion by October 2021.
G.8	Typology of global production arrangements	M		To be drafted after G.6
G.9	Payments for “knowledge-based capital”	M	DZTT	Preliminary discussion. Global consultation scheduled for end November 2021.

## Appendix II. Members of the Globalization Task Team

### Chairs:

Mr. Michael Connolly (CSO, Ireland)

Mr. Branko Vitas, (ABS, Australia),

### Secretariat:

Ms. Jennifer Ribarsky (IMF)

Ms. Margarida Martins (IMF)

Ms. Padma Sandhya Hurree Gobin (IMF)

### International Organizations:

Mr. Celestino Giron (ECB)

Mr. Nadim Ahmad (OECD)

Mr. Martim Assunção (Eurostat)

Mr. Daniel ISCRU (Eurostat)

Ms. Laura Wahrig (Eurostat)

Mr. Floris Jansen (Eurostat)

Ms. Francien Berry (IMF)

Mr. Philip Stokoe (IMF)

Mr. Herman Smith (UNSD)

Mr. Tihomira Dimova (UNECE)

Mr. Rami Peltola (UNECE)

### Former members:

Mr. Paul Roberts (ABS, Australia, former co-chair)

Mr. Filippo Gregorini (Eurostat)

Mr. Steiner Todsén (Eurostat)

### Country Representatives:

Mr. Roberto Luís Olinto Ramos (FGV, Brazil)

Ms. Natalia Kuprianova (Central Bank of Russia)

Mr. Andrey Tatarinov (ROSSTAT, Russia)

Mr. Sanjiv Mahajan (ONS, UK)

Ms. Grace Kim (ABS, Australia)

Mr. Dylan Rassier (BEA, US)

Ms. Ann Lisbet Brathaug (Statistics Norway)

Ms. Jennifer Withington (Statistics Canada)

Mr. Jens Walter (Deutsche Bundesbank)

Mr. Paul Feuvrier (Central Bank of Luxembourg)

Ms. Lizbeth Levya (Banco de Mexico, Mexico)\*

Mr. Satoru Hagino (Fukuyama University, Japan)

Ms. Lamia Laabar (Haut-Commissariat au Plan, Morocco)

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Ms. Lourdes Erro (Uruguay)

\*In replacement of Ms. Norhayati Razi (Bank Negara, Malaysia), who has retired from her current position.