

## Terms of Reference

### SNA Research Agenda—Joint Globalization Task Team (GZTT)

#### 1. Background

The Terms of Reference of the Task team on the SNA Research Agenda say the following: “The Task Team is expected to establish dedicated work streams led by volunteer Task Team members to provide in-depth analysis for the three priority areas of research” (i.e., globalization, digitalization and well-being and sustainability). This Task Team has concluded its work and (joint) Task Teams were established to take the proposed areas of research forward.

On November 2018, the Advisory Expert Group (AEG) reconfirmed the three priority areas (i.e., globalization, digitalization, and well-being and sustainability) for the SNA research agenda and identified specific issues to be taken forward in the short term within those areas.<sup>1</sup>

The AEG/ISWGNA, in short, the Committee agreed to launch workstreams under each of the priority areas, preferably led by country members of the Committee, to develop guidance notes for each (group of) specific issue(s). The international agencies will provide support to each workstream.

Consequently, three task teams are being established, each one dealing with issues under one priority area. The activities, composition and organization of work and milestones of the task team on **Globalization** are described below.

Globalization has large impacts across different areas of statistics, particularly balance of payments and international investment position statistics. With the official simultaneous launch of the updates of the *System of National Accounts 2008 (2008 SNA)* and the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)* it was decided, in July 2020, to convert the subgroup on globalization as a joint Globalization Task Team (GZTT). The Joint GZTT will, therefore, advise the Committee and IMF’s Committee on Balance of Payments Statistics (BOPCOM) in the process of updating both the *2008 SNA* and the *BPM6*. To ensure overall consistency and avoid duplication of work, GZTT will also work closely with other task teams<sup>2</sup> created by BOPCOM and the other Committee’s task teams where issues overlap.

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<sup>1</sup> See the 2018 AEG conclusions at: [https://unstats.un.org/unsd/nationalaccount/aeg/2018/M12\\_Conclusions.pdf](https://unstats.un.org/unsd/nationalaccount/aeg/2018/M12_Conclusions.pdf).

<sup>2</sup> The BOPCOM has established the Balance of Payments (BPTT), the Current Account (CATT), and the Direct Investment Task Team (DITT). The BPTT plays an overseeing role.

To bring in perspectives from other statistical areas, this task team will have representation from compilers of international accounts, and the national accounts specialists will be encouraged to consult with other statisticians in their countries. As balance of payments and national accounts statistics are typically compiled in different agencies, coordination is crucial.

## **2. Overall Coordination**

UNSD is responsible for the overall coordination between the task teams and their work streams. It facilitates the exchange of information between the task teams and strives to align the work plans as appropriate. For this purpose, it participates in the coordination meetings of the individual task teams and calls for overall coordination meetings involving the co-chairs and the secretariats of all the task teams at strategic points in time, depending on the planning and the progress.

## **3. Activities**

The task team will produce one or more Guidance Notes on globalization issues identified by the AEG as a first priority. These are:

- Economic ownership and recording of intellectual property products.<sup>3</sup>
- Treatment of multinational enterprises and special purpose entities.
- Intra MNE flows.
- CIF-FOB valuation of imports/exports.
- Identifying economic presence and residency.

At the 2020 AEG meeting, members identified additional issues that should be addressed by the GZTT for the update of the *2008 SNA*. These are:

- A typology of global production arrangements
- Factoryless goods producers and recording of their transactions
- Merchanting
- Global value chains and trade in value added

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<sup>3</sup> The joint (BOPCOM/ISWGNA) Intellectual Property Products Task Team (IPTT) is being combined with the Globalization Task Team. Therefore, all the issues of the IPTT will be addressed under this research issue.

As requested by the Committee Guidance Notes should follow a common structure. A general template along the lines suggested by the AEG<sup>4</sup> is provided in Annex.

Progress on the Guidance Notes (included completed Guidance Notes, if applicable) will be reported in the Committee's reports to the UN Statistical Commission.

#### **4. Guidance Notes**

Guidance Notes will be discussed by written consultations or videoconferencing. Once a conclusion is reached by GZTT, the Guidance Note will be circulated to other task teams for review where relevant. Following consultation with the other task teams the Guidance Note will be updated and sent to the Committee and BPTT for initial review. The Committee and BPTT will provide feedback on the draft Guidance Note, which the GZTT will incorporate. The revised Guidance Note is then submitted for review to the Committee and BOPCOM, the latter through the BPTT.

The Guidance Note is then made publicly available for wider consultation—including with national compilers, such that they can test the practicality of the proposals.

The Guidance Note will undergo a second-round review by the Committee and BPTT (and other task teams) only if there are significant changes to the draft version in light of the public consultation before being presented to the Committee and the BOPCOM for endorsement.

The key working procedures and review processes for Guidance Notes are outlined in Figure 1 and detailed in Table 1.

#### **5. Composition**

Michael Connolly (Central Statistics Office Ireland) and Branko Vitas (Australian Bureau of Statistics) will co-chair the task team on **Globalization**. The International Monetary Fund will provide support as the secretariat of the task team. The UNSD will ensure coordination with the other Committee's task teams for possible overlapping topics.

The co-chairs and the secretariat will jointly decide on the size and composition of the task team. They will organize the work and establish a detailed work programme and timetable that considers the milestones in Section 7.

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<sup>4</sup>The AEG agreed that [...] the guidance notes should clearly identify issues affecting the central system, versus those that would go into supplementary tables or satellite accounts. The guidance notes should also assess implications for a possible SNA update and the opportunities for harmonisation with other domains. They should not only look at the conceptual implications, but also address the feasibility of implementing the proposed conceptual solutions.

The co-chairs, with the support of the secretariat, will recruit other members of the task team, normally including other Committee members, BOPCOM members, as well as other experts (e.g., from national statistical agencies, central banks, national or local governments, the research community), according to the necessary expertise, representativeness (range of regions, country sizes, and stage of statistical development) and the need to coordinate with other domains.

The co-chairs and the members of the task team will work on a voluntary basis.

## **6. Organization of Work**

The co-chairs may decide to attribute different issues to different group members. In any case, they will ensure consistency between proposed solutions for issues within their priority area, whenever an overlap exists.

The organization of work should consider the current advancement status of the different issues. Some issues are already relatively well advanced in terms of preparatory work (e.g., CIF-FOB for an interim solution). Some issues are broad and will need to be better specified (e.g., identifying economic presence and residency) or potentially overlap.

The detailed timetable should include points at which the Committee, BPTT, and relevant technical groups (including other statistical domains) should be involved and also where user consultation should take place.

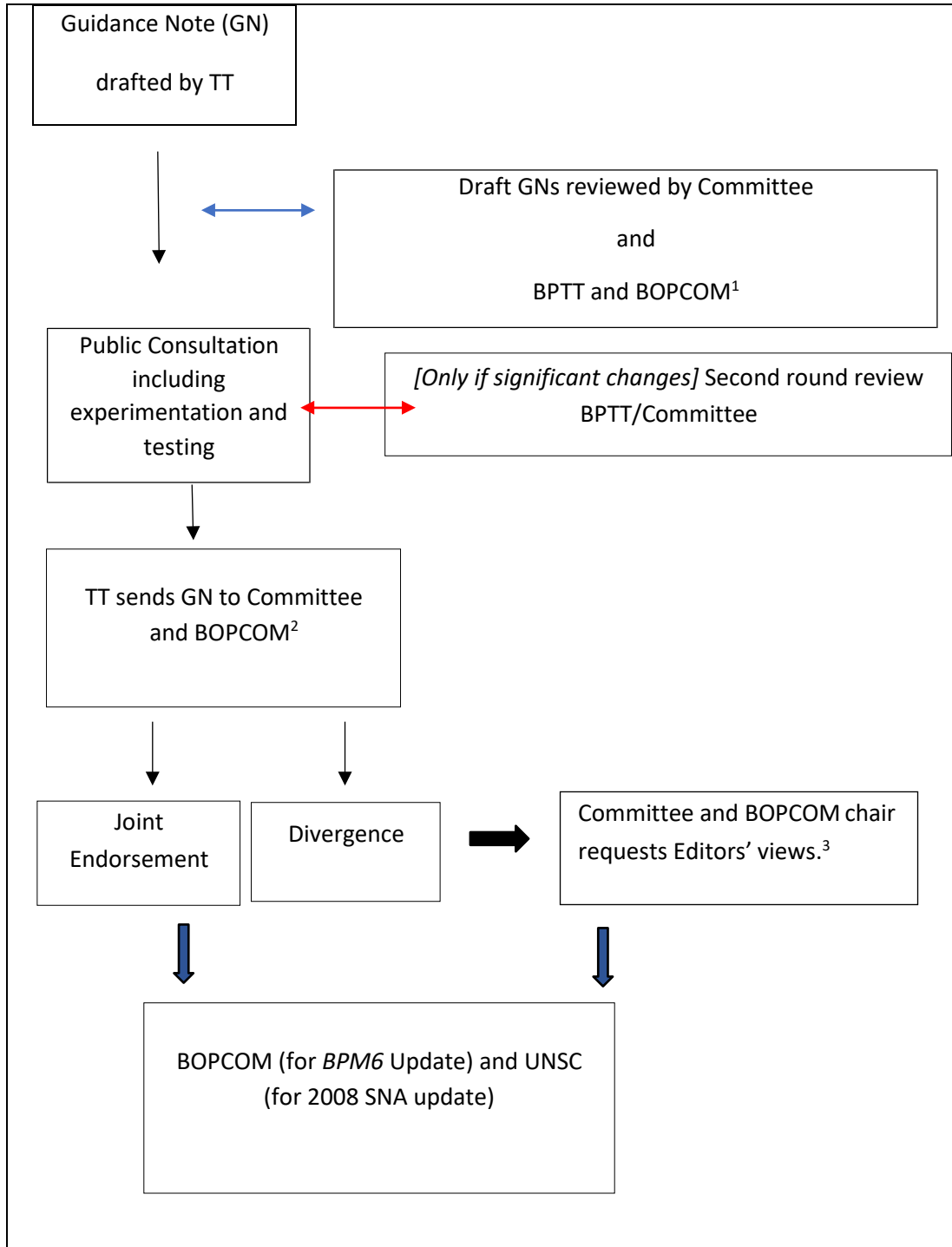
Work will mainly be carried out remotely, via email and tele/video conferences. However, a physical meeting of the task teams could be envisaged in the fourth quarter of 2019. ISWGNA organizations will take care of the logistic arrangements.

## **7. Milestones**

Milestones for the task teams are:

- Appointment of task team members: by mid-April 2019. Updated task team member list in November 2020.
- Report on advancement of work, including the presentation of issue papers at Committee and BOPCOM meetings.
- Preparation of a report on activities, including progress on the drafting of guidance notes, for the Committee report to the UNSC each year: by end November.
- Preparation of guidance notes: 2020 – March 2022, according to the subject.

**Figure 1. Life Cycle/Governance of Guidance Notes**



1. In its oversight/coordinating role, BPTT reviews primarily for overall consistency of the proposals.

2. Joint TTs send their GNs to both the BOPCOM and the Committee.

3. For GN of Joint TTs, Chairs of both the BOPCOM and the ISWGNA make the request.

The Committee and BOPCOM may also utilize this option if there are reservations about the TT's proposals.

<b>Table 1. Approval Process for Guidance Notes by Task Team</b>	
1	Guidance Note (GN) is drafted, discussed, and agreed by TT.
2	Circulate preliminary draft GN for consultation with other TTs where relevant.
3	Update preliminary draft GN to incorporate feedback from other TTs.
4	Circulate draft GN to Committee and BPTT for review.
5	Update draft GN to incorporate feedback from BPTT and Committee.
6	Submit revised GN for review by Committee and by BOPCOM through the BPTT.
7	Update GN to incorporate feedback from Committee and BOPCOM.
8	GN circulated for public global consultation and pilot tests.
9	Update GN based on results of global public consultation and pilot tests.
10	Final GN sent to Committee and BPTT for review. If significant changes, seek review by other TTs as outlined above (steps 2-6).
11	<p>Endorsement of Joint TT recommendations reside with the Committee and the BOPCOM (using their respective procedures).</p> <p>If divergent views emerge, Committee and BOPCOM Chairs request SNA/BPM editors' views. If the editors' views also diverge, the ISWGNA and BOPCOM may consider adopting their respective positions, with transparent documentation of the points of departure.</p>
12	Final endorsement of recommendations on the <i>2008 SNA</i> Update resides with the UNSC and for the <i>BPM6</i> Update it resides with BOPCOM; and should, in the absence of agreement between the Committee and BOPCOM, carefully consider retaining the status quo (i.e., no change) and placing the issue on a future research agenda.

## **Annex 1. Guidance Note Outline**

### **1. Introduction to the issue**

*Background to the issue and ‘problem statement.’ Quantitative size of the issue if known.*

### **2. Existing material**

*The existing SNA approach described, together with other existing material (Handbooks, technical papers, AEG papers from the past if discussed before). Links to other statistical domains.*

### **3. Options considered**

*A list of options, with advantages and disadvantages considered. The options should clearly distinguish between those which would require a change in the central system from those which would be developed out of the central system.*

### **4. Recommended approach—conceptual aspects**

*Summary of the recommended conceptual approach. Detailed impacts across the accounts to be described in the Annex (including potential impacts on key indicators like GDP, GNI...).*

### **5. Recommended approach—practical aspects**

*Focus on practical feasibility of the approach—availability of data sources, their quality and timeliness, need for modelling/assumptions.*

*Identification of further work needed to develop/test the approach.*

### **6. Changes required to the 2008 SNA and other statistical domains**

*If relevant, identification of all paragraphs in the 2008 SNA which would need to be updated (with suggested text) and guidance of other statistical domains which would need to be updated to introduce/retain consistency.*

## **Annex. Elaboration of the Impacts of the Recommended Recording on the Full Sequence of Accounts**

## **Annex 2. Globalization Task Team**

### **Members as of November 2020**

**Co-chairs:** Mr. Michael Connolly (Ireland)  
Mr. Branko Vitas (Australia, from November 2020)  
Mr. Paul Roberts (Australia, June 2019–July 2020)  
Mr. Roberto Luís Olinto Ramos (Brazil, April 2019–May 2019)

**Secretariat:** Mmes. Jennifer Ribarsky, Margarida Martins, and  
Padma Sandhya Hurree Gobin (IMF STA)

### **Members:**

Africa (COMESA)	Mr. Themba Munalula
Australia	Ms. Grace Kim
Brazil	Mr. Roberto Luís Olinto Ramos
Canada	Ms. Jennifer Withington
China	Ms. Yang Can
Germany	Mr. Jens Walter
Japan	Mr. Satoru Hagino
Luxembourg	Mr. Paul Feuvrier
Malaysia	Ms. Norhayati Razi
Morocco	Ms. Lamia Laabar
Netherlands	Mr. Dirk van den Bergen Mr. Mischa Schirris Mr. Leo Hiemstra
Norway	Ms. Ann Lisbet Brathaug
Russia	Mr. Andrey Tatarinov Ms. Natalia Kuprianova
United Kingdom	Mr. Sanjiv Mahajan
United States	Mr. Dylan Rassier
Uruguay	Ms. María Lourdes Erro Azcarate
Eurostat	Mr. Steinar Todsén Mr. Martim Assuncao Ms. Laura Wahrig Mr. Floris Jansen Mr. Daniel Iscru
IMF	Mr. Phil Stoke (STA Government Division)



IMF	Ms. Francien Berry (STA Real Sector Division)
OECD	Mr. Nadim Ahmad
UNECE	Ms. Tihomira Dimova Rodde
	Mr. Rami Peltola
UNSD	Mr. Herman Smith