

ISWGNA Technical Level Meeting
Washington D.C., April 15th – 16th, 1999.

Minutes of the Meeting

The meeting was hosted by the World Bank and chaired by Robin Lynch. Participants came from UNCSD, UNECE, UNECA, EUROSTAT, IMF, OECD and World Bank. The full list of participants (Annex 1), the adopted agenda (Annex 2), as well as a list of actions agreed (Annex 3) are attached.

1 Adoption of the agenda

The agenda was adopted with a few changes (Annex 2).

2 Review of actions agreed upon at last meeting

Action	Responsible	Comments
1) Send contributions to the report for the 1999 Statistical Commission	ISWGNA	Done
2) Amend draft letter of understanding on Data collection	Eurostat	Done
3) Finalize report for Statistical Commission	UNSD	Done
4) Comment on the IMF's draft on financial derivatives	ISWGNA	Done.
5) SNA News & Notes		
a) Text on re-invested earnings	Eurostat	Done. Will be included in # 9.
b) Statement on the treatment of asset transfer cost	OECD	Done
c) Article on the general approach of implementing SNA	OECD	Work in progress. OECD is working on an article.
d) Produce French version	Eurostat	French version of # 9 is produced. Will be produced regularly in the future.
6) Propose experts for the panel on asset transfer costs	ISWGNA	Pending. Candidates still needed.
7) Comments on the introduction to the functional classification	ISWGNA	Done.
8) Reference list of NA textbook to be sent to R. Lynch	ISWGNA	In progress (- one contribution received).
9) Draft replies to S. Keuning and A. Vanoli.	Eurostat	Pending. Letters to be written by new chair (World Bank)
10) Propose experts for the EDG on treatment of interest under high inflation	ISWGNA	In progress
11) Discuss possible use of IARIW funds	ISWGNA	Discussed at the meeting - see below
12) Prepare next meeting	World Bank	Done

3 Follow-up to the meeting of the Statistical Commission (SC) on March 1st – 5th, 1999.

The Statistical Commission report on national accounts matters was distributed to the meeting.

a) *Updating procedure*; The SC approved the proposal for an updating mechanism for the 93SNA as described in the task force, with one change; The period within which member countries of the SC should approve an amendment was extended from 30 to 60 days.

b) *Financial derivatives*; The SC agreed in principle with the proposed amendment to the 93SNA text incorporating the new international standards for the statistical measurement of financial derivatives. However, the SC asked the ISWGNA to consider specific comments by some member countries and to circulate the redrafted paper to all statistical offices and thereafter to the members of the SC. This to be in line with the approved updating procedure.

Action;

IMF to consider specific comments by SC member states and consult, as necessary, with countries that commented on the first draft, which was circulated in December 1998. IMF will provide a copy of the re-drafted text to the UN Statistics Division, which as secretariat of the ISWGNA will circulate it to all national statistical offices in line with the new updating procedure of sixty days for such consultation. Then, the final draft will be distributed to the members of the SC, also with a 60-day notification period.

c) *Milestones*;

It was agreed that this subject be kept under review.

d) *The role of the Intersecretariat Working Groups and the City Groups*

“The SC finds the work of the city groups valuable; however, it is important that they stay focussed and inform the ISWGs of their work.” (All city groups report to the SC.)

Anne Harrison, OECD, informed the ISWGNA about the work of the London Group on Environmental Accounting.

Last year, the group began work on drafting a (revised) manual on environmental accounting. Next meeting is in November '99 (Canberra, Australia), and the draft will be further advanced by then. However, according to Anne Harrison, more work is needed before the manual can be finalized.

At the moment, no ISWG-ENV exists to overlook/validate the work of this city group. Thus, the manual will not automatically be approved by the international organizations (as SNA was). Is an ISWG-ENV needed ?

Are ISWGs in general needed to overlook the work of the city groups ? And, if so, how should ISWGNA relate to the city groups ? It is ISWGNA's responsibility to make sure that manuals are consistent with the SNA, since 93SNA should be fully implemented through a supporting set of manuals and handbooks. However, it is not possible to retain absolute control, since organizations can produce and publish a manual as they like.

Action;

The meeting agreed to draw up a list of city-/working groups (UNSD took on this responsibility) falling in the SNA-area, and to ask the groups about the role they see that the ISWGNA can play. Thus, next steps depend on the list.

e) *Report for next SC meeting;* S. Schweinfest (UNSD) reported on this issue.

- So far no decision has been taken on whether the meeting in year 2000 should be a full Statistical Commission meeting, or a working group meeting only.
- The report, which needs to be finalized 3 months in advance (Sept/Oct. 99), will be a report on what ISWGNA and UNSD are doing.
- A main topic for the report has yet to be identified. This was discussed during the meeting, and there seemed to be a common understanding that it would make sense to focus on the ISWGNA/UNSD workprogram, however, using a more analytical approach. Contributions to the report by members of the ISWGNA should be submitted to UNSD by the end of June.

f) *Glossary – English version*

OECD distributed a draft version in Dec. '98, and comments have been received from a number of countries, as well as from ISWGNA members. A re-drafted version is soon to be finalized.

Glossary – French version

A draft has been distributed to INSEE for comments. Due to criticism of the French translation of SNA, OECD is trying to incorporate comments on style and language as well as on content.

R. Rakotobe, UNECA would like to distribute the draft within French-speaking Africa for comments. OECD welcomed this initiative.

Glossary – Spanish version

UNECLAC has taken on the responsibility of translating the glossary into Spanish. ECLAC has already started to translate the version circulated for comments in Jan. 1999 and when the final version is finalized it will translate the changes and additions which OECD has promised to highlight in the final text.

The English version of the glossary is expected to be finalized by mid May, then the French and Spanish versions will follow as soon as possible. These deadlines are very important since the 1993 SNA Glossary will be an integral part of the Booklet of Instructions and Definitions that will accompany the UNSD new national accounts questionnaire based on the 1993 SNA which is scheduled to be sent to countries in June 1999 in English, French and Spanish.

4) SNA conceptual questions

a) Other

(i) “Accrual accounting for interest”

IMF presented a paper on accrual accounting for interest, which was not a final position paper, but rather a working or discussion paper. The bottom line was; no changes are needed in the SNA, however, the BOP manual should be changed.

EUROSTAT said that they had worked on the same issue, and reached the same conclusion – no need for updating of SNA.

Action;

IMF to prepare a short note on the issue to be included in *News & Note #9*. Furthermore, an electronic discussion group will be created, and a moderator for the group will be identified. The head of the Division for National Accounts in Singapore was mentioned as a possible candidate for this ‘position’.

The outcome of the discussions will inform the ISWGNA on the issues of importance to producers and users of the data, in deciding – whether to make a public clarification in/of the SNA (with no substantive change), or inform the BOP Committee only of such clarifications.

(ii) Accrual accounting of taxes and social contributions

Brian Newson, EUROSTAT – For information

“EU wants accrual accounting for taxes etc., but taxes and contributions that will never be paid should not be included. Measurement of the government deficit depends on how we deal with this issue.” He mentioned this because ISWGNA might be asked to take a view on this.

This is also a very important issue for the IMF, which is in the process of writing a revised GFS manual. IMF said that the issue had been discussed internally in the IMF as well.

Furthermore, an article on this issue was included under ‘Discussion issues’ in *News and Note #6*. In this article, OECD argued that taxes and social contributions which would never be paid should not be included.

5) SNA News and Note

a) *Approval of News and Note #9*

The meeting agreed that the #9 draft was largely descriptive, and could be more exciting. It was suggested to shorten some of the articles, to include an article on 're-invested earnings' by EUROSTAT, and include information notes about planned electronic discussion groups.

Articles

Paul McCarthy, OECD	Question and Answers on PPP
Jan van Tongren, UNSD	UNSD's support to SNA implementation in Developing Countries
Romania Statistical Bureau	Implementation of the SNA/ESA in Romania (to be shortened)
Mexico Statistical Bureau	Mexico publishes institutional sector accounts
INSEE	Acknowledgement note for Mr. Mueller (to be re-written in a more descriptive manner)
AFRISTAT	AFRISTAT's programme in SNA-implementation
Karoly Kovacs	Economic statistics at the 30 th session of the Statistical Commission
Karoly Kovacs	SNA News and Note on the WWW
Brian Newson, EUROSTAT	Re-invested earnings (negative)
IMF	Accrual accounting for interest. Short note including information on the electronic discussion group which is about to be established.
IMF	Information about the ISWG on price statistics

Announcements of forthcoming meetings, electronic discussion groups and publications

Note: Due date for comments and contributions is April 30th.

b) *Propose topics for News and Note #10*

There was general agreement that the next issue (and forthcoming issues in general) should be more topic-oriented.

Articles

World Tourism Organization	Tourism satellite Accounting – two rather big papers (to be shortened?)
UNSD	Programme on non-profit institutions
Ethiopia	Implementation of 93SNA
Paul McCarthy, OECD	What does it mean to implement 93SNA ?
IMF	Accrual accounting of interest
EUROSTAT	How aggregates change when moving from 68SNA to 93SNA
IMF	Financial derivatives

Idea for News and Note #11

IMF to write an article on 'Revision policies' - should be discussed as usual by the ISWGNA before publication in *SNA News*

6) Treatment of interest under high inflation

a) Papers for discussion;

- (i) 'A note on nominal and real interest'
Paper by Erza Hadar and Pablo Mandler
- (ii) 'Interest and inflation accounting'
Position paper by Robin Lynch

b) Background documents;

- (i) Letter from A. Vanoli
- (ii) Letter from P. Hill

c) Electronic discussion group

A computer electronic discussion group has been set up, ready for the inauguration following the general invitation in the September issue of *SNA News*. The World Bank, will set up a supporting web-site.

d) Next steps

R. Lynch's position paper (in a moderated form) will be included on the Web-site as background material together with the Hill, Vanoli, and Hadar/Mandler papers.

The meeting decided that there was a need for a (set of) moderator(s) for the discussion group. R. Lynch suggested that C. Gorter (IMF) and himself should take on the responsibility. [Work commitments unfortunately prevented Mr. Gorter taking up this role, so the World Bank will identify another co-moderator].

To inform all potential discussants, a short note about the electronic discussion group will be included in *News and Note #9*.

7) Treatment of transfer costs

The treatment of transfer costs was discussed at a joint OECD/ESCAP meeting of national accounts where the Statistical Office of Singapore presented a paper identifying some problems.

OECD is in the process of setting up an electronic discussion group, where all interested parties are invited to contribute, and selected papers on the issue will be posted / linked.

The meeting agreed on the need for a moderator of the discussion group. Names to be asked (by R. Lynch) in the following order; Peter Van der Ven (the Netherlands), Anne Marie Braathen (Sweden), and Ole Berner (Denmark).

Furthermore, a note on the role of the moderator will be written (by R. Lynch), which can be distributed to the potential moderators so that they understand their duties.

8 Handbooks and Manuals

a) Russian version of 93SNA

The case; There is no stock copies of the 93SNA translated into Russian at the UN. The FSU countries are still in need of further copies; thus, there is a need for new print of the Russian version. However, the UN can not print without knowing that these copies will actually be sold – and the minimum amount to be printed is 500x.

After discussion, the member organizations of the ISWGNA were prepared to say that they would commit to buy the following number of copies at a cost of 45\$/each;

IMF	200 - 250X
World Bank	50X
OECD	50X
EUROSTAT	100X

UNSD will send out a formal request, for the organizations to fill in, - to confirm the number of Russian manuals they are committing to buy / finance.

[OECD suggested a soft-cover internal print run to defray costs further and this is being pursued by ISWGNA members. The World Bank has obtained an estimate of approximately \$10.00 per copy (in two volumes)].

b) Functional classification

UNSD informed the ISWGNA that the Statistical Commission approved for publication the Classifications of Expenditures According to Purpose: COFOG, COICOP, COPNI and COPP (Doc. PROV/ST/ESA/SER.M/84). This provisional document is available in printed format in all six languages as submitted to the Commission and also is available electronically through the UN Classifications Hotline (CHL@un.org). It will be submitted for official publication in the second quarter of 1999.

Regarding the CPC/COICOP correspondence table developed by N. Rainer from Austria it was agreed by the ISWGNA that it should not be included in the publication since it was not widely disseminated for comments. OECD informed the Group that they have not yet developed correspondence tables between old COFOG and new COFOG or old COICOP (CHGS) and new COICOP.

The update of Chapter 18 on Functional Classifications and Annex V of the 1993 SNA to reflect the newly approved classifications was discussed. OECD will look into the possibility of doing this revision. In updating the SNA UNSD indicated the need to discuss and agree within the ISWGNA if we will continue using the term functional classifications when referring to these new classifications in the main text or it should be replaced by classifications of expenditures according to purpose. The UN Expert Group on International Economic and Social Classifications recommended the title "Classifications of Expenditures according to Purpose" for M 84 instead of "Functional Classifications of the 1993 SNA" to more adequately reflect that these classifications are also used in other statistical areas, i.e consumer price indices, household budget surveys, government analysis etc.

c) *Manual on Quarterly National Accounts*

Brian Newson, EUROSTAT – For information

EUROSTAT has finalized the manual on quarterly national accounts. The manual will be translated into French; however, production of a Spanish version is not in the plan.

ISWGNA found that a Spanish version would be useful, thus, UNSD will request UNECLAC whether they would be interested in producing the Spanish version. In general, ISWGNA prefers to have the manuals translated into as many languages as possible.

d) *Textbook on the compilation of Quarterly National Accounts*

Adriaan Bloem, IMF – For information

IMF is in the process of developing a text-book on compilation of QNA.

e) *Guidelines on the measurement of capital stocks in transition economies*

Lidia Bratanova, UNECE – For information

UNECE is developing guidelines for the measurement of capital stocks in transition economies. The guidelines will be published by the end of the year.

f) *Handbook on Household Accounting*

Robin Lynch, World Bank – For information

The technical editing of the Handbook on HH accounting , volume II, is almost complete.

g) *Non Profit Institutions Handbook*

For information

John Hopkins University has for several years run a project on NPI. They have criticized the SNA for the treatment of NPI, since only some NPISHs are treated with ‘special care’ – the rest are lumped into general government sector and the non-financial corporation sector. A manual on NPI accounting is being developed by JHU, and fortunately, it goes in the direction of satellite accounting. There is no promise yet given to produce this manual as part of a series of manuals connected to the 93SNA until a UN Expert Group and the ISWGNA reviews it and make recommendations.

9 Meetings, Training and Seminars

Who ?	When (& Where) ?	What ?
UNSD	May 31 – June 4, 99 (Netherlands Antilles)	UN workshop on SNA & Classification (joint UNSD/ECLAC Caribbean Region hosted by Netherlands Antilles)
	Sept. 27 – Oct. 1, 99 (Canberra, Australia)	UN workshop on International Economic and Social Classifications (joint UNSD/ESCAP hosted by Australia)
	Oct. 99 (Beirut, Lebanon)	UN workshop on compilation of Integrated Economic Accounts (joint UNSD/ESCWA)
	Nov. 99 (Aguascalientes, Mexico)	UN workshop on the Implementation of the 93SNA with emphasis on Regional Accounts for Latin America (joint (UNSD/ECLAC hosted by Mexico)
	Dec. 99 (New York)	UN Expert Group Meeting on Economic and Social Classifications
UNECE	Nov. 3 – 5, 99 (Geneva, Switzerland)	Regular ECE/ILO meeting on CPI (Special session for transition countries to be organized in the afternoon of November 2.)
	April 26 – 28, 00	Three day meeting for transitional countries (In cooperation with OECD and EUROSTAT)
UNECA	Oct. 11 – 17, 99	Meeting with OECD
IMF	June – July 99 (Washington, D.C)	Training course in SNA (6 weeks)
	(Abidjan, Ivory Coast)	Training course in SNA (2 weeks)
	Oct. / Nov. 99 (India)	Regional seminar, in cooperation with Indian authorities
OECD	Sept. 21 – 24, 99 (Paris, France)	National Accounts meeting (Sept. 20, Workshop organized by Anne Harrison)
	Nov. 9 – 11, 99	Meeting on Handbook on capital

	(Washington, D.C.)	stock estimation (with BEA / BLS).
World Bank	July/Aug. 99	Seminar on PPPs

10 Research Agenda

a) *Financial services*

UNSD informed the meeting that an expert group meeting on the production accounts for the financial sector will be held in 2000, with the aim to write a handbook on the same subject.

OECD will arrange that this topic is covered during the meeting on national accounts in September.

b) *Constant prices*

EUROSTAT has created a task force with the aim of identifying 'best practice' in the field of constant price estimation. The task force receives and reviews papers from member countries.

ISWGNA would appreciate receiving any outcome of the task force, and any paper subsequently produced on 'best practice' in this field.

c) *Conversion factors used for international comparison purposes*

UNSD is looking into the use of appropriate conversion factors to deal with cases of excessive fluctuations or distortions in the international comparison of GDP or GNI when market exchange rates are used.

UNSD has invited colleagues from the IMF and the World Bank to participate in a half-day session of the UN Committee on Contributions that will deliberate on the alternative use of other conversion factors such as PARE rates developed by UNSD, World Bank Atlas conversion rates, PPPs etc.

11 Other business

a) *Timing of future meetings*

ISWGNA will try to schedule their meeting either right before or after other international meetings in order to minimize travel expenses as well as travel time.

Next meeting – Paris, September 16 –17, 1999.

b) *Possible use of former IARIW funds*

It was agreed that one possible use of this money is 'to pay for consultancies with moderators for the (electronic) discussion groups'.

c) *Change of chair*

The international institution holding the chair of the ISWGNA, historically has changed on January 1. However, the UNSD proposed that it would make more sense to change chair right after the Statistical Commission meeting in February/March of each year. There were no objections and so the meeting agreed that next change of chair will take place after the next SC meeting.

Annex 1

**ISWGNA Technical Level Meeting
Washington D.C., April 15th – 16th, 1999.**

List of participants

United Nations Statistical Division

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International Monetary fund

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(Friday)

**ISWGNA Technical Level Meeting
Washington, April 15th – 16th, 1999.**

Agenda

- 1 Adoption of the agenda
- 2 Review of actions agreed upon at the last meeting
- 3 Review / follow-up to the Meeting of the Statistical Commission on March 1st – 5th, 1999
 - a) Updating procedure
 - b) Financial derivatives
 - c) Milestones
 - d) The role of the Intersecretariat Working Groups and the City Groups
(for discussion Friday morning)
 - e) Report for next commission meeting
 - f) Glossary
- 4 SNA conceptual questions
 - a) Other
 - (i) ‘Accrual accounting of interest’
Paper by IMF (for discussion Friday morning)
 - (ii) Other
- 5 SNA News and Notes
 - a) Approve Number 9
 - b) Propose topics for Number 10
- 6 Treatment of interest under high inflation
 - a) Papers for discussion
 - (i) ‘A note on nominal and real interest’
Paper by Erza Hadar and Pablo Mandler
 - (ii) ‘Interest and inflation accounting’
Position paper by Robin Lynch
 - b) Background documents
 - (i) Letter from A. Vanoli
 - (ii) Letter from P. Hill
 - c) Electronic discussion group
 - d) Next steps
- 7 Treatment of transfer costs
- 8 Handbooks and Manuals
 - a) Russian version of 93SNA
 - b) Functional classification
 - c) Other

9 Meetings, training and seminars

10 Research agenda

11 Other business

- a) Timing of future meetings
- b) Possible use of former IARIW funds
- c) Other

End of meeting

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Actions Agreed

Action	Responsible	By when	Comments
1) Propose experts for the panel on asset transfer costs	All		Pending from last meeting
2) Reference list of NA textbooks to be sent to R. Lynch	All		Pending from last meeting
3) Draft replies to S. Keuning and A. Vanoli	World Bank (chair)		Pending from last meeting
4) Financial Derivatives			
a) Send out letters/proposals to countries who had comments	IMF	April 16.	
b) Distribute new proposal to all statistical offices (central banks in some cases) for comments	UNSD (secretariat)	May 15.	Allow 60 days for feedback
c) Distribute new proposal to the 24 members of the SC for approval	UNSD (secretariat)	ASAP, after July 15.	The SC are not asked to comment, but to approve. Formal objection within 60 days.
5) Draw up list on city / working groups	UNSD (secretariat)	ASAP	
6) Distribute French version of Glossary	OECD and UNECA	ASAP	
7) Short note on 'Accrual accounting for interest' EDG	IMF	April 30.	News and Note #9
8) Arrange 'Accrual accounting for interest' EDG	IMF	ASAP	
9) Short note on 'Interest under high inflation' EDG	World Bank	April 30.	News and Note #9
10) Request moderator for 'Interest under high inflation' EDG	World Bank	ASAP	
11) Request moderator for 'Treatment of asset transfer costs' EDG	World Bank	ASAP	
12) Articles for News and Note #10	According to list		