



DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
UNITED NATIONS

**SEEA Revision
Issue 5
Cover Note**

Cover Note

Issue #5: Environmental Goods and Services Sector

Outcome paper for global consultation

Outcome Paper Issue #5: Environmental Goods and Services Sector

Issue description

The environment industry consists of activities that produce environmental products to measure, prevent, limit, minimize or correct environmental damage to water, air and soil, as well as problems related to waste, noise and ecosystems. This includes cleaner technologies, products and services that reduce environmental risk and minimize pollution and resource use as well as activities related to resource management, resource exploitation and natural hazards. The environment industry cuts across conventional industrial classifications and therefore makes the data collection difficult. Are the concepts of the environment industry mature enough to be included in the volume 1 of the revised SEEA?

Background

There is general interest in understanding and measuring the relative size of the environment industry – that is, the economic contribution of those activities that are considered to be environmental. This contribution might be measured in terms of contribution to GDP or in terms of levels of employment.

An increasingly common approach to answering such questions is the development of functional satellite accounts. In the 2008 System of National Accounts (SNA) such satellite accounts are introduced for tourism, health, unpaid household activity and the environment. The basic starting point is to identify, within the boundaries of the SNA, those balances and flows that are relevant to the area of interest.

The key question in measurement is which of the current activities in the scope of the SNA should be considered to be environmental. This question can be considered from a number of perspectives. The approach here is to define an Environmental Goods and Services Sector (EGSS) and various proposals are made for inclusion in the revised System of Environmental and Economic Accounts (SEEA).

Over the past 10 years more work has been undertaken on the collection of data for an environment sector within the broader economy and there is now considerable experience in the relevant statistical concepts, sources and methods. The majority of the work has been undertaken in North America and Europe and in September 2009 Eurostat released a handbook on the measurement of the EGSS.

Summary of outcomes

The overall outcome from discussion within the London Group is that the revised SEEA should incorporate the relevant concepts and definitions regarding the EGSS provided in the Eurostat EGSS Handbook. The following specific recommendations are made:

Recommendation 5.1: That the term Environmental Goods and Services Sector (EGSS) should be used to label the group of environmental producers.

Recommendation 5.2: That in the revised SEEA an EGSS should be defined with a scope equal to the production of environmental goods, technologies and services for the environmental activities of environmental protection and resource management.

Recommendation 5.3: That in determining the main purpose of an activity the primary focus should be on the technical nature of the activity and, in border line cases, the producer's intentions. Focus should not be placed on the user's intentions.

Recommendation 5.4: That in accounting for the transactions and units within the EGSS all of the relevant concepts and definitions should be consistent with the relevant detail of the 2008 SNA.

Recommendation 5.5: That activities within scope of the EGSS should be classified by the Classification of Environmental Protection Activities (CEPA) and the Classification of Resource Management Activities (CReMA).

Questions

1. Do you agree that the term Environmental Goods and Services Sector (EGSS) should be used to label the group of environmental producers?
2. Do you agree that in the revised SEEA an EGSS should be defined with a scope equal to the production of environmental goods, technologies and services for the environmental activities of environmental protection and resource management?
3. Do you agree that in determining the main purpose of an activity the primary focus should be on the technical nature of the activity and, in border line cases, the producer's intentions. Focus should not be placed on the user's intentions?
4. Do you agree that in accounting for the transactions and units within the EGSS all of the relevant concepts and definitions should be consistent with the relevant detail of the 2008 SNA?
5. Do you agree that activities within scope of the EGSS should be classified by the Classification of Environmental Protection Activities (CEPA) and the Classification of Resource Management Activities (CReMA)?
6. Any other comments?

To submit responses to these questions please complete the accompanying comment form available on the website.

Deadline for comments: 18 November 2010