Conclusions
10th Meeting of the Advisory Expert Group on National Accounts
13-15 April 2016, OECD, Paris

The Advisory Expert Group on National Accounts:

1.   Expressed its appreciation for the work done by the Task Forces, Working Groups and authors of the issue papers, which allow for a better understanding of the various topics which they have examined.

The 2008 SNA research agenda

2.   Took note of the mandate and governance of the ISWGNA and AEG and the procedures for updating the SNA.

3.   Agreed that a decision to update the SNA in incremental steps instead of a large number of changes simultaneously would need to be assessed on a case by case basis.

4.   Took note that presently there is no appetite for changes to the SNA, but recognized that some issues may take a long time to resolve and therefore mechanisms to address these issues may need to be set up in the near future, in coordination with expert groups from other relevant statistical areas (BPM, GFS, classifications, business registers etc.).

5.   Recognized that the communication of the concepts, the purpose and (the interpretation of) the results of the SNA could be improved, and that there is a need to coordinate responses on issues such as the internet economy.

6.   Noted the sympathy for and concerns about the development of a set of standard satellite accounts, for example related to the measurement of well-being, and their status in relation to the SNA as central framework.

7.   Agreed that guidance on the practical implementation issues should remain the focus of the SNA research agenda.

8.   Agreed that the European consultation of users and producers of the national accounts confirms the common understanding of the main research issues and priorities as reflected in the SNA research agenda[1], but also identified the need for guidance on the link between business accounts and the national accounts as of particular importance.

Globalization

9.   Welcomed the work programme on measuring global production issues and the development of the handbook on international trade and globalization.

10.   Encouraged the sharing of information to arrive at a consistent recording and measurement of transactions and positions related to global activities.

11.   Agreed that a mechanism should be set up to (re)consider the risk tolerance related to the practice on suppressing data for reasons of confidentiality, and the possible inclusion of questions on the exchange of data for statistical purposes.

12.   Proposed to summarise relevant clarifications of the 2008 SNA in relation to globalization issues in the SNA News and Notes.

13.   Welcomed the integrated national approach to better capture and monitor globalisation that would also provide data for analysis at the global level, including providing statistics on GVCs which are currently primarily done as part of academic work.

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[1] 2008 SNA, Annex 4 and the ISWGNA website at: http://unstats.un.org/unsd/nationalaccount/research.asp

14.   Stressed that the <u>Handbook on international trade and globalization</u> should clearly indicate to whom the guidance is addressed; who would compile the data; and for what policy purposes the data will be used.

15.   Requested that the programme of work, including the contents of the various chapters, the time line, and the progress of the handbook on international trade and globalization be communicated at regular intervals to a wide group of national accountants.

Statistical Units

16.   Expressed concerns about the possible impact of using the enterprise as the statistical unit for the compilation of supply and use tables, production accounts and regional accounts and the backcasting of data, but also recognised that the use of enterprise data may have several advantages as well (e.g. higher quality in terms of consistency and coherence, greater potential for linking statistics, etc.). Requested the Task Force to carefully consider all pros and cons.

17.   Suggested that instead of investigating the replacement of establishments with enterprises as statistical unit, guidance needs to be provided on when one or the other concept should be used in the national accounts, including practical guidance on the allocation of enterprise data to establishment level, the role of the enterprises in the production process and the global accounts aspects of statistical units.

18.   Recognized that the review of statistical units in the SNA is a long-term project and requested the Task Force on Statistical Units to start with its work taking into consideration the issues listed in paragraph 16 and 17 above in its terms of reference.

19.   Proposed as a first step that the Task Force conduct a survey on current practises of statistical units used in the national and regional accounts.

Internet economy

20.   Agreed that the conceptual framework of the SNA is robust in capturing the internet (digital) economy, but that there may be problems measuring some of the transactions, including the capturing of price and volume measures.

21.   Recognized that users need more guidance on the recording and measurement of internet related activities in the national accounts, and agreed that a short paper on these issues should be prepared which could be finalised through electronic consultation with the AEG. The OECD offered to prepare a first draft of such a paper.

22.   Did not support the proposed imputation of additional consumption of free media services, but would support further research on how to provide additional information on the internet (digital) economy.

Big data

23.   Took note of presentations on big data, stressed the need for the standardization of terminology.

24.   Took note of the various examples in which big data are being used in the statistical processes as illustrated by a number of countries, the UN GWG on Big Data, and IMF's Statistical Forum.

Pensions

25.	Agreed that the current guidelines are ambiguous on the distinction between pension entitlements that should (not) be recognised in the central framework of the SNA.

26.	Agreed that the assumptions for calculating pension entitlements can vary across countries, but that there is a preference for coherence at the national level.

27.	Cautioned against changing actuarial estimations of pension entitlements, by applying a different set of assumptions, especially in heavily regulated environments.

28.	Recognised the need for additional compilation guidance on the calculation of pension entitlements, and agreed that as a first step it would be beneficial to summarise relevant guidance from the Eurostat technical guide on pensions. Eurostat offered to prepare a first draft of such a paper.

29.	Agreed that more practical examples – from a broad range of countries - of completing the supplementary pensions table should be analysed to assess what criteria are being used to differentiate between employer related pension funds and social security schemes.

30.	Agreed that – based on this practical experience - further guidance should be developed in the short term on the distinction between social security and employment-related schemes to determine which schemes should be recorded in the central framework.

31.	Recognised that there are valid arguments[2] for using the asset boundary to determine when liabilities should be recognised and recorded in the core accounts, and agreed that guidance applying the principles governing the SNA asset boundary should be considered over the longer term.

32.	Recognised that a more detailed analysis of the impact of various events on the claim between a defined benefit pension fund and a pension manager need to be carried out based on the material available from the BEA, UNSD and OECD, and agreed to finalise the analysis through electronic consultation.

Distributional aspects

33.	Appreciated the work on the distributional aspects of households, strongly supported further work on this extension of the system of national accounts, and look forward to the outcome of further research.

Informal sector

34.	Took note of the work on the informal sector in Africa and recognised that an exhaustive measure of the informal sector is a challenging issue, particularly in terms of the collection and integration of the source data into the system of national accounts. Also recognised that having exhaustive measures of economic activity, rather than having an estimate of the informal sector, is the primary objective of national accounts.

35.	Recognised that data collected for understanding the informal sector are often not sufficient for measuring economic activity and agreed that various surveys and collecting methods – focussing on household, consumption and employment data – may be needed as source data for an exhaustive measure of the informal sector in the national accounts.

36.	Agreed that using the supply and use framework, in which available source data are combined and balanced, provides the greatest potential to arrive at exhaustive estimates of

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[2] Household decisions related to income, consumption and saving reflect their asset base, including assets in retirement schemes.

economic activity. In this respect, also suggested to include, if possible, a distinction between formal and informal activities.

Financial services – credit default risk

37.   Welcomed the practical example from the USA on excluding credit default risk from the calculation of FISIM.

38.   Agreed that the Task Force on FISIM could revisit the conceptual merits of either excluding or including credit default risk in the calculation of FISIM, and in the case of the exclusion of credit default risk developing practical methods that could support such exclusion.

Financial services – Islamic Banking

39.   Noted the difference in business arrangements between Islamic Banking and conventional banking.

40.   Recognized the systemic importance of Islamic Banking for some economies and their relative rapid growth.

41.   Agreed that further research on the statistical implications of Islamic Banking in the national accounts is required and that practical guidance on the treatment of Islamic Banking transactions needs to be developed.

Implementation of the SNA

42.   Took note of the status of the implementation of the SNA and agreed that countries should follow an integrated statistics approach to improve the scope, detail and timeliness of their national accounts.

43.   Recognised the importance of the advocacy support of the international organizations to facilitate the coordination among the various national institutions involved, directly and indirectly, in the compilation of macro-economic accounts, and to promote a better understanding of the policy use of these data In this respect, also emphasised the need for establishing agreements between the various data providers to strengthen national coordination, and the success of technical support provided by countries to each other.

44.   Requested that international organizations better align the national accounts information in their data bases to eliminate inconsistencies between the data sets; and in this respect, noted the recently launched project to align the national accounts data available from the IMF and UNSD.

45.   Noted that there are considerable differences in the classification of non-financial assets between countries, and encouraged the implementation of the 2008 SNA classification of non-financial assets. Also recognised that estimating non-financial assets in an internationally comparable way is challenging, and encouraged the compilation of further guidance in this area, noting already ongoing work on inventories..

Manuals, handbooks and other guidance

46.   Took note of the work related the development of national accounts handbooks and compilation guidance.

Satellite accounting

47.   Took note of the development of various satellite accounts, but also expressed concerns about the proliferation of such accounts which, because of their resource implications, may have a negative impact on the implementation of the 2008 SNA.

48. Recognised that the priorities for the development of satellite accounts at the national level may differ, and therefore it would not be possible to prescribe international priorities, but also agreed that a more consistent approach towards the development of satellite accounts relating to well-being and sustainability should be considered.

Classification and valuation of natural resources

49. Agreed that the SEEA classification[3], which is aligned to the United Nations Framework Classification – 2009, is also suitable for the national accounts.

50. Expressed concerns about the practicalities to estimate the values of mineral and energy resources for classes B and C, and agreed to focus on the valuation of class A.

51. In valuing mineral and energy resources, noted that it is important to pay particular attention to the discount rate, heterogeneity of extraction costs, production constraints imposed by initial investments and commodity price volatility.

Measuring resource extraction industries

52. Welcomed the work relating to the measurement of resource extraction industries in the national accounts.

SDMX data sharing

53. Welcomed the progress with developing SDMX standards and associated tools for the dissemination of national accounts data.

COICOP

54. Took note of the progress on the revision of the COICP and agreed with the approach to align the COICOP with the CPC to the extent possible.

55. Encouraged a broader, integrated approach to developing product classifications, by taking into consideration the costs and benefits of introducing certain specificities and details in the various existing classifications.

National Accounts and the SDGs

56. Took note of the work related to the development of indicators for the SDGs.

57. Expressed concern about possible problems with the international comparability of national indicators, and in this respect proposed to review the metadata for those indicators related to the SNA through electronic consultations.

e-GDDS

58. Took note of the IMF's work on the Data Standards Initiative relating to the establisment of the SDDSplus and e-GDDS.

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[3] Class A: Commercially recoverable resources, Class B: Potentially commercially recoverable resources, Class C: Non-commercial and other known deposits.