BANK INDONESIA

No. 10/ 226 /DSM

Jakarta, April 30 , 2008

Mr. Ivo Havinga
Chief of the Economic Statistics Branch
United Nations Statistical Division
(sna@un.org)

Re: Comments on Volume 1 of the Updated SNA

Dear Sir,

Regarding IMF letter dated March 20, 2008, we would like to inform you that Bank Indonesia, in principle, supports the adoption of the updated of SNA 1993 as the international standard for national account statistics. However, it should allow for some flexibility in its implementation for country specific economic conditions, as the stage of statistical development differs across country. In addition, we would like to propose some specific comments on certain issues, as follows:

- In general, we found that the 44 of ISWGNA recommendations have been adopted in the current updated SNA 1993 volume 1. However, we have some detail comments on issues, which we consider have strong relationship with our function as a Central Bank (enclosed).
- As regards the title of the updated SNA, we prefer to call it "System of National Accounts 2008 (2008 SNA)" to reflect the year of the adoption by the UNSC, indicating that the accounting impacts of major economic developments since 1993 have been incorporated into the basic framework.

Thank you for allowing Bank Indonesia to participate in this work and wishing you much success in the project.
Sincerely yours,

DIRECTORATE OF ECONOMIC AND MONETARY STATISTICS
BANK INDONESIA

Triono Widodo
Director

Specific Comments on Updated SNA 1993 – Volume 1

According to statistic on BOPM and MFSM, specific comments on Updated SNA 1993, especially related to the topic about Financial assets classification as follows:

Financial assets and liabilities

Para 11.6 introduce a type of liability that are called constructive liabilities. It would be better if this paragraph is completed with examples of the constructive liabilities.

Monetary gold

Para 11.45 suggests that "monetary gold is gold to which the monetary authorities have title and is held as a reserve assets. It comprises gold bullion (including allocated gold accounts) and unallocated gold accounts." From these statements, we can conclude that unallocated gold account is classified as gold. Then, reading from Para 11.60, we know that an unallocated gold is a deposit denominated in gold and hence is a financial asset.

However, a statement in Para 11.45 is somewhat confusing:
... Therefore, except in limited institutional circumstances, **gold** can be classified as a financial asset only for the central bank or central government ...
To our understanding, the gold here is gold bullion, because for sectors other than central bank and central government, gold bullion should not be classified as financial assets.

Therefore, we propose statement in Para 11.45 should be revised as:
... Therefore, except in limited institutional circumstances, **gold bullion** can be classified as a financial asset only for the central bank or central government ...

SDRs

The last sentence in Para 11.47 says, "*SDRs are assets with matching liabilities but the assets represent claims on the participants collectively and not on the IMF.*" However, this paragraph does not explain further about which SDRs should be recorded as assets and which one should be recorded as liabilities. It would be better if statement in Para 5.34 of BPM6 (Draft) could be incorporated in the revised SNA 93 to differentiate between asset and liability.
Furthermore, Para 11.49 would be better if changed as follows: *"A participant may sell part of its SDR **holding** to another participant and receive other reserve assets, particularly foreign exchange, in return."*

Equity

Para 11.88 says: *"Other equity is equity that is not in the form of securities. It can include equity in quasi-corporation ...."* Could the paragraph be elaborated further on what is included in the equity of quasi-corporation? We suppose that this would not be equal to its net worth as Para 13.85 suggests that "*in the case of quasi-corporations, net worth is zero, because the value of the owners' equity is assumed to be equal to its assets less its liabilities*".