



THE BANK OF KOREA

110, 3-ga, Namdaemunno, Jung-gu
Seoul 100-794, Korea

Feb. 6, 2009
Mr. Herman Smith
Chief
The National Accounts Section
UNSD

Subject : Comments on Volume 2 of the 2008 SNA

Dear Mr. Herman Smith

Replying to your letter from Dec.24, 2008, first of all, the Bank of Korea would like to appreciate for given opportunity to comment on Volume 2 of the 2008 SNA.

We generally agree to adopt the draft of volume 2 of the 2008 SNA and here are our comments on the related issues for volume 2.

1. Chapter 19 (Population and labour inputs) :

Chapter 19 suggests that quality-adjusted indicators for different grades of workers be weighted together using average wages for a worker (19.56). It would, however, be more desirable to use the average wage per hour for a worker instead of the average wages for a worker. A skilled worker tends to work for a shorter time than an unskilled one even though his/her monthly or yearly average wages are often much higher than an unskilled worker's.

2. Chapter 20 (Capital Services and the national accounts) :

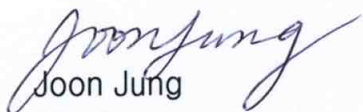
We agree with Chapter 20 of Volume 2 in general. It is, nevertheless, necessary to add a detailed description of the explicit usefulness of the capital service concept that is not provided by operating surplus. Until this capital service concept is introduced, most analysts have been accustomed to relying on the operating surplus to analyze the contribution of capital to production.

3. Chapter 22 (The general government and public sectors) :

Chapter 22 classifies the central bank and some government-related banks into the public sector according to the decision tree. But we think two economic aspects of the financial sector need to be considered here. Firstly, the monetary policy of the central bank has a different economic meaning from public policy in that the decision-making process of the policy is completely independent of the government. Secondly, there are some banks that support corporate exports or investment on behalf of the government but whose main function is that of financial intermediaries in the market. It seems to be inappropriate to classify these banks into the public sector. Consequently, the criteria of the decision tree need to be adjusted when they are applied to public financial corporations.

Finally, we do appreciate the continuous efforts of UNSD in this process.

Sincerely yours,



Joon Jung

Chief

SNA Research Section

Economic Statistics Department

The Bank of Korea