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Mr Herman Smith
Chief of the National Accounts Sector
United Nations Statistics Division

Dear Sir

Comments on the draft Volume 2 of the 2008 SNA

Further to the invitation from the Director of Statistics at the IMF, addressed to our Governor, to comment on the draft of Volume 2 of the 2008 SNA, I would like to offer the following on behalf of the Bank's Statistics Division.

One point that has struck us forcefully in recent times concerns the section on Restructuring Agencies in part eight "Borderline Cases" of Chapter 22; specifically, the description and, more importantly, the examples of restructuring agencies given in paragraph 22.50.

It has become clear from the deliberations among EU member states, at least, that the public authorities have displayed greater diversity and innovation in establishing institutional arrangements in response to global financial conditions than would have been generally conceivable only a year ago.

Hence it is important that, in giving examples, the reader is clear that other models are possible and each will raise a subtly different range of classification issues. I realise that the present wording "...two cases *may* be considered: ..." intends to convey some flexibility, but I think this could be made more explicit.

In our view, the earlier paragraph 22.47 is a good model of a relatively flexible, principles-based approach and could be followed in the subsequent paragraphs. By contrast, paragraphs 22.49 and 22.50 present pairs of alternative cases as if they exhaust the range of possibilities, but in fact do not. For example, government-controlled asset purchases may be conducted at market prices and need not ostensibly have the purpose of effecting redistributions.

Finally, the guidance might be extended by explicitly allowing for the case that central banks, or CB controlled entities, might take operational responsibility.

Recognising the current plethora of possible measures, and how current initiatives are developing, suggests that suitable guidance ought not to be too prescriptive or inflexible. In the short-term, as you may be aware, these issues are under active consideration by the national and European statistical authorities in the EU. While we recognize that the SNA drafting has to be closed at some point, we feel it would be advantageous to keep at least this part of the text open for review until the former process is concluded, in about one month's time.

Kind regards

A handwritten signature in blue ink that reads "Stephen Sabine". The signature is written in a cursive, flowing style.

Stephen Sabine