

Concept Note for the Informal Meeting on “Official Statistics and the Impact of the Global Financial Crisis”

Purpose: A dialogue on the implications for official statistics arising from the systemic aspects of the global financial crisis and economic downturn of the world economy.

Agenda: The ongoing financial turmoil and deepening economic contraction in the world economy have unequivocally proven the integration of the global financial and real economy. The fortunes and hardships of advanced, emerging and developing economies are fully intertwined. Earlier held notions of possible decoupling of economic and financial development of the advanced and emerging economies have proven to be untrue.

With the understanding of the interrelatedness of the systemic risks and vulnerabilities of the world economy, international coordination in stabilizing the financial market and stimulating the world economy has become more important than ever. The international statistical community must step up its own responsibilities in a coordinated manner in enhancing the understanding of the interrelatedness of the systemic risks and vulnerabilities of the world economy. Only through coordinated actions from national statistical systems of the developed and emerging economies in conjunction with international institutions, the statistical community can accelerate the availability to policy makers and analysts of a coherent set of official statistics to monitor and report the development of the present systemic risks and vulnerabilities of the world economy.

A tentative agenda for an informal dialogue on stepping up our responsibilities as members of the international statistical community in a coordinated manner should cover at least three themes: a) initiatives by international agencies to address the implications for official statistics of the financial crisis; b) initiatives by national statistical offices to address the implications for official statistics arising from the present financial and economic crisis, and c) the implications for official statistics in linking economic growth and financial stability to living conditions and well being. Each of the themes will be introduced in turn.

Theme 1: “Initiatives by the international statistical organizations to address the implications for official statistics of the financial crisis”

International agencies (consisting of the five member organisations of the Intersecretariat Working Group on National Accounts (ISWGNA) Eurostat, the International Monetary Fund (IMF), the Organisation of Economic Co-operation and Development (OECD), the United Nations Statistics Division/Department of Economic and Social Affairs, and the World Bank (WB) complemented by the Bank of International Settlement (BIS) and the European Central Bank (ECB)) recently created the Interagency Group on Finance Statistics chaired by the IMF to coordinate their activities in working out a joint work program based on agreed priorities.

The group has recognized the central role of the financial sector (both banks and nonbanks) and of housing markets in the crisis, and the need to enhance data availability, not least for those segments of the financial sector where the reporting of data is not well established. In addition, while traditional frameworks remain relevant, the concepts of ultimate risk (including the use of off-balance sheet structures and offshore entities) and credit risk transfers need to be explored because the lack of information on where the risks lay and their scale disguised inter-connections among and between economies.

Further, the importance of sectoral balance sheets, not just for the financial sector but also the nonfinancial corporate and households sectors, has been highlighted: the increased availability of the financial accounts and balance sheets will advance the analysis of the systemic risks and vulnerabilities through the balance sheet approach (with its focus on maturity, currency, and capital structure) and the analysis of the interrelationship between the real sector accounts and the financial accounts. This initiative ties in with the ongoing work on the SNA implementation programs.

These and other proposed initiatives for short and medium term compilation and research will be presented for information purposes and broader discussion.

Theme 2: “Initiatives by national statistical offices to address the implications for official statistics arising from the present financial and economic crisis”.

Sharing our national initiatives arising from the financial and economic turmoil will offer the opportunity to explore how our official statistics from our macroeconomic and macro-financial frameworks held up. Where possible, lessons will be drawn from which common priorities can be determined. The decline in global demand and instability of the global financial markets will be reviewed along with the potential implications for the scope and detail of main analytical aggregates and indicators on the real sector (e.g. impact on GDP, international trade, employment, etc.) and the link with the foreign currency markets, the money market and the capital markets. Also, it would be useful to share whether there has been any change in the traditional institutional relationship with the central banks and the regulatory and supervisory authorities due to the nature of the crisis. Moreover, it should be established whether national initiatives are taken in extending the macroeconomic framework with the financial accounts and balance sheets in pursuit of a better understanding of the link between the financial and real economy. In those countries where the full set of sectoral accounts and balance sheets are compiled and reported, information could be shared on whether additional breakdowns (e.g. by currency composition and remaining maturity) are being added or support is provided for the compilation of consolidated cross border presentations.

Sharing national experiences in setting priorities for macroeconomic and macro-financial statistics might identify the need to develop priorities in a common program of statistical development.

Theme 3: “The implications for official statistics in linking economic growth and financial stability to living conditions and well being”.

Unprecedented government support has been announced in many systemic countries to avert a significant economic downturn in their real sectors. These fiscal stimulus packages complement the government initiatives to stem the crisis in the financial markets. Often times, these stimulus packages for the real sector are cognizant of the long term commitments in developing competitive markets and industries for green and innovative technologies, investing in low carbon emission technologies and creating jobs in these related industries. Given this shared policy orientation for long term economic growth scenarios, it is relevant to review our initiatives to extend our traditional measure of GDP with a multitude of measures of living conditions, well being, natural resource productivity, carbon emissions and alike.

A dialogue should reconfirm existing priorities and might reveal new preferences to develop and support a joint research and compilation program in measuring living conditions and well being.

Participation: The statistical implications of the systemic aspects of the present world economic crisis seem best addressed by a group of large national economies and relevant international organizations.

The following countries will be invited: Argentina, Australia , Brazil, Canada , China, Finland, France, Germany, India, Indonesia, Italy, Japan, Mexico, Netherlands, Norway, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Turkey, United Kingdom and United States.

Also the representatives from the Bank of International Settlement (BIS) and the European Central Bank (ECB) will be invited in addition to attendance of the five member organizations of the Intersecretariat Working Group on National Accounts (ISWGNA): Eurostat, the International Monetary Fund (IMF), the Organisation of Economic Co-operation and Development (OECD), the United Nations Statistics Division/Department of Economic and Social Affairs, and the World Bank (WB).

Agenda

“Official Statistics and the Impact of the Global Financial Crisis ”

Meeting jointly organized by:
the United Nations Statistics Division/Department of Economic and Social Affairs,
the International Monetary Fund and the World Bank

Sunday 22 February 2009, 4 – 7 pm
The Permanent Mission of the Netherlands, New York

4.00pm Opening by Mr. Paul Cheung, Director of UNSD/DESA
Welcoming remarks by Ms. Shaida Badiee, Director Development Data Group, World Bank and Ms. Adelheid Burgi-Schmelz, Director Statistics Department, IMF

The purpose of the meeting is explained and the participants welcomed. The discussion will be moderated by UNSD.

4.15 - 5.00 pm Theme 1: “Initiatives by the international statistical organizations to address the implications for official statistics of the financial crisis

- Introduction by the IMF
- General discussion

The coordination among international agencies on the statistical implications of the financial crisis is carried out by the Interagency Group on Finance Statistics chaired by the IMF and composed of the BIS, ECB, Eurostat, OECD, UN, and the WB to coordinate their activities in working out a joint work program based on agreed priorities

The group has recognized the central role of the financial sector (both banks and nonbanks) and of housing markets in the crisis, and the need to enhance data availability, not least for those segments of the financial sector where the reporting of data is not well established. In addition, while traditional frameworks remain relevant, the concepts of ultimate risk (including the use of off-balance sheet structures and offshore entities) and credit risk transfers need to be explored because the lack of information on where the risks lay and their scale disguised inter-connections among and between economies.

Further, the importance of sectoral balance sheets, not just for the financial sector but also the non-financial corporate and households sectors, has been highlighted: the increased availability of the financial accounts and balance sheets will advance the analysis of the systemic risks and vulnerabilities through the balance sheet approach (with its focus on maturity, currency, and capital structure) and the analysis of the interrelationship between the real sector accounts and

the financial accounts. This initiative ties in with the ongoing work on the SNA implementation programs.

These and other proposed initiatives for short and medium term compilation and research will be presented for information purposes and discussion.

5.00 – 5.45 pm Theme 2: “Initiatives by national statistical offices to address the implications for official statistics arising from the present financial and economic crisis”.

- Introduction by the UNSD
- General discussion

Sharing our national initiatives arising from the financial and economic turmoil will offer the opportunity to explore how our official statistics from our macroeconomic and macro-financial frameworks held up. Where possible, lessons will be drawn from which common priorities can be determined. The decline in global demand and instability of the global financial markets will be reviewed along with the potential implications for the scope and detail of main analytical aggregates and indicators on the real sector (e.g. impact on GDP, international trade, employment, etc.) and the link with the foreign currency markets, the money market and the capital markets. Also, it would be useful to share whether there has been any change in the traditional institutional relationship with the central banks and the regulatory and supervisory authorities due to the nature of the crisis. Moreover, it should be established whether national initiatives are taken in extending the macroeconomic framework with the financial accounts and balance sheets in pursuit of a better understanding of the link between the financial and real economy. In those countries where the full set of sectoral accounts and balance sheets are compiled and reported, information could be shared on whether additional breakdowns (e.g. by currency composition and remaining maturity) are being added or support is provided for the compilation of consolidated cross border presentations.

Sharing national experiences in setting priorities for macroeconomic and macro-financial statistics might identify the need to develop priorities in a common program of statistical development.

5.45 -6.30 pm Theme 3: “The implications for official statistics in linking economic growth and financial stability to living conditions, and well-being”.

- Introduction by INSEE, France
- General discussion

Unprecedented government support has been announced in many systemic countries to avert a significant economic downturn in their real sectors. These fiscal stimulus packages complement the government initiatives to stem the crisis in the financial markets. Often times, these stimulus

packages for the real sector are cognizant of the long term commitments in developing competitive markets and industries for green and innovative technologies, investing in low carbon emission technologies and creating jobs in these related industries. Given this shared policy orientation for long term economic growth scenarios, it is relevant to review our initiatives to extend our traditional measure of GDP with a multitude of measures of living conditions, well being, natural resource productivity, carbon emissions and alike.

A dialogue should reconfirm existing priorities and might reveal new preferences to develop and support a joint research and compilation program on measuring living conditions, well being and climate change.

6.30 – 7.00 pm Concluding remarks by Mr. Paul Cheung, Director of UNSD/DESA, Ms. Shaida Badiie, Director Development Data Group, World Bank and Ms. Adelheid Burgi-Schmelz, Director Statistics Department, IMF

In closing the meeting, it is relevant to draw some preliminary conclusions based on the exchanges of views and opinions expressed on the three themes Considerations should be given to the proposed initiatives as a way forward in formulating a response by the statistical community to the implications for official statistics of the financial crisis and economic downturn.