



*BPM6/2008 SNA Update*  
Communication Task Team (CMTT)

Inter-secretariat  
Working Group on  
National Accounts

For Global Consultation

## **CM.2 Terminology and Branding of the Economic Accounting Statistical Standards**

Prepared by the Statistics Department  
INTERNATIONAL MONETARY FUND

## CM.2 Terminology and Branding of the Economic Accounting Statistical Standards<sup>1,2,3</sup>

*The presentation of macroeconomic statistics has a significant impact on how the statistics are interpreted and used by all users including governments, researchers, students, businesses, media, and the public. Therefore, macroeconomic statistics should be presented and communicated in such a way that the full extent of its analytical usefulness, quality, scope, comparability, and policy applications are maximized and reflect the wide user base. To this end, the terminology and branding of the macroeconomic frameworks need an international communication strategy that align with the latest technology and current cultural norms. Over the last decade, there has been a deliberate effort to harmonize the concepts and methodologies in the economic accounting statistical standards (EASSs) to the extent possible. However, there are still some cases in which the terminologies used to describe the same concept, method, process, or account vary across the manuals, and even more so across countries. In addition, these terms have, in some cases, started to drift from the terms used by governments, businesses and the public. The Communication Task Team (CMTT) proposes to improve the alignment of these terminologies, update terms where appropriate, and improve the branding of the statistical standards such that comprehension and usability of macroeconomic statistics could be improved.*

### SECTION I: INTRODUCTION

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- 1. Macroeconomic statistics should be presented and communicated in such a way that users can fully understand and benefit from their analytical power, quality, scope, and comparability.** To this end, the terms used in the EASSs and their branding require a review and update along with an intentional communication strategy. A part of this strategy is the harmonization and alignment of sophisticated and precise technical terms across the System of National Accounts (SNA), Balance of Payments Manual (BPM), and Government Finance Statistics Manual (GFSM) which are widely used by governments, businesses, academics and the public to monitor the latest trends in international trade, government fiscal balances and overall economic activity.
- 2. Each of the major EASSs has its own history, methodology, and terminology – and serves a different audience and purpose.** Nevertheless, for consistency, during the last update of the EASSs deliberate effort was made by both the balance of payments committee (BOPCOM) and government

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<sup>1</sup> Prepared by Mr. Albert Braakmann (Federal Statistical Office of Germany, Lead Author), Celestino Giron (ECB), John Verrinder (Eurostat), Achille Pegoue and David Bailey (IMF), Joao Carlos Fonseca (IPSASB), Henry Vargas Campos (Costa Rica), Luke Croydon (United Kingdom), Litia Simbangala (Zambia), Mr. James Tebrake (IMF) and Ms. Francien Berry (IMF). The work was undertaken under the supervision of Mr. Sanjiv Mahajan (United Kingdom: Chair, CMTT) including drafting.

<sup>2</sup> Where the designation “country” appears in this GN, it covers economies or economic territories.

<sup>3</sup> This note was presented at the IMF’s Balance of Payments Committee (BOPCOM) meeting on October 28, 2021. In addition to other comments (not yet taken on board), some members highlighted that the previous terminology “*international economic statistical standards*” did not adequately reflect the range of national and international macroeconomic statistics. The current proposed terminology is “Economic Accounting Statistical Standards.”

finance statistics advisory committee (GFSAC) to align the concepts in the BPM and GFSM with those of the SNA, as far as possible.

**3. At its 13<sup>th</sup> Meeting, the Advisory Expert Group (AEG) recognized that while the SNA brand is perceived to be strong, it is not effectively communicated.**<sup>4</sup> The AEG stressed the need for more user-friendly terminology, while acknowledging the challenges in finding a common terminology that would adequately serve the needs of all users while maintaining the technical precision required to ensure an accurate interpretation of macroeconomic statistics, increase transparency and assist with international comparisons. Against this background, the AEG recommended that guidance on the updating of EASS terminology and branding be developed with the goal of improving how macroeconomic statistics are communicated to and used by users.

**4. This Guidance Note (GN) contains three sections:** (i) a review of the concepts, terminologies, and labels across the SNA, BPM, and GFS and proposals for further harmonization or alignment; (ii) a proposal to revise or amend certain terms or definitions in the manuals to include more descriptive terminology without disregarding the precision needed; and (iii) a glossary of 'often used terms' in a user-friendly language that would be useful in communication with non-specialist users like the media / general public (Annex II).

**5. The Communication Task Team proposes that the recommendations in this GN are included as part of a chapter to the SNA, BPM, and GFSM titled "*Economic statistics - Communication Practices and Recommendations*."**

## SECTION II: EXISTING MATERIAL

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**6. Over the last decade, there has been a deliberate effort to harmonize the concepts and methodologies in the international statistical manuals, to the extent possible.** However, there are still some cases in which the terminologies used to describe the same concept, method, or account vary between the EASSs. The CMTT proposes that the comprehension and usability of macroeconomic statistics could be improved by increasing the harmonization of these terminologies between the EASSs.

### **Review of Terminology: 2008 SNA and BPM6**

**7. There is already close alignment between the terminology used in the 2008 SNA and BPM6 because of the concerted effort made during the last update of the BPM to ensure consistency.** *BPM6 §A7.5* notes that: *"...the terminology of the SNA rest of the world accounts and the international accounts is the same, except for some minor differences (e.g., the SNA uses the external account of goods and services for the goods and services account, and external assets and liabilities for the IIP)."* However, there are key presentational differences that should be noted. The 2008 SNA specifies that *"...there are no exact parallels in the international accounts for the production account, the generation of income account, and use of income account because the international accounts do not describe production, consumption (or capital formation)."*

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<sup>4</sup> "A framework for recording and communicating revisions"

[https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13\\_3\\_5%20Re-branding%20the%20SNA\\_Pres.pdf](https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13_3_5%20Re-branding%20the%20SNA_Pres.pdf)

**8. In addition, the *BPM6* uses a functional breakdown for investment income and the financial account.** There is no equivalence of this in the *2008 SNA* since the *2008 SNA* uses a financial instrument breakdown. Likewise, the *SNA* rest of the world accounts are presented from the point of view of non-resident units, whereas the balance of payments presents the same transactions from the point of view of resident units. Neither of these aspects relate to differences in terminology but rather to presentation. The key differences in terminology are identified in table 1 below.

**Table 1: Some Differences in Terminologies Between *2008 SNA* and *BPM6***

<b><i>2008 SNA</i></b>	<b><i>BPM6</i></b>
Resources	Debits
Uses	Credits
Stocks	Positions
Allocation of primary income account	Primary income account
External account of goods and services	Goods and services account
External assets and liabilities	International Investment Position
Statistical discrepancy	Net errors and omissions

**9. The use of “Debits / Credits” in the *BPM* and “Uses / Resources” in the *SNA*, and “Stocks” in the *SNA* and “Positions” in the *BPM* are long-standing differences between *SNA* and *BPM*.** The *BPM* terminology is more closely aligned to accounting terminology, whereas the *SNA* terminology applies to broader economic concepts. The fact that *SNA* entries in the ‘rest of the world’ account are “mirrors” of those entries in *BPM* calls for adopting the same terminology, particularly in the case of “debits / credits” and “uses / resources”, while considering that the *IIP* only covers financial assets and liabilities and has no identical counterpart term in the *SNA* (in theory this would be net financial worth of the rest of the world sector).

**10. With regard to the names of the accounts, these relate to the *SNA*’s coverage of both domestic sectors and the rest of the world, and therefore the addition of the word “external” is needed.** There is likely little scope to narrow terminologies here. Finally, the *2008 SNA* uses the term “*statistical discrepancy*” in a broad sense (not just for differences between net lending / borrowing in the capital and financial accounts but also in the compilation of *GDP* and other main aggregates). The *BPM6* term “net errors and omissions” specifically refers to the non-financial / financial account discrepancy. Consideration can be given to moving to the common use of the term “statistical discrepancy”.

#### **Review of Terminology: *2008 SNA* and *GFSM 2014***

**11. During the preparation of the *GFSM 2014*, a key task was to harmonize the concepts and terminologies in *GFSM* with other macroeconomic statistics manuals.** *GFSM 2014* §1.8 notes that “... the *GFSM 2014* updates the internationally recognized guidelines for compiling statistics required for fiscal analysis that were established by the *GFSM 2001*. The revised guidelines are harmonized with the updates in other macroeconomic statistical manuals and guides. Notwithstanding, there are some intentional differences between the *GFSM 2014* and the *2008 SNA* because of the different analytical purposes they serve.

**12. The key existing differences are the treatment of government production activities, treatment of own-account capital formation, and the degree of consolidation.** However, the

definitions and concepts in the GFS framework are closely aligned with the 2008 SNA but the coverage of a particular category of transactions may be slightly different. *GFSM 2014* Appendix chapter 7 provides detailed comparisons and explains the coverage differences between GFS and other macroeconomic statistics. However, this mainly concerns the scope classification as well as methodological issues. This leaves open the question of how far and to which extent the terminologies should be harmonized. As an outcome of a comparison, Table 2 shows some of the differences in terminologies identified.

**Table 2: Some Key Differences in Terminologies Between 2008 SNA and GFSM 2014**

<b>2008 SNA</b>	<b>GFSM 2014</b>
Resources	Revenue
Uses	Expense
Market output	Sales of Goods and Services (excl. administrative fees) plus changes in the inventories of work in progress and finished goods
Intermediate consumption	Use of goods and services
Gross capital formation	Net investment in nonfinancial assets + Consumption of fixed capital - Transactions in non-produced assets
Gross fixed capital formation	Net investment in fixed assets + Consumption of fixed capital
Net capital formation	Net investment in non-financial assets - Transactions in non-produced assets
Changes in inventories	Net transactions in Inventories
Acquisitions less disposals of valuables	Net transactions in Valuables
Acquisitions less disposals of non-produced assets	Net transactions in Non-produced assets
Acquisitions less disposals of contracts, leases and licenses	Net transactions in Contracts, leases, and licenses
Purchases less sales of goodwill and marketing assets	Net transactions in Goodwill and marketing assets

**13. The use of “revenue / expense” and “resources / uses” is an obvious difference between the terminology of SNA and GFSM.** The GFSM terminology is closer to accounting / bookkeeping terminology, whereas the SNA terminology is broader. The fact that SNA entries in the general government account are “mirrors” of those entries in GFSM means consideration can be given to using common terminology. Likewise, the GFSM makes much use of the term ‘net’ whereas the SNA provides some guidance on specific cases when this term should be used, this is discussed further below.

**14. Regarding production and transactions in goods and services, the SNA and GFSM follow different approaches.** Therefore, it seems acceptable, to use a different terminology when there is not an identical aggregate shown, although the SNA aggregate can be derived by combining several GFSM items. This case for instance is highlighted by the SNA aggregate market output, which can be derived as the sum of GFSM items “Sales of goods and services (excl. administrative fees) plus changes in the inventories of work in progress and finished goods”, more precisely GFSM-codes 142 (excl.1422) + 31222 +31223. Similar cases are gross and net (fixed) capital formation aggregates for which different GFSM items also need to be combined to derive them.

**15. This also applies to cases where there is a one-to-one relationship between an SNA aggregate and a GFS item.** For instance, in the case of consumption of capital the same term is used in SNA (code P51c) and in GFSM (code 23). However, in similar cases, slightly different terms are used as shown in the table above. Such a case is highlighted by intermediate consumption, which seems to be identical to the GFSM item “*Use of goods and services*” (code 22), leaving aside FISIM and insurance service charges. Other examples are changes in inventories and subsequent aggregates in the above table. In such cases, a common terminology could be used, at least if there is no conceptual difference.

**16. A one-to-one relationship but different conceptual coverage may exist in the case of intermediate consumption (SNA) and use of goods and services (GFSM).** The difference relates for instance to the financial intermediation as well as the insurance services. The SNA aggregate intermediate consumption does not cover the full interest nor insurance premium payments but only the respective service charges (including premium supplements on property income) . To implement this macroeconomic concept requires data from the supply side, i.e. insurance and banking units. By contrast, the users of bank and insurance services only know their insurance premiums paid (and claims received) as well as interests payable (and receivable). Since this applies to all users of bank and insurance services, including general government, it seems questionable to align the terms intermediate consumption (SNA) and use of goods and services (GFSM),

### SECTION III: OPTIONS CONSIDERED - TERMINOLOGY

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**17. This section outlines the CMTT’s proposals to further harmonize the terminology in the SNA, BPM, and GFSM** based on the findings from the comparisons of the existing manuals. The amendments to current terminology concern different areas and therefore will be presented in four parts: (i) *harmonization of concepts*, (ii) *amendments to accounts*, (ii) *amendments to conventions / labels*, and (iii) *amendments to terms / glossary*.

#### Harmonization of Concepts

Table 3 proposes recommendations to further harmonize key concepts across the SNA, BPM, and GFSM.

**Table 3: Proposal for further alignment of key concepts in SNA, BPM and GFSM**

SNA	BPM	GFSM	Proposal
Resources	Credits	Revenue	Revenue
Uses	Debits	Expense	Expenditure
Changes in inventories		Net transactions in Inventories	Changes in inventories
Acquisitions less disposals of valuables		Net transactions in Valuables	Acquisitions less disposals of valuables
Acquisitions less disposals of non-produced assets		Net transactions in non-produced assets	Acquisitions less disposals of non-produced assets
Acquisitions less disposals of contracts, leases and licenses		Net transactions in Contacts, leases, and licenses	Acquisitions less disposals of contracts, leases and licenses

Purchases less sales of goodwill and marketing assets		Net transactions in Goodwill and marketing assets	Purchases less sales of goodwill and marketing assets
Statistical discrepancy	Net errors and omissions	Statistical discrepancy	Statistical discrepancy
Intermediate Consumption		Use of goods and services	Intermediate use of goods and services

**18. The terms “resources / uses” could be harmonized across BPM (credits / debits) and GFSM (revenue / expense), possibly by accepting revenue / expenditure for all three EASSs.** In addition, the terms “statistical discrepancy” (SNA, GFSM) and “net errors and omissions” (BPM) could be harmonized by statistical discrepancy in all three manuals.

#### Amendment to accounts

**19. The most detailed and comprehensive set of accounts is given in the 2008 SNA, which covers several interconnected tables that elaborate the composition of production, income distribution, income use, capital formation, and financing.** The titles of the accounts in the 2008 SNA appear to be somewhat cumbersome from the communication standpoint. Therefore, the CMTT first proposes to change the labelling of the term ‘accounts’ across the EASSs to ensure that sufficient specificity is added to the label. As such the proposals is to amend the label of the ‘SNA accounts’ to *economic accounts*, the term ‘GFS statements’ used by the GFS domain to *government finance accounts*, and the terms balance of ‘payments / international investment position’ used by the BPM domain to *Balance of International payments and international investment accounts*, as appropriate. Stemming from these proposals, the CMTT also proposes to update the labels of the groups of economic accounts in each domain as shown in Table 4 below:

**Table 4: Proposal to Update the Names of the SNA Accounts**

Current SNA Terminology	Proposed Update (individual economic account)	Economic Accounts Groups
The production account	No change	Production, Income, and Expenditure Economic Accounts
The generation of income account	No change	
The allocation of primary income account	The earned income account <i>Note: the balancing item will need to change as well and just be "national income"</i>	
The secondary distribution of income account	The transfer income account	
The use of disposable income account	The use of income account	
The capital account	No change	Accumulation of Economic Assets Accounts
The financial account	No change	

Other changes in the volume of assets account	No change	
Balance Sheets	No change	Balance Sheets

**20. For users to intuitively understand the names *allocation of primary income account* and *secondary distribution of income account*, prior knowledge of *primary* and *secondary income* is required.** Generally, users without technical or specialist knowledge of macroeconomic statistics would not be familiar with these terms. As an alternative, more descriptive and self-explanatory terms are suggested, that is *earned income account* – to replace the *allocation of primary income account* and *transfer income account* – to replace the *secondary distribution account*.

**21. The use of *disposable income account* and the use of *adjusted disposable income account* also do not seem user-friendly.** The name of these accounts include the balancing item of the transfer income account, i.e. disposable income. In the sequence of accounts this seems very unusual and could be considered an unnecessary anomaly. The content of the account basically relates to the use of income for final consumption expenditure and saving. Insofar it would be sufficient to call the account simply “use of income account” (and use of adjusted income account). Taking for granted that a common terminology should be used across the different EASSs, these suggestions also concern certain balance of payments accounts. In particular, *the primary income account* and *the secondary income account* need to be adjusted correspondingly.

#### **Amendments to conventions / labels**

**22. National Statistical Offices (NSOs) often use technical terms when communicating statistical results or materials to the public.** These are usually not easily understood by non-specialist users. A recent study on public understanding of economics and economic statistics concluded that “... *the use of economic jargon is not only detrimental to people’s engagement, by making economics inaccessible to the public, but it can also negatively affect people’s understanding of economic statistics. The main examples were using terms like GDP and ‘real terms.’*”<sup>5</sup>

Thus, the CMTT recommends the adoption of alternative terminologies, as presented in Table 5, when communicating some key SNA concepts or processes.

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<sup>5</sup> Johnny Runge and Nathan Hudson: Public Understanding of Economics and Economic Statistics, ESCoE Occasional Paper 03, November 2020 (London).



**Table 5: Proposals for More User-Friendly Terminologies in the SNA**

<b>2008 SNA</b>	<b>Suggested amendments</b>
Current prices	Actual prices
Constant prices	Volume estimates
GDP by production approach	GDP by Industries
GDP by expenditure approach	GDP by Expenditures
GDP by income approach	GDP by Incomes

**23. The term *current price* could be confusing for users who may understand it to be the price in the *current time period*.** Therefore, actual price paid or received may be more easily understood or even reflect payable or receivable. Similarly, the term *constant price* is not immediately obvious in meaning to non-technical users and should only be used where appropriate. The term *volume estimates* gives the user the basic idea of the concept without going into the technical details of how the concept is applied. To communicate the three presentations of GDP, more descriptive terms could also be used as shown in table 5 above.

#### **Terms and Glossary**

**24. Precise technical terms in the SNA and other macroeconomic statistics are crucial for methodological discussions and essential for the international comparability of such data.** On the other hand, not all technical terms from macroeconomic statistics will be immediately understood by all target user groups. On that basis, the CMTT took stock of a list of technical terms generally used in the communication with the media / general public with the aim to simplify. A first check took stock of whether it is possible to use less technical terms in the manuals without distorting the precision of the manuals. The proposed adjustments are provided in Annex II.

**25. Stemming from this, the CMTT proposes to amend certain existing terms and definitions that are currently used in EASSs.** The proposals are intended for the SNA but should be extended to other BPM and GFSM where the terminologies are the same unless there are legitimate differences in the definitions or terminologies. These suggestions, which are shown in column 2 of table 6 below and in Annex II, are intended to initiate a discussion on whether the alternate terms / expanded definitions provide an input for the communication with non-expert users and the public. For instance, the amendments could serve as a basis to produce a glossary with often used terms in user-friendly language. The following table provides some suggestions – further elaborated in Annex II.

**Table 6: Proposal to introduce alternative terminologies in the SNA**

<b>2008 SNA</b>	<b>Proposal (s)</b>	<b>Rationale</b>
Financial Intermediation Services Indirectly Measured	Interest margin on loans and deposits Or: Implicit Financial Intermediation Services	Proposal focuses on the basic idea avoiding the technical measurement method
Compensation of employees	Labor costs	More user-friendly term whereas “compensation” has a mixed meaning.

Rent	Natural resource rent	Rent is frequently confused with rental and the focus is on natural resources.
Consumption of fixed capital	Depreciation	The term depreciation is simpler and more widely understood.

**26. For non-experienced users support would seem useful to better understand macro-economic statistical concepts.** Instead of giving the conceptual idea, definitions in the statistical manuals are sometimes very technical and need previous knowledge to be understood and interpreted properly. In this respect, a glossary of terms frequently used when disseminating data from macro-economic statistics in an easy language is considered useful. Apart of the CMTT’s work is digitizing the EASSs, to maximize the benefit of this product for users, ensuring that the terminologies are aligned using common language will improve the searchability of the manuals and ultimately their usage.

**27. A starting point for the glossary could be the proposals made in annex II. In any case, it would seem useful to proceed in two steps.** First, develop for the main terms from the EASSs used in communication with the media / general public a short definition in an easy language. Such a short and easy definition could also be used for social media communication as well as for a FAQ-website. Second, it would seem useful regarding the target group “informed user” that such a glossary is supplemented by a more detailed article for the different main terms used, also in a user-friendly language.<sup>6</sup>

### The Use of “Net” versus “Gross” Concepts in Economic and Environmental Statistics

**28. The terms “gross” and “net” in the context of economic and environmental statistics are used in various ways and are often misunderstood.** The terms “gross” and “net” are used well beyond the steer of the 2008 SNA thus creating lots of misunderstanding. The producers and users need to be aware of the definition(s), context and meaning. The CMTT proposes to review the coverage and helps to address growing user interest and remove some of the misunderstanding as well as aid the prominence to the “net” aggregates.

**29. The 2008 SNA (§3.190-3.198) provides a good summary of the use of terms “gross” and “net” in the national accounting framework.** Annex III (left-hand side) provides an overview of the sequence of accounts showing the key “gross” and “net” aggregates. On the right-hand side, there are examples of other uses (not an exhaustive list) of the terms “gross” and “net”.<sup>7</sup>

**30. The first, and most significant, use of the terms “gross” and “net” are in conjunction with the balancing items for each account by institutional sector and the whole economy.** In each case, the difference is due to the consumption of fixed capital (CFC).<sup>8</sup> To estimate future productive potential

<sup>6</sup> A good example of this friendly glossary is Eurostat’s statistics explained website [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics\\_Explained](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics_Explained)

<sup>7</sup> Annex III is also separately attached as an A3 landscape document for printing purposes.

<sup>8</sup> CFC is the decline, during the accounting period, in the current value of the stock of fixed assets owned and used by a producer because of physical deterioration, normal obsolescence or normal accidental damage. CFC is a cost

and capacity of a business, an industry or an economy, then good quality estimates of CFC and capital stock are essential. They also form key links to the environmental accounts and the analyses of distribution and consumption. For example, the role of net national income, net disposable income and net capital stock are becoming more important and relevant today but play different roles from their “gross” counterparts.

**31. CFC is accepted as difficult to measure.** The difficulties reflect issues like asset life lengths, rate of depreciation, deflation and the capital stock, all of which require a degree of assumptions embedded within the perpetual inventory model (PIM). Varying these assumptions can generate notable revisions to key aggregates. In recent years, the inclusion of intangibles has increased further the measurement challenge. These factors contribute to why “net” aggregates have not been widely adopted. Also, CFC in national accounting terms is not the same as depreciation in company accounting terms albeit users use the terms interchangeably. In national accounts, current cost accounting (also known as current replacement cost) valuation is used, whereas in company accounts, the valuation mostly used is historic cost accounting (also known as historic replacement cost).

**32. The second main use covers the recording of financial transactions in the financial account.** Here transactions can be recorded on a “gross” or “net” basis. For example, the financial account is recorded on a net basis and the flow of funds is recorded on a gross basis. In the flow of funds, one is interested in whether a financial instrument has been used as a ‘source’ of funds or as a ‘use’ of funds. Say for example, an increase in the level of loans over the preceding period indicates that the instrument was used as a ‘source’ of funds through borrowing. While, if the opposite is true, then it means that the instrument was used as a ‘use’ of funds to repay a debt. This can only be established if financial transactions are recorded gross.

**33. In contrast, recording transactions in the financial account only requires you to show whether the instrument is an ‘asset’ or a ‘liability’.** To establish this you must net out the transactions within assets or within liabilities. For example, the treatment for ‘currency and deposits. During the period, you earn income which increases the level of your currency and deposits in the bank. During the same period, you pay from that account by making purchases. These must be netted to establish your bank balance of currency and deposits at the end of the period.

**34. All other uses of the terms “gross” and “net” tend to be legacies or acting as a short-hand description,** for example, net acquisitions represent acquisitions less disposals or net exports represents exports less imports. Annex III shows such examples (not an exhaustive list) using the “gross” and “net” terms, their full description split by broad type, terminology, conceptual and arithmetic.

**35. In recent years, there has been a growing user interest in the “net” aggregates. In some respects the “net” aggregates are more important than the “gross” counterparts for the environmental accounts and sustainability considerations.** The “net” aggregates are preferred as

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category that accrues over the whole period the fixed asset is available for productive purposes. It is important to note that CFC is not an explicit transaction but recognized as a cost to the business.

they are more reflective of the actual costs borne in production. However, the measurement challenges mentioned earlier also make it difficult to arrive at comparable aggregates across countries.<sup>9</sup>

**36. There is a need for the updated SNA to give more prominence to the “net” aggregates.** For example, referring to the “net” aggregates (e.g. net domestic product) in the sequence of accounts (as in the attachment) as well as recognizing the treatment of depletion and degradation. There should be work done to help countries to improve the measurement of CFC and the estimates of capital stock.

**37. To improve clarity and eliminate confusion, the CMTT proposes that: (i) the terms “gross” and “net” are only used in the context laid out in the 2008 SNA; and (ii) all other uses of such terms should be avoided, and the references made in full,** for example, acquisitions less disposals, lending less borrowing, etc. By referring to the “net” aggregates (e.g. net domestic product) in the sequence of accounts (as in the attachment) as well as recognizing the treatment of depletion and degradation will help to give more prominence to the “net” aggregates.

**38. Statistical producers should be encouraged to improve the quality of the estimates of capital stock, and in turn, CFC.** Further prominence of “net” aggregates should be achieved through the official releases showing the “net” aggregates alongside the “gross” aggregates.

#### SECTION IV: OPTIONS CONSIDERED - BRANDING

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**39. Over the last two to three decades, the principles of SNA have been expanding beyond its core system of sequence of accounts as well as refining the existing definitions used.** More frequently, users are publishing satellite accounts on tourism, transport, sports, creative sector, food chain and other breakdowns of the economy and the environment. At the same time, users continue to appreciate the interlinked system of national accounts, presenting a bird’s eye view of the main economic developments in a systematic way on the theoretical basis of the economic circuit.

**40. Previous updates of the SNA mainly intended to align the national accounting framework with users’ needs.** In fact, the Foreword and Preface of the 2008 SNA emphasize that *the new system reflects the evolving needs of its users, new developments in the economic environment and advances in methodological research*. Similarly, Annex I of the 1993 SNA highlighted that *the then system strengthened the harmonization with other related statistical systems and introduced several features that reflect new analytical and policy concerns of countries and international organizations*. Nevertheless, these do not address the needs of non-specialists to understand the SNA, and thus improve the SNA branding.

**41. Given the importance of national accounts statistics for decision making, a key question for the international community is whether the current name – the system of national accounts - is still fit for purpose.** Some could argue that the name is too limited in its potential outreach and too focused on accounting. Another key issue is whether the international agencies are collectively making

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<sup>9</sup> The SNA update research programme aims to better articulate the differences in the concepts of CFC (related to produced assets) and the treatment of depletion and degradation of natural resources (related to non-produced assets) recorded within the costs of production. Thereby the conceptual advantage of using “net” measures such as net domestic product and net national income becomes clear although users may still be interested in the “gross” counterparts.

effective use of new technologies and branding strategies to target diverse groups of users to ensure that the statistical products are well understood. This section of the GN explores options of rebranding the statistical manuals in a way that is clear for users and such that it builds on their legacies.

### **Existing strategy for effective Branding**

**42. Many statistical offices and some International Organizations have considered a strong diversification of their offerings to meet users' needs.** To achieve this, they often employed a multi-pronged branding strategy consisting of the following components that may be considered more broadly. It is important to recognize that different users have different needs for different lengths of time as a result different language and different channels should be used, as appropriate, to maximize the messaging.

### **Targeted Communication**

- i. When targeting **specialists** (economists, statisticians, etc.), NSOs' publications have a high technical dimension written in an intelligible way but not necessary to popularize. The methodology can be mixed with the results, outlined with academic or university type writing.
- ii. When targeting the **general public** (who could be qualified as "non-specialists without power"), their publications have a low technical dimension and often aiming to popularize the headline results in a way that could easily relate to the general public whilst few methodological elements are in boxes. For this specific user group, a journalistic writing style is applied to statistics and economics.
- iii. When targeting **decision-makers and journalists** (who could be qualified as "non-specialists with power"), their publications have the lowest technical dimension because the target audience does not have the time to read the methodological parts. To popularize the results, all the technical aspects must be eliminated (unless this audience asks specific questions on the subject).

### **Branding: Leitmotiv or motto-theme to reaffirm a presence**

Examples of time-lasting imprint or straplines created by some statistical organizations are:

- i. **Eurostat:** Your key to European Statistics
- ii. **INSEE (France):** Measure to understand (Mesurer pour comprendre)
- iii. **BEA (USA):** The world's trusted source for accurate and objective data about the U.S. economy
- iv. **Statistics Canada:** Serving Canada with high-quality statistical information that matters
- v. **IBGE (Brazil):** To portray Brazil by providing the information required to the understanding of its reality and the exercise of citizenship

vi. **Statistics South Africa:** The South Africa I know, the home I understand / Improving lives through data ecosystems

**43. Tracing back the SNA reveals that different branding have been used on the manuals:** *Measurement of National Income and the Construction of Social Accounts* in 1947; *A System of National Accounts and Supporting Tables* in 1953 (could be Rev. 1), 1960 (could be Rev. 2) and 1964 (could be Rev. 3); *A System of National Accounts* in 1968 (could be Rev. 4); and then the *System of National Accounts, 1993 (1993 SNA)* followed by the *System of National Accounts 2008 (2008, SNA)*.

**44. Competing and inconsistent naming strategies for the EASS including references to release years, version, and editions are not useful.** For example, the current EASSs include the *Government Finance Statistics Manual, 2014*; *The System of National Accounts, 2008*; *The 2016 Monetary and Financial Statistics Manual* and *the Sixth Edition of the Balance of Payments and International Investment Position Manual*. Therefore, the CMTT proposes two options to standardize the naming conventions across EASSs to eliminate the existing inconsistencies and create a consistent branding and naming approach of these statistical recommendations.

**45. The first is to use the edition approach and consistently brand all the EASSs as standards. In this case, the next of update of the SNA will be branded, as *The Economic Accounting Statistical Standard: System of National Accounts, 20xx*<sup>10</sup> – similar branding is suggested for the BPM and GFSM.** However, this proposal bears a risk of confusion. Member-States of the European Union will remember the changeover from European system of national accounts 3<sup>rd</sup> edition to European System of National Accounts 1995. Furthermore, such a proposal seems to neglect the systematic approach of national accounts to provide an overall and interlinked picture of the economic development of all institutional sectors.

**46. The second option suggestion for consistency in the branding is to adopt a series approach under the general title ‘Macroeconomic Statistics, such that the manuals would be branded: *Macroeconomic Statistics – System of National Accounts, Macroeconomic Statistics – Balance of Payments and International Investment Position, and Macroeconomic Statistics – Government Finance Statistics etc.* Finally, the CMTT proposes an umbrella approach under the headline “Economic Accounting Statistical Standards” (EASS), which would cover manuals in different statistical domains. In both proposals, the original labels of the standards (year or edition) may continue to be used.**

**47. Furthermore branding may well go beyond a common labeling.** Therefore the question should be raised, whether a common branding could be improved by a joint presentation of the updated manuals in 2025. This would also provide an opportunity to highlight that the main issues dealt with in this update, i.e. digitalization, globalization and well-being and sustainability, have been dealt with jointly. Releasing the updated manuals in 2025 jointly and putting the focus on the key update issues would be an opportunity to strengthen a common branding.

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<sup>10</sup> The previously suggested branding terminology: *The International Economic Statistical Standards (IESS)* was not well understood. Therefore to improve communication, the CMTT propose the term *Economic Accounting Statistical Standards*.

## SECTION V: CHANGES REQUIRED TO THE SNA AND OTHER STATISTICAL DOMAINS

**48. Considering the proposals in the GN, the CMTT proposes the following changes to the SNA and other statistical domains:** (i) change the name of the allocation of primary income account, secondary distribution accounts, and use of disposable income account to *allocation of earned income account*, *transfer income account*, and *use of income account*, respectively. (ii) Regarding the conventions and labels used in the EASSs, the CMTT proposes to align the SNA, BPM, and GFSM on the use of *revenue* and *expenditure*. This replaces the *resource and use* convention of the SNA and the *credit and debit* convention in the BPM. Likewise, whereas the term *net errors and omissions* is used in the BPM, consistent use of the term *statistical discrepancy* across all three manuals would be useful. With respect to certain key labels, the CMTT proposes to harmonize the SNA and GFSM on the following terminologies:

SNA	GFSM	Proposal
Changes in inventories	Net transactions in inventories	Changes in inventories
Acquisitions less disposals of valuables	Net transactions in valuables	Acquisitions less disposals of valuables
Acquisitions less disposals of non-produced assets	Net transactions in non-produced assets	Acquisitions less disposals of non-produced assets
Acquisitions less disposals of contracts, leases and licenses	Net transactions in contracts, leases, and licenses	Acquisitions less disposals of contracts, leases and licenses
Purchases less sales of goodwill and marketing assets	Net transactions in goodwill and marketing assets	Purchases less sales of goodwill and marketing assets

Relating to terminology, the following amendments are suggested for the SNA:

2008 SNA	Proposal(s)
Financial Intermediation Services Indirectly Measured	Interest margin on loans and deposits
Rent	Natural resource rent
Consumption of fixed capital	Depreciation
Current prices	Actual prices
Constant prices	Volume estimates
GDP by production approach	GDP by Industries
GDP by expenditure approach	GDP by Expenditures
GDP by income approach	GDP by Incomes

Furthermore, the CMTT proposes the addition of a glossary with user-friendly alternative terms and expanded definitions in the SNA. A preliminary extract from the glossary is included in Annex II. Further work is ongoing to complete this product.

**49. With regard to branding an umbrella approach is proposed, where manuals for different statistical domains appear under the same headline.** This enables to keep the longstanding and well-introduced names of the different statistical manuals. In addition, a joint presentation of the updated

manuals in 2025, highlighting the common work undertaken to better cover digitalization, globalization as well as well-being and sustainability, would seem to strengthen a common branding.

**50. Not covered by this note are proposals to standardize the communication of economic statistics vintages.** This task has been assigned to the taxonomy workstream of the communication task team (CMTT) and are presented in *CM 3: A Taxonomy for Communicating Economic Statistics Releases, Products and Product Updates* which may also lead to further suggestions.



## Annex I. Referenced Documents

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**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
Actual Final Consumption	Consumption of produced goods and services.	Actual final consumption measures the amount of consumption goods and services acquired.	Actual final consumption is the value of goods and services consumed by households, including goods and services provided in-kind by general government or NPISHs.	Term not easy to understand and only relevant in a sector breakdown. Therefore, an alternative term and a more descriptive definition which brings together the definitions of household, general government, and NPISHs actual final consumption is suggested.
Adjusted Disposable Income		Adjusted disposable income is the balancing item in the redistribution of income in kind account. It is derived from the disposable income of an institutional unit or sector by adding the value of the social transfers in kind receivable by that unit or sector and subtracting the value of the social transfers in kind payable by that unit or sector.		
Basic Prices			Prices received by the producer, excluding some taxes, and including some subsidies, related to production.	
Collective Consumption Expenditure	Expenditure on produced goods and services for collective consumption.	No current definition in the SNA.	Expenditures by general government and NPISHs on goods and services for the collective benefit of households such as health, education, or social protection.	Clearer and more meaningful description.
Compensation of employees	Labour costs	Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period.		Alternative terms suggested
Collective Consumption Service		A collective consumption service is a service provided simultaneously to all members of the community or to all members of a particular section of the community, such as all households living in a particular region.	A service provided simultaneously to all members of a community without exclusion.	Simplified definition
Consumption Good or Service		A consumption good or service is defined as a good or service that is used (without further transformation in production as defined in the SNA) by households, NPISHs or government units for the direct satisfaction of		No change suggested

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		individual needs (or wants) or for the collective needs of members of the community.		
Consumption of Fixed Capital	Depreciation	Consumption of fixed capital is the decline, during the course of the accounting period, in the current value of the stock of fixed assets owned and used by a producer as a result of physical deterioration, normal obsolescence or normal accidental damage.	Consumption of fixed capital is the decline (during the course of the accounting period) in the current value of the stock of fixed assets (owned and used by a producer) due to normal or expected levels of physical deterioration, obsolescence, and/or accidental damage. Conceptually, it should be based on the current market value, or replacement cost, of the asset and not the original asset acquisition (historic) cost.	The term depreciation is more widely understood, so it is suggested as an alternative. To mitigate the risk of confusing depreciation based on historic costs (as used in many business accounts) with the concept of consumption of fixed capital, it is suggested to extend the definition.
Cultivated biological resources	Cultivated resources like trees, crops and plants	Cultivated biological resources cover animal resources yielding repeat products and tree, crop and plant resources yielding repeat products whose natural growth and regeneration is under the direct control, responsibility and management of an institutional unit.		Simplified terminology noting only plants and animals are covered.
Disposable Income		Disposable income is the balancing item in the secondary distribution of income account. It is derived from the balance of primary incomes of an institutional unit or sector by adding all current transfers, except social transfers in kind, receivable by that unit or sector and subtracting all current transfers, except social transfers in kind, payable by that unit or sector.	It is the portion of income available to consume or to accumulate financial / non-financial assets.	The current wording explains how the disposable income is calculated, but no meaning is offered. The clarified definition describe the concept.
Distributable Income of a Corporation		Distributable income of a corporation is equal to entrepreneurial income, plus all current transfers receivable, less all current transfers payable and less the adjustment for the change in pension entitlements relating to the pension scheme of that corporation.	The portion of a corporation's entrepreneurial income that is available to be distributed to its owners or to be reinvested as retained earnings.	The current wording explains how the disposable income is calculated, but no meaning is offered.
Economic Owner		Economic owner assets and liabilities is the institutional unit entitled to claim the benefits associated with the use of the entity in question in the course of an economic activity by virtue of accepting the associated risks.	It is the unit that is entitled to claim the benefits and accept the associated risks of an economic activity.	This is a more concise definition.
Financial Intermediation	Interest margin on	The difference between the rate paid to banks by borrowers and the reference rate plus the difference	FISIM is an indirect measure of the value of intermediation service provided by a	The term "Financial Intermediate

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

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Services Indirectly Measured	loans and deposits	between the reference rate and the rate actually paid to depositors.	financial intermediary to savers and borrowers, through deposits and loans.	Services Indirectly Measured" is very technical and the latter part refers to a certain method. Therefore, a more general term and definition is suggested.
Final consumption expenditure	Expenditure on consumption of produced goods and services	Final consumption expenditure is the amount of expenditure on consumption goods and services		Term not easy to understand without definition so an alternative more descriptive term suggested.
Financial Lease	Finance lease	A financial lease is one where the lessor as legal owner of an asset passes the economic ownership to the lessee who then accepts the operating risks and receives the economic benefits from using the asset in a productive activity.	A finance lease is one in which the finance company – the lessor – as the legal owner of an asset passes the economic ownership to the lessee who then accepts the operating risks and receives economic benefits from using the asset in a productive activity.	Alternative term suggested and a clarified definition to align with term with the terminology used in accounting standards
Fixed Assets		Fixed assets are produced assets that are used repeatedly or continuously in production processes for more than one year.		No change suggested.
General Government Final Consumption Expenditure	General government expenditure on consumption of produced goods and services	General government final consumption expenditure consists of expenditure, including expenditure whose value must be estimated indirectly, incurred by general government on both individual consumption goods and services and collective consumption services.	General government final consumption expenditure is the value of all goods and services produced, or purchased, by general government for either individual or collective consumption.	Term not easy to understand without definition so an alternative more descriptive term suggested. Also suggested a new definition, to start with the concept of what is being measured.
Gross Capital Formation	Transactions in produced non-financial assets	Gross capital formation shows the acquisition less disposal of produced assets for purposes of fixed capital formation, inventories or valuables.	The acquisition less disposal of produced assets for purposes of fixed capital formation, inventories and valuables.	Suggested new term to avoid the use of "gross" and to be better aligned with GFS terminology.
Gross Domestic Product	No Change	The production measure of gross domestic product (GDP) is derived as the value of output less intermediate consumption plus any taxes less subsidies on products not already included in the value of output. (ii) The expenditure measure of gross domestic product	Gross Domestic Product reflects for the whole economy, in any single time period, the economic	The current definition does not offer a conceptual definition.

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
		(GDP) is derived as the sum of expenditure on final consumption plus gross capital formation plus exports less imports. (iii) The income measure of gross domestic product (GDP) is derived as compensation of employees plus gross operating surplus plus gross mixed incomes plus taxes less subsidies on both production and imports.	contribution made by all producers or the consumption of final goods and services by all users.  or  Gross Domestic Product is the sum of the monetary values of the final goods and services produced by a country in a given period of time (quarter, year), including taxes on products and less subsidies on products.	
Gross Fixed Capital Formation	Transactions in fixed assets	Gross fixed capital formation is measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain specified expenditure on services that adds to the value of non-produced assets.	The total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain specified expenditure on services that adds to the value of non-produced assets.	Suggested new term to avoid the use of "gross" and to be better aligned with GFS terminology.
Gross National Disposable Income		Gross national disposable income may be derived from gross national income by adding all current transfers in cash or in kind receivable by resident institutional units from non-resident units and subtracting all current transfers in cash or in kind payable by resident institutional units to non-resident units.		
Gross National Income		Gross national income is the aggregate value of the gross balances of primary incomes for all sectors.	The total income generated by an economy through the production of goods and services, incomes earned from the rest of the world less incomes paid out to the rest of the world.	
Gross Value Added		Gross value added is the value of output less the value of intermediate consumption.	Gross value added is the additional value of products and services generated during the production process. It is derived as the value of output less the value of intermediate consumption.	The proposed definition is more intuitive while also noting the calculation.
Gross Value Added at basic prices		Gross value added at basic prices is defined as output valued at basic prices less intermediate consumption valued at purchasers' prices.		

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
Household Final Consumption Expenditure	Household expenditure on consumption of goods and services	Household final consumption expenditure consists of the expenditure, including expenditure whose value must be estimated indirectly, incurred by resident households on individual consumption goods and services, including those sold at prices that are not economically significant and including consumption goods and services acquired abroad.	Household final consumption expenditure is the value of all goods and services acquired and used by households.	Term not easy to understand without definition so an alternative more descriptive term suggested. Suggested new definition to better align with changes suggested to government and NPISH FCE definitions.
Households actual social contributions	Household social contributions	Households' actual social contributions are social contributions payable on their own behalf by employees, self-employed or non-employed persons to social insurance schemes.		
Households social contribution supplements	Income earned on pension and non-pension entitlements	Households' social contribution supplements consist of the property income earned during the accounting period on the stock of pension and non-pension entitlements.		Simplified terminology for users not familiar with the term 'supplements'.
Imputed Rental	Imputed value of rental income of owner-occupied dwellings		Imputed rental is the approximate rental value of the dwellings used by their owners. Imputed rental measures the service value of the dwelling consumed by its owner (s).	Clarified terminology replaces the term rent with rental and definition to explain the concept
Individual consumption expenditure	Expenditure on produced goods and services for individual consumption		Value of goods and services consumed by households to satisfy the needs or wants of members of that household, including goods and services provided for free by general government and NPISH.	Term not easy to understand without definition so an alternative more descriptive term suggested.
Individual consumption good or service		An individual consumption good or service is one that is acquired by a household and used to satisfy the needs or wants of members of that household.		
Intellectual Property Products		Intellectual property products are the result of research, development, investigation or innovation leading to knowledge that the developers can market or use to their own benefit in production because use of the knowledge is restricted by means of legal or other protection.		No change suggested
Intermediate consumption	Use of goods and services	Intermediate consumption consists of the value of the goods and services consumed as inputs by a process of		Term not easy to understand without definition

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

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	during production  OR  Goods and services input to production  OR  Intermediate use of goods and services	production, excluding fixed assets whose consumption is recorded as consumption of fixed capital.		so an alternative more descriptive term suggested.
Mineral exploration and evaluation	Expenditures on Mineral exploration and evaluation	Mineral exploration and evaluation consist of the value of expenditures on exploration for petroleum and natural gas and for non-petroleum deposits and subsequent evaluation of the discoveries made.	Expenditures incurred in the search for mineral resources such as petroleum and natural gas and for non-petroleum deposits and subsequent evaluation of the discoveries made in determination of the technical feasibility and commercial viability of extracting the mineral resources.	More descriptive term suggested and an expanded definition.
Miscellaneous current transfers		Miscellaneous current transfers consist of current transfers other than insurance-related premiums and claims, current transfers within general government and current international cooperation.		
Net lending or net borrowing		Net lending is defined as the difference between changes in net worth due to saving and capital transfers and net acquisitions of non-financial assets (acquisitions less disposals of non-financial assets, less consumption of fixed capital). If the amount is negative it represents net borrowing.	Net lending is the net amount a producer has available to finance other activities. Negative net lending is usually described as "net borrowing".	The expanded definition proposes a clarified definition before explaining the measurement.
Net domestic product	GDP after deducting depreciation	NDP Net domestic product (NDP) is defined as gross domestic product (GDP) less the consumption of fixed capital.		Clarified terminology to indicate what the 'net' in the concept referred to
Net national disposable income		Net national disposable income (NNDI) is defined as net national income (NNI) plus current transfers receivable from abroad less current transfers payable abroad.		
Net non-life insurance premiums		Net non-life insurance premiums comprise both the actual premiums payable by policyholders to obtain insurance cover during the accounting period (premiums earned) and the premium supplements payable out of the property income attributed to insurance		

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
		policyholders less the service charges payable to the insurance corporation.		
Net premiums	Insurance premiums after deducting the service charges	Net premiums are defined as actual premiums plus premium supplements less the insurance service charge payable by the policy holders.	Net premiums are defined as actual premiums plus premium supplements (investment income earned on reserves policyholders) less the insurance service charge payable by the policy holders.	More descriptive terminology to explain what the concept 'net' means in this case.
Net social contributions		Net social contributions are the actual or imputed contributions made by households to social insurance schemes to make provision for social benefits to be paid. Fees charged by the administrators of the schemes are excluded from contributions payable.		
Net value added	Gross Value added, after deducting depreciation	Net value added is the value of output less the values of both intermediate consumption and consumption of fixed capital.		More descriptive terminology to clarify the 'net' concept
Neutral holding gains and losses		Neutral holding gains and losses A neutral holding gain (loss) over a period is the increase (decrease) in the value of an asset that would be required, in the absence of transactions and other changes in the volume of assets, to maintain command over the same amount of goods and services as at the beginning of the period.		
Nominal holding gain		(i) Nominal holding gain – financial asset. The nominal holding gain on a financial asset is the increase in value of the asset, other than transactions in the assets (including the accrual of interest over a period of time) and other changes in the volume of assets. (ii) Nominal holding gain – liability. The nominal holding gain on a liability is the decrease in value of the liability, other than by transactions or by other volume changes. (iii) Nominal holding gain – non-financial asset. The nominal holding gain on a non-financial asset is the value of the benefit accruing to the owner of that asset as a result of a change in its price over a period of time.		
Non-cultivated biological resources	Non-cultivated resources like animals, birds, fish and plants.	Non-cultivated biological resources consist of animals, birds, fish and plants that yield both once-only and repeat products over which ownership rights are enforced but for which natural growth and/or regeneration is not under the direct control, responsibility and management of institutional units.		
NPISH Final Consumption Expenditure	NPISH expenditure on consumption	Final consumption expenditure of NPISHs consists of the expenditure, including expenditure whose value must be estimated indirectly, incurred by resident	NPISH final consumption expenditure is the value of all goods and services produced, or purchased, by NPISH for either individual	Term not easy to understand without definition so an alternative more descriptive



**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
	of goods and services	NPISHs on individual consumption goods and services and possibly on collective consumption services.	or collective consumption. It consists of NPISH non-market output plus NPISHs purchases of goods and services (without further transformation) on behalf of households (known as, social transfers in kind via market producers).	term suggested. Also suggested a new definition, to start with the concept of what is being measured.
Operating Lease		An operating lease is one where the legal owner is also the economic owner and accepts the operating risks and receives the economic benefits from the asset by using it in a productive activity.		
Other buildings and structures		Other buildings and structures comprise non-residential buildings, other structures and land improvements.		
Other capital transfers		Other capital transfers consist of all capital transfers except capital taxes and investment grants.	Other capital transfers are unrequited transfers, which allow one or both parties of the transaction to acquire or dispose of assets; they exclude capital taxes and investment grants.	
Other current transfers		Other current transfers consist of all current transfers between resident institutional units, or between resident and non-resident units, other than current taxes on income, wealth, etc., social contributions and benefits, and social benefits in kind.		
Other deposits		Other deposits comprise all claims, other than transferable deposits, that are represented by evidence of deposit.		
Other employment-related social insurance benefits		Other employment-related social insurance benefits are social benefits payable by social insurance schemes other than social security to contributors to the schemes, their dependents or survivors.		
Other equity		Other equity is equity that is not in the form of securities.		
Other financial corporations		Other financial corporations are institutional units providing financial services, where most of their assets or liabilities are not available on open financial markets.		
Other financial intermediaries except insurance corporations and pension funds		Other financial intermediaries except insurance corporations and pension funds consist of financial corporations that are engaged in providing financial services by incurring liabilities, in forms other than currency, deposits or close substitutes for deposits, on their own account for the purpose of acquiring financial		

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		assets by engaging in financial transactions on the market.		
Other flows		Other flows are changes in the value of assets and liabilities that do not result from transactions.		
Other investment		Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options and reserve assets.		
Other investment fund shares or units		Other investment fund shares or units represent a claim on a proportion of the value of an established investment fund other than a money market fund.		
Other subsidies on production		Other subsidies on production consist of subsidies except subsidies on products that resident enterprises may receive as a consequence of engaging in production.		
Other subsidies on products		Other subsidies on products consist of subsidies on goods or services produced as the outputs of resident enterprises, or on imports, that become payable as a result of the production, sale, transfer, leasing or delivery of those goods or services, or as a result of their use for own consumption or own capital formation.		
Other taxes on production	Taxes on production like fixed business rates.	Other taxes on production consist of all taxes except taxes on products that enterprises incur as a result of engaging in production.		
Output for own final use	Goods and services produced for own final use	Output for own final use consists of products retained by the producer for his own use as final consumption or capital formation.		Term not easy to understand without definition so an alternative more descriptive term suggested.
Premium – actual		The actual premium is the amount payable to the direct insurer or reinsurer to secure insurance cover for a specific event over a stated time period.		
Premium – earned		The premium earned is the part of the actual premium that relates to cover provided in the accounting period.		
Primary Incomes		Primary incomes are incomes that accrue to institutional units as a consequence of their involvement in processes of production or ownership of assets that may be needed for purposes of production.		
Product balance	Balance of the supply	The product balance for any product recognizes that the sum of output at basic prices plus imports plus trade and		

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
	and use of a product	transport margins plus taxes on products less subsidies on products is equal to the sum of intermediate consumption, final consumption and capital formation, all expressed at purchasers' prices, plus exports.		
Property Income	Revenue from ownership of financial, and/or non-produced non-financial, assets	Property income is the sum of investment income and rent.		Term not easy to understand without definition so an alternative more descriptive term suggested.
Purchasing Power Parity		A purchasing power parity (PPP) is defined as the number of units of B's currency that are needed in B to purchase the same quantity of individual good or service as one unit of A's currency will purchase in A.		
Purchasers' prices	Actual price paid		Prices paid by the purchaser, including taxes and excluding subsidies	
Quasi-corporation		A quasi-corporation is either an unincorporated enterprise owned by a resident institutional unit that has sufficient information to compile a complete set of accounts and is operated as if it were a separate corporation and whose de facto relationship to its owner is that of a corporation to its shareholders, or an unincorporated enterprise owned by a non-resident institutional unit that is deemed to be a resident institutional unit because it engages in a significant amount of production in the economic territory over a long or indefinite period of time.		
Real Gross Domestic Income		Real gross domestic income (real GDI) measures the purchasing power of the total incomes generated by domestic production.		
Real holding gains and losses		A real holding gain (loss) is the amount by which the value of an asset increases (decreases) over the neutral holding gain for the period, in the absence of transactions and other changes in the volume of assets.		
Realized holding gain		A holding gain (loss) is realized when an asset that has increased (decreased) in value due to holding gains (losses) since the beginning of the accounting period is sold, redeemed, used or otherwise disposed of, or a liability incorporating a holding gain or loss is repaid.		
Rent	Natural resource rent  Or	Rent is the income receivable by the owner of a natural resource (the lessor or landlord) for putting the natural resource at the disposal of another institutional unit (a lessee or tenant) for use of the natural resource in production.		Term is frequently confused with rental so suggested an alternative term

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
	Natural resource lease revenue			
Resource lease	Natural resource lease	A resource lease is an agreement whereby the legal owner of a natural resource that the SNA treats as having an infinite life makes it available to a lessee in return for a regular payment recorded as property income and described as rent.		The use of resource in term is unclear so suggested a slight variant on the term
Rest of the world		The rest of the world consists of all non-resident institutional units that enter into transactions with resident units, or have other economic links with resident units.		
Social assistance benefits		Social assistance benefits in cash are current transfers payable to households by government units or NPISHs to meet the same needs as social insurance benefits but which are not made under a social insurance scheme requiring participation usually by means of social contributions.		
Social benefits		Social benefits are current transfers received by households intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education or family circumstances.		
Social insurance benefit		A social insurance benefit is a social benefit payable because the beneficiary participates in a social insurance scheme and the social risk insured against has occurred.		
Social insurance contribution		A social insurance contribution is the amount payable to a social insurance scheme in order for a designated beneficiary to be entitled to receive the social benefits covered by the scheme.		
Social insurance scheme		A social insurance scheme is an insurance scheme where the following two conditions are satisfied, (a) the benefits received are conditional on participation in the scheme and constitute social benefits as this term is used in the SNA, and (b) at least one of the three conditions following is met. (i) Participation in the scheme is obligatory either by law or under the terms and conditions of employment of an employee, or group of employees. (ii) The scheme is a collective one operated for the benefit of a designated group of workers, whether employed or non-employed, participation being restricted to members of that group. (iii) An employer makes a contribution (actual or imputed) to the scheme on behalf of an employee, whether or not the employee also makes a contribution.		

**Annex II: Proposal for Changes to SNA Glossary Terms and Definitions**

<b>Current SNA Terminology</b>	<b>Alternative</b>	<b>Current Definition</b>	<b>Expanded / Clarified Definition</b>	<b>Rationale for the Change</b>
Social security benefits		Social security benefits in cash are social insurance benefits payable in cash to households by social security funds.		
Taxes and duties on imports		Taxes and duties on imports consist of taxes on goods and services that become payable at the moment when those goods cross the national or customs frontiers of the economic territory or when those services are delivered by non-resident producers to resident institutional units.		
Trade margin	Distribution trade margin	A trade margin is defined as the difference between the actual or imputed price realized on a good purchased for resale and the price that would have to be paid by the distributor to replace the good at the time it is sold or otherwise disposed of.		
Trading gain or loss		The trading gain or loss from changes in the terms of trade is the difference between real GDI and GDP in volume terms.		
Unrealized holding gain		An unrealized holding gain is one accruing on an asset that is still owned or a liability that is still outstanding at the end of the accounting period.		
Work-in-progress		Work-in-progress consists of output produced by an enterprise that is not yet sufficiently processed to be in a state in which it is normally supplied to other institutional units.	Work-in-progress consists of output produced by an enterprise that is partially finished and not yet in the state in which it is normally supplied to other institutional units.	Minor clarification to definition.

Use of the terms “gross” and “net” in economic and environmental statistics – An overview

Compiled by Sanjiv Mahajan October 2021

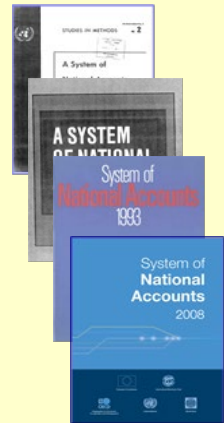
Overview

The terms “gross” and “net” in context of economic and environmental statistics are used in various ways and can be misunderstood. The producer and user need to be aware of the definition(s), context and meaning. The 2008 SNA (paragraphs 3.190-198) provides a good summary of the use of terms “gross” and “net” in the national accounting framework. In terms of an overview, the key “gross” and “net” aggregates are shown in the diagram on the left hand side below. Examples of other uses (not an exhaustive list) of the terms “gross” and “net” are shown below on the right hand side.

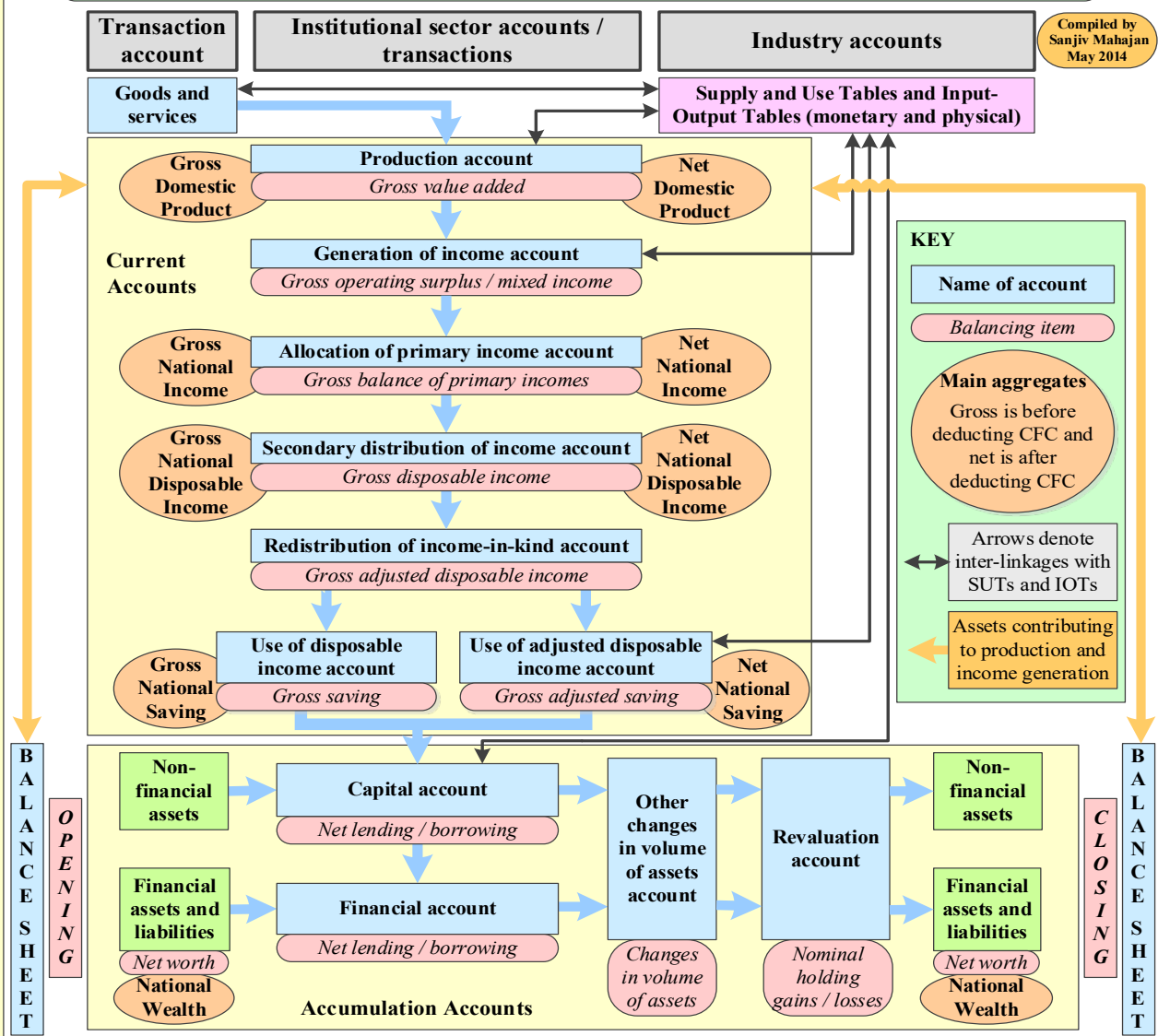
The most significant use of the terms “gross” and “net” are in conjunction with balancing items for each account by institutional sector and the whole economy. To estimate future productive potential and capacity of a business, an industry or an economy, then good quality estimates of consumption of fixed capital (CFC) and capital stock are essential. The role of net national income, net disposable income and net capital stock are becoming more important and relevant today but play different roles from their “gross” counterparts. The second main use covers the recording of financial transactions in the financial account. Here transactions can be recorded on a “gross” or “net” basis. For example, the financial account is recorded on a net basis and flow of funds is recorded on a gross basis.

What is CFC?

CFC is the decline, during the course of the accounting period, in the current value of the stock of fixed assets owned and used by a producer as a result of physical deterioration, normal obsolescence or normal accidental damage. CFC is a cost category that accrues over the whole period the fixed asset is available for productive purposes. It is important to note that CFC is not an explicit transaction but recognised as a cost to the business and is accepted as difficult to measure. CFC in national accounting terms is not the same as depreciation in company accounting terms albeit users use the terms interchangeably. In national accounts, current cost accounting (also known as current replacement cost) valuation is used, whereas in company accounts, the valuation mostly used is historic cost accounting (also known as historic replacement cost).



Overview of the System of National Accounts framework and the links to Supply and Use Tables



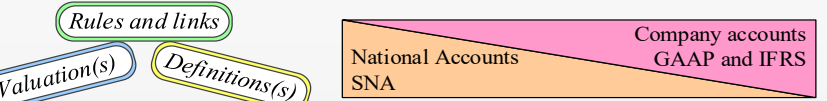
**Terminology type links**

Conceptual reference	Alternative reference
Changes in liabilities	Net incurrence of liabilities
Changes in assets	Net acquisition of financial assets
Changes in assets and liabilities	Changes in net worth
Net lending or borrowing	Net financial balance



**CFC related type links**  
Various components of the main aggregates and related statistics will also exist both on a gross basis and a net basis, for example, gross capital stock and net capital stock, gross operating surplus and net operating surplus.

- Conceptual type links**
- Net return to (fixed) capital relates to the mark-up in estimating the output of market producers’ own-account capital formation.
  - Net social contributions are the actual or imputed contributions made by households to social insurance schemes but will exclude any administrative fees charged.
  - Net fees are calculated as fees receivable plus fee supplements less the value of the services consumed.
  - Net present value is a method of discounting future earnings to produce a current value.
  - To note: Net is not the same as netting or consolidation.



**Arithmetic type links**

Gross variable(s)	Net variable
Acquisitions	<b>Net acquisitions</b> is acquisitions less disposals (fixed assets or financial assets)
Disposals	<b>Net purchases</b> is purchases less sales (or vice versa)
Purchases	<b>Net exports or net trade</b> is exports less imports (or vice-versa)
Exports	<b>Net premiums</b> is premiums less claims
Imports	Sales net of invoiced VAT
Premiums	<b>Net revenues (or net operating balance)</b> is revenues less expenses
Sales	<b>Net lending</b> is lending less borrowing
Revenues	<b>Net Income</b> is income less tax
Expenses	(Gross / net tax concepts can be applied in various areas of the accounts)
Lending	<b>Net current transfers</b> is receivable from abroad less payable to abroad
Borrowing	<b>Net worth</b> is assets (non-financial and financial) less liabilities
Income tax	<b>Net international investment position</b> is the stock of external financial assets less the stock of external liabilities.
Gross income	
Receivable Assets	
Payable Liabilities	

<sup>11</sup> The annex is attached separately for ease of reference.

## Annex IV: Outcome of the July 2021 AEG Discussions

### AT THE JULY 2021 MEETING, THE AEG MEMBERS WERE ASKED TO REFLECT ON THE FOLLOWING QUESTIONS:

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1. Do you agree with the proposed changes to terms and definitions presented in Annex II?
  - a. Are there other terms that you would want to make easier for users to understand?
2. Do you agree with the proposed branding of the statistical standards and the system of statistical standards?
3. Do you agree with the proposed changes to the SNA accounts shown in Table 4?
4. Do you have other comments on the guidance note?

### SUMMARY OF DISCUSSIONS

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- The members noted the proposed Terminology and Branding of the International Macroeconomic Statistical Standards and generally support the proposed new terminology.
- The CMTT took note of the members' interventions related to statistical recommendations and standards are under discussion in the UNSC.
- The members also requested additional time to review the guidance note and provide feedback on the specific terms; and questioned the proposal to move away from "date stamping" the SNA towards a versioning of the standards, noting that this may be problematic for a number of countries that require the "date stamping" to secure funding for implementation.
- The AEG supported the CMTT's proposal to develop a common glossary to align terms across the statistical manuals (SNA, BPM and GFS); and requested that the Task Team to continue to refine the guidance note with the target for the next version to be ready by the end of September 2021.

## Annex V: Outcomes of October and November 2021 BOPCOM and AEG Meetings

### THE MEMBERS OF THE COMMITTEES WERE ASKED TO REFLECT ON THE FOLLOWING QUESTIONS:

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1. Do you agree for this note to be sent for global consultation?
2. Do you agree with the changes to the accounts and terminology mentioned in section V of this document?
3. Do you agree with the proposed *branding of the future SNA, BPM and GFSM*?
4. *With regard to annex II:*
  - a. *Do you agree with the proposed changes to terms and definitions?*
  - b. *Should the proposed changes replace or supplement existing terms and definitions?*
  - c. *Do you have other proposals on terms and definitions to be included?*
5. Do you agree to stop the use of the term “net” other than the two cases in which the 2008 SNA covers: consumption of fixed capital and financial accounts / from whom to whom accounts?
6. Do you agree there should be a high priority programme of work to improve the quality of the estimates of capital stock, and in turn CFC?
7. Linked to (6), do you agree that greater prominence should be given to “net” aggregates?

### SUMMARY OF DISCUSSIONS

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Both the AEG and the BOPCOM members agreed that the note should be sent for global consultation. Members were supportive of the need for greater harmonization, uniform language, and terminology across the statistical standards. Members also recommended that the CMTT:

- conducts close consultation with key users including central banks, statistical offices, and other relevant institutions.
- examines any country/political sensitivities to changes in terminologies. For example, “labor costs” as a substitute for (compensation of employees in the SNA/BPM) is understandable by all but can also lead to negative reactions in some countries.
- should clarify in the GN if definitional changes like those proposed in Annex II for SNA are also envisioned for the BPM.
- Considers that some terms are so well known and established and should only be abandoned when strong supporting arguments are made.
- Further explain when the terms “gross” and “net” can/should be used in economic and environmental statistics.
- Considers that SNA entries in the rest of the world (ROW) account are mirrors of the BPM entries, debits (payments) and credits (receipts) in BPM correspond to revenue and expenditure, respectively, from the SNA viewpoint. However, according to some members, such changes would be counterintuitive and potentially bring confusion to the BOP.
- Considers that changing “GDP by production approach” into “GDP by industry” may cause confusion as the new term seems to refer more to an analytical breakdown than to an accounting (and compilation) approach.
- Considers that changing “Consumption of fixed capital” into “depreciation” may not capture as well the fact that it refers to a cost (i.e., an expense).
- Clarifies the term “financial accounts”, since the scope of the term is not fully clear (e.g., financial account in the SNA context is part of the accumulation account, in external statistics financial account is part of the BOP, and sometimes it seems to include the IIP as well).