Chapter 14: Summarising and presenting the accounts – Comments of the worldwide review - Overview

Chapter posted: **04-Oct-06**
Deadline: **03-Dec-06**

Number of comments received: 18

Comments overview:

Date	Country/AEG member	Internal: format
16/01/2007	John Pitzer	*Word template and PDF document*
02/01/2007	China (NSO)	
20/12/2006	Eurostat	
19/12/2006	Ole Berner (AEG)	
14/12/2006	Korea (CB)	
11/12/2006	Karen Wilson (AEG)	
08/12/2006	Mexico (NSO)	*Comments in Spanish*
05/12/2006	Australia (NSO)	
04/12/2006	OECD	*Comments separately from C.Aspden and F.Lequiller*
04/12/2006	Reimund Mink (AEG)	*Word template and PDF document*
02/12/2006	IMF	
01/12/2006	Czech Republic (NSO)	
01/12/2006	Switzerland (NSO)	
01/12/2006	Andrey Kosarev (AEG)	
01/12/2006	Johan Prinsloo (AEG)	*PDF document*
30/11/2006	Vietnam (NSO)	*They agree and have no comments*
30/11/2006	Hong Kong (NSO)	
28/11/2006	UNSD	

Chapter 14: Summarising and presenting the accounts – Part I: General comments

Country	Comment
Hong Kong	This new chapter is particularly useful; it not only provides an easy-to-follow summary for national accounts statistics compiler but also serves as a handy reference for users of statistics (policy makers, economists, analysts and academia) for an appreciation of national accounts statistics compiled by statistical offices. It also represents a quick reference for various practical issues such as data revision and statistical discrepancy of different measures of GDP and other national accounts aggregates. It may be useful to include a brief on cross-economy comparison of national accounts aggregates on purchasing power parity basis. It is suggested to include a section to briefly describe the quality dimension of national accounts statistics. Cross reference can be made to the Data Quality Assessment Framework for National Accounts Statistics by the IMF.
IMF	Excellent and useful addition to the manual; more impressive because it has been built from scratch for the new edition.
Reimund Mink	The purpose of chapter 14 is to summarise and present the accounts as elaborated in the other chapters; it is therefore difficult at this stage to provide rather precise comments in the absence of a full and final view of the other chapters. Some items are treated in various sections of the chapter: current accounts are described in sections B and H, quarterly accounts in sections F and I. Generally, the various aspects (summarising and presenting) are treated in a rather imbalanced way. For instance, presentational issues are described in a rather short section I. Other terms are treated in a very detailed way: Approximately one third of the chapter is dedicated to GDP, whereas other terms would deserve to be expanded (sequence of accounts, institutional sector accounts, stock-flow relationships) Technical and implementation issues may be grouped together at the end of the document or in a separate accompanying document. For these reasons, I would propose a reorganization of chapter 14 along the following lines: The chapter should start with the complete sequence of accounts and should contain a full matrix presentation of the accounts (the relevant ESA 95 chapter may serve as an example).

	The chapter should start with the complete sequence of accounts and should contain a full matrix presentation of the accounts (the relevant ESA 95 chapter may serve as an example). Summarising the accounts: (a) vertically (sequence of transaction accounts); (b) horizontally (institutional sector accounts); (c) related to stocks and flows; (a) offers the possibility to describe key indicators like GDP, income, saving, investment; (b) refers to sector-related indicators like household saving or income, corporation GFCF, net lending/net borrowing by sector; (c) allows to describe key indicators like household or corporation debt, capital, household wealth or net worth, asset prices (derived from the revaluation account). Presenting (and analyzing) the accounts: (a) T accounts (economy and by sector); (b) matrix tables (by account, by sector, whom-to-whom, accounting matrices); (c) charts (sectors and flows/stocks); (d) quarterly accounts (time series); (e) revisions, discrepancies (data quality); (e) regional accounts (Would this issue also be treated in another chapter the context of political/monetary unions?) . Summarising the accounts horizontally and on a stock/flow basis would allow to present key variables across institutional sectors, in the form of accounting identities from the opening balance sheet to the closing balance sheet (for example in the case of non-financial corporations, from value added to entrepreneurial income, as illustrated in the recent ECB Monthly Bulletin article .(“Integrated financial and non-financial accounts for the institutional sectors in the euro area”, ECB Monthly Bulletin, October 2006.)
OECD - CA	Overall, the chapter reads well and is quite clear. But there are a few paragraphs that are unclear, there are some omissions and there are some recommendations that appear unwarranted. These are addressed below. *(in the other parts)*

Australia	We found this chapter difficult to work through and have some concerns with the structure and content. Some suggestions to improve the chapter: Review the major aggregates included in the first sections and ensure all aggregates are included. For example real income should be shown in section B or C. Rather than beginning with closed economy followed by open, recommend simply presenting the open economy as it becomes repetitive otherwise In our experience T accounts are a difficult presentation tool and we would suggest the use of an alternative presentation format. It may help to review this chapter at the end of the drafting process, this may provide a better insight into how to structure it. Some of the content from the old chapter 6 (and which we are assuming is to be moved to chapter 14) appears to have been lost (e.g. real income, GVA measures). Will this content appear elsewhere in the manual? The chapter would benefit from a fuller description of the financial account its relationship to the core accounts.
Karen Wilson	I am not convinced of the usefulness of this chapter as it stands. The alternate presentation is very difficult to work through and would not provide users with the overview of the state of the economy they need for conjunctural or policy analysis. The chapter deals too summarily with issues like revision, time series, and discrepancies too be helpful to compilers. Perhaps these are best left to a compiler's manual – like the quarterly accounts manual by the IMF referred to in this document. A page on regional accounting does not give enough depth to be useful – perhaps a handbook could be developed outside of SNA93 rev1. In discussing some of the identities – the valuations – basic price – versus producer price – versus market price – get muddled.
Korea	We generally agree to the revised contents of draft chapter 14.
Ole Berner	In general we agree with the idea of having this kind of chapter, but it is difficult to evaluate the content before the other chapters have been written. We would therefore propose that the chapter will be reopened for comments at a later stage in the process.

Eurostat	We think that this chapter still needs substantial revision. Our main concerns are with part B.1 and particularly with the tables presented in this part. Part B.1 presents a partial consolidation between the national economy and Row (partial because it doesn't consolidate the goods and services account transactions, imports and exports). This presentation is according to our view rather artificial and creates problems, particularly in relation to the treatment of saving (see detailed comments). Our preferred option is that the chapter starts directly from a table for an open economy such as 14.5, and that the relevant material now treated in part B.1 is introduces on that structure. Mainly, rather than forcing the saving and investment equality with the artificial semi-consolidated economy case, we see it preferable to start from the open economy case of table 14.5, where saving+ net capital transfers from Row = GFC + net lending abroad. Then the closed economy could be shown as a special case. Alternatively, part B.1 could be redrafted for the case of a closed economy (without imports and exports) to show the saving = investment identity. The closed economy case can also be interpreted as the world economy. However we prefer the first option because the second would lead to repetition. Furthermore, in the numerical examples, imports and exports would have to be fitted into output and domestic uses and value added would change. Furthermore, the central importance of the goods and services account is not introduced clearly and no table is presented for it. Finally, a lot of the material presented in B and C in is repeated again in section I. Alternative presentations could be made in an Annex.
China	It is not a easy thing to comment the property of this chapter because this chapter is the summary about other chapters. This chapter should be permitted to describe the key items that will influence the understanding about the whole accounts system ,just like household wealth, corporation debt and so on.
John Pitzer	Sections B and C are the most important sections in that they present analytical and accounting information; the remaining sections are more oriented toward general commentary. Unfortunately, the purposes of Sections B and C are not clear and I found the text quite confusing. I think there are two general issues that could usefully be addressed in sections B and C. First, one could start with the definition of GDP from chapter 6 (output plus, if necessary, taxes less subsidies on products, less intermediate consumption) and then demonstrate that the expenditure and income methods of measuring GDP produce, in principle, exactly the same result. Second, the relationships between GDP and the various income measures and how those relationships are connected with transaction with the rest of the world are implicit in chapters 6 to 13, but are not summarized and clearly demonstrated. It would be useful to do so here.

The relationship between the accumulation accounts and changes in balance sheets is too important to be relegated to a section in the middle of this chapter. The section now in this chapter is also too short to accomplish its goal.

Chapter 14: Summarising and presenting the accounts – Part II: Comments on specific draft paragraphs or passages

1. Sections B and C describe the derivation of the most common macro-economic aggregates.

Country	Comment
Hong Kong	Section B (paragraphs 14.4 to 14.27) highlights the equality of total supply and total use, the GDP identities and the three alternative measures of GDP which facilitate understanding of the general users of statistics and non-technical readers of the key macroeconomic indicator of GDP. For the part on net domestic product, it may be useful to mention some of the practical difficulties in compiling the estimates of consumption of fixed capital and hence net domestic product. Section C (paragraphs 14.28 to 14.38) on GNI and national disposable income provides a useful summary of derivation of these national accounts aggregates.
Czech Republic	I would recommend to combine the tables 14.1 and at least the first part of 14.5. It should be explained more clearly whether balance of primary incomes is 1854 or 1883. In 14.23, the equation should be corrected on 1854=762+459+442+191, i.e. Compensation of employees should not contain compensation payable by non-residents.

IMF

14.15—the spacing generated by the word processor the numerical equations in this and later paragraphs would look better if not so uneven.
14.19—suggest add a qualification to the equation that it only holds in a closed economy or one with a current account in balance and that a more complex case is discussed later. (This fact is recognized in 14.36-38, but 14.19 could give a wrong impression, and the equation is expressed more crisply and prominently than the equivalent in 14.36-38.)
14.20—add a space between + and exports; the description of capital formation is incomplete because it is just for fixed capital formation—products may also be kept for future consumption (inventories).
14.26—suggest delete reference to income; we are talking about alternative measures of production, and income is another process. Alternatively, could change the text to use "the contribution of production to income."
C. There is an important distinction between production, primary income, and secondary income as processes that should be made somewhere, and the distinction suffers a bit here as being looked at through the prism of domestic-ROW issues. (Objection withdrawn if it is covered elsewhere.)

14.28: Delete first two sentences; it's not new—BPM3 and BPM4 certainly had a full current account view. The goods tend to get more prominence only because they are produced more quickly and often more frequently.
On the use of "international accounts" as a term, the current treatment is that: (a) "international accounts" is used as short hand to mean BOP + IIP + other changes. (This terminology is not a change, it was used in BPM5); (b) the manual will be called "BOP and IIP Manual" but will be abbreviated to "BPM6." In paragraph 14.28, either BOP or international accounts would be correct—while this section only deals with the BOP (transactions), the statement is also be true for the international accounts more generally.
Add global financial mobility to the alter part of the paragraph because the international property income flows are very large and much larger than labor-related flows.
14.29—could footnote that BOP and IIP Manual take perspective of domestic economy, so are the same as ROW accounts but with opposite sign.
14.31—sentence beginning with "As well": should be "taxes on production," not "taxes on products."

	14.34—second sentence, part in brackets should be “one year or more.” Last sentence add “current” before “transfers.” 14.35—space after 1632 14.37—first sentence should be imports plus primary income and transfers payable are greater than exports plus primary income and transfers receivable by 41. The current statement is only true because of the coincidence of the other items being in balance. 14.36-38—suggest give the saving=cap form + current account balance identity and give it at least as much prominence as the incomplete version given in 14.19.
Reimund Mink	Section B (paragraph 14.26): Why refer only to the "third definition of GDP" (income) in the start of the paragraph (and not also to the output and expenditure measure) when the rest of the paragraph refers also to other measures? Please explain why the SNA should give preference to net measure against gross measure of GDP and components, as it may depend on the standpoint. It may be considered (to simplify) that analysis of aggregate demand, effective transactions, impact on prices, may rather focus on gross measure, whereas consideration on asset accumulation (as hinted at in the paragraph) may rather focus on net measure.
OECD - CA	1. Section B4 (paras 14.26-14.27) explains why NDP is preferred to GDP, but it does so by referring to them as measures of income, which they are not. It would be better not to refer to income at all and only refer to production. For example, GDP is a net measure of output in the sense that it is derived as output less the intermediate input used up in producing that output. But no deduction is made for the capital used up in the production of the output. To make such a deduction, consumption of fixed capital is subtracted from GDP to obtain net domestic product (NDP). Following on, in 14.33 it is stated that “as mentioned above, an income concept is better measured after deducting CFC”, but so is a production measure. 2. Para 14.37 explains how saving is affected by net lending to ROW, but it does so in a strange way. Would it not be better to say that some of the saving of the total economy (540 less 499) is used to acquire financial assets abroad, and so the amount left over for capital formation is reduced.

Australia	Tables 14.1 to 14.5 Stub heading should be labelled ‘transactions and balances’ rather than ‘transactions and other flows’ Tables 14.3 & 14.4 ‘Changes in assets’ should read ‘Transactions in assets’, and ‘ Changes in liabilities and net worth’ should read ‘Transactions in liabilities and net worth’ 14.9 We found this paragraph difficult to follow and it had to be read several times before we understood properly what it was saying. 14.26 Note that there is one definition of GDP with three ways to measure it – not three definitions of GDP. We do not believe that any one method can be described as ‘best’ or ‘worst’. Perhaps the problem lies in the ‘jump’ in the first sentence from measures of GDP to measures of income. 14.31 We understand that all income from capital abroad is from financial capital; therefore ‘especially financial capital’ can be removed.
Karen Wilson	It is not appropriate to refer to table 14.1 as “consolidated” and there is no explanation of what the value is of creating an “artificial closed economy”. The main aggregates are not obvious in the table - and there are errors in the math or data.. The Note on Valuation is not as good as what appears in the valuation discussion in earlier chapters – i.e. paragraphs 3.81 to 3.84 are better. Table 14.5 is more useful - but the original flow of accounts is better.
Korea	It is better to consolidate and delete ‘Change in pension entitlement’ in table 14.2 (Consolidated current account). It is thought that the example that GDP should be equal to its income components in paragraph 14.23 is wrong. GDP(1,854) is not the summation of the income components(768, 459, 442 and 191).

Ole Berner	The creation of the artificial “closed” economy in section B was a severe challenge to our intellectual capacity. We are not quite convinced that this is the right way forward in making a popular, easy read introduction to the accounts. A general comment of specific nature: The use of inclusive and exclusive in relation to subsidies is confusing: Inclusive tax means the purchasers’ price, that is the higher price. If a subsidy is seen as a negative tax, then by analogy, inclusive subsidy means the purchasers’ price, that is the lower price. However, the farmer (or any other producer benefiting from a subsidy) will always think of the high price as being the price inclusive the subsidy. The conclusion is: Don’t use inclusive or exclusive in relation to subsidies. Par. 14.8: Why are taxes less subsidies not mentioned? Par. 14.20: Delete ex-post in the first line. Par. 14.21: Basic prices is the preferred price level for output, cf. chapter 6. The description of taxes and subsidies in the identity should reflect that and not assume that some countries use producers’ prices. If it is found necessary to describe the identity if the preferred price level is not used, this should be done in 14.25. Par. 14.25: When producers’ prices are used taxes less subsidies on imported products have to be added unless they are imported via the trade industry and are part of that industry’s producers’ price.
Eurostat	Section B As said in the general comments, this part is our main cause of concern. Table 14.1 is derived by consolidating the national economy and the Row entries in accounts as presented for instance in table 2.8 of the 93 SNA, but also in table 14.5 that comes later in the draft chapter 14. It should be noticed however that consolidation of national economy and Row is not applied to the Goods and services accounts transactions. The main problem that emerges in table 14.1 is that saving (which should be defined as income minus consumption as in the draft chapter 9, see also 14.13 and 14.80) is equal to 1854-1399=455. The value of 414 shown in the table for ‘saving’ is obtained by adding - 41, which is the current external account balance from the point of view of the Row (therefore the surplus of the national economy before consolidation which in the context of table 14.1 can readily be calculated as exports-imports). The explanation for this is just sketched in 14.12, and a more clear (but still not entirely satisfactorily) explanation comes too late in 14.36 and 14.37. Before coming to that explanation the entry saving = 414 is used everywhere in section B, especially to show equality with investment. The use of the word saving with (different types of) inverted commas made in 14.12 and 14.36 is also a source of confusion for the reader.

As said in the general comments, we support a change of part B.1 according to the options suggested. Below we complete the comments to this:section with some other detailed comments.
Table 14.1
– “transactions and other flows” should be “transactions and balancing items”;
– Imports and exports are very difficult to digest in the consolidated national economy/Row proposed presentation;
– Check the value of balance of primary income (in table 14.1 it is 1854, in table 14.5 it is 1883);
– The entry for "Saving" is equal to income – consumption – current external balance and not to income – consumption as given in the table.
14.12: Last sentence, why saving is in inverted commas? This last sentence is not enough to explain the main point referred to in the third paragraph above of our comments to section B.
14.13: “Income as generated less consumption is equal to saving”. This is also repeated in 14.80. This gives saving =455, not 414 as ‘saving’ in tables 14.1 and 14.2.

Table 14.2
– “transactions and other flows” should be “transactions and balancing items”;
– Imports and exports are very difficult to digest in the consolidated national economy/Row proposed presentation;
– The entry for "Saving" is equal to income - consumption - current external balance (see above).
14.15 – 14.19: Besides the use of saving = 414, all this part is not particularly convincing, starting from the equations in 14.15 until table14.4 which shows a so-called consolidated financial account which is actually empty.
14.20-14.21: Is this the right place and way to fit the goods and services account? Generally speaking, the treatment of goods and services account is not satisfactory in our opinion. Its central role as a global economic balance in transactions on G & S doesn't appear well. The link between these paragraphs and those that come before is not made clear. The very mention of an "ex-post" equation only for this account risks suggesting that for other accounts this is not the case.

China

This section should uniform this two definition as follow :
On the use of "international accounts" as a term, the current treatment is that:
"international accounts" is used as short hand to mean BOP + IIP. (This terminology is not a change, it was used in BPM5);

John Pitzer

Section B.1 refers to T accounts and the goods and services account. The introduction, however, does not state what the goods and services account is or why it is being introduced and derived here. In particular, the first subsections refer to summarizing and consolidating the current accounts. It is not clear that these subsections are related to the goods and services account and lead into its derivation.
The concept of the goods and services account is quite important, but not well developed in this section. To begin, it is not clear that this account is even an account similar to the production account and the other accounts developed in chapters 6 to 13. Those accounts have balancing items that are not flows or stocks but are values that can only be obtained by subtracting one group of flows or stocks from another group of flows of stocks. Instead the goods and services account is a collection of transactions that purport to represent all goods and services available for use in a domestic economy and all uses made of those goods and services, with the assertion that the two totals must be equal.

But it is not obvious that all sources and uses are included or that the two totals are equal. The first problem is that there are opening stocks of goods and services that are not explicitly addressed: stocks of fixed assets, inventories, stocks of valuables, and stocks of existing consumption goods. One could reasonably assert that production and imports augment the opening stocks of goods and services and that this increased total of goods and services is either consumed or become the stocks of goods and services at the end of the period. The goods and services account could then be defined as a partial representation of this accounting relationship (revaluations and other changes in the volume of assets are omitted).
By characterizing some of the uses of goods and services as net fixed capital formation, changes in inventories, and acquisitions less disposals of valuables, the opening stocks become, in effect, negative uses; that feature should be pointed out explicitly. It should also be pointed out that final consumption may include negative values for sales of existing consumption goods.

Another issue that should be addressed is whether there are any accounting problems caused by valuation changes. First, taxes less subsidies on products may or may not have to be included as a source of goods and services depending on the valuation of output. Second, it might appear possible that the account will not balance because of valuation changes. For example, if a good is produced in the beginning of the period and consumed late in the period, then the value of the output probably does not equal the value of the consumption. It would help to explain why this valuation change is, in fact, not a problem for balance of the two sides of the goods and services account.

Finally, an impression is given that the goods and services account can be derived from the tables in chapters 6 through 10, with the unexplained oddity that the transactions of the goods and services account appear in columns while all other transaction appear in rows. But exports and imports are in the goods and services account, but are not in the tables in chapters 6 through 10, which makes the entire connection tenuous. One explanation is that some transactions have different labels when presented as uses than they do when presented as resources. For example, an output transaction is always a resource for the producer but it is not obvious what the corresponding transaction to be presented as a use (or a change in assets) is. One common possibility is an increase in inventories, but there are other possibilities. Other transactions, such as interest or social security benefits in cash, have the same label when shown as a resource as they do when shown as a use.

Even when the use and resource have different labels and appear in different accounts, the value of the use must always equal the value as a resource. If the goods and services account is characterized as the collection of all transactions that have different names when presented as uses and resources (or changes in assets or liabilities), the two sums of uses and resources must be equal because the two sides of each individual transaction are equal. This type of explanation, however, is made more difficult because the transactions involved in the production, distribution, and use of goods and services are not fully enumerated in the existing text in terms of the two units involved in a transaction (for example, what is the equal-valued counterpart of output or final consumption for the other unit?).

The use of the term “T-account” in section B.1 is confusing. Its description in paragraph 14.5 seems to be identical to a description of the tables in chapters 6 through 13, but apparently a T account is different. Moreover, I am accustomed to the use of the term T account differently that the term is used in this chapter. Rather than attempt to develop a common understanding of the term, I think its use is unnecessary in this chapter and can be avoided. The purpose and meaning of tables 14.1 and 14.2 are not clear. For most transactions, the sum of all payables equals by definition the sum of all receivables of the same type. Including two numbers on opposite sides of a table (or account) that are equal by definition does not add any information or affect the balancing items. This identity appears to rob most of the meaning from table 14.1. The only transactions for which total payables do not equal total receivables are those for which the payables are classified separately from receivables (for example, output and intermediate consumption) or those for which the payables are classified in a different account (such as consumption of fixed capital in the production account and the capital account).

	Imports and Exports are included in table 14.1, but paragraph 14.5 says that the table includes only line items from tables in chapters 6, 7, 8, and 9. Exports and imports are not in those tables. Thus, it is not clear what the combination is supposed to represent. Because exports and imports are added to table 14.1, the value derived for gross saving differs from the value for gross saving in table 9.1. It is not clear what this concept of saving is and what its relevance to the chapter is. Moreover, the balancing items in table 14.1 are confusing because the value of saving depends on the values for imports and exports, but the values for value added, balance of primary income, and disposable income ignore the values of imports and exports. Yet there is no mention or explanation of this different treatment. Section C is most welcome. It could be used to better effect, however, to show (1) the relationships between the various definitions of income and net flows of income between the domestic economy and the rest of the world, (2) the relationship between flows of goods, services and income and financial flows, and (3) the equality of saving and investment, where investment must include net lending to the rest of the world. Several comments of this nature are indicated in the chapter.
UNSD	The main objective of part B.1 is not realized when it is entitled "T-accounts and the goods and service account". This T-account is not representing the true nature of the T accounts for the sequence of accounts. Moreover, the equation Total use = consumption + exports + saving, may lead to confusion and should rather be avoided.
UNSD	Given the importance of the goods and services account it is suggested to use more detailed tables to avoid confusion among national accounts users when the basic concepts are presented in a short-cut way.
UNSD	Table 14.1 to 14.4 in the draft can be replaced by the proposed tables 14.1 and 14.2, which is a condensed form of the current table 2.8 in the 1993 SNA. It shows the entries for a balanced goods and service account as part of the sequence of accounts. In addition it would be useful to also have a separate table for the goods and services account (see table 14.3). Unlike table 2.8, the proposed table 14.1 presents the generation of income account and the primary income account separately, mainly because it allows for the derivation and presentation of the balancing items properly, avoids the difficulty faced by readers to read table 2.8 and makes it fully compatible with the detailed sequence of accounts. See UNSD proposed tables on the web. The amendments to the text of chapter 14 are only a suggestion and if the new tables are accepted, the editor may wish to adjust the text to fit the overall style and content.

Chapter 14: Summarising and presenting the accounts – Part II: Comments on specific draft paragraphs or passages

2. Section D mentions the need to present the accounts in time series format.

Country	Comment
Hong Kong	For the part on revisions (paragraphs 14.42 to 14.43), it may be useful to highlight revisions of different natures: routine revision to incorporate latest available data and major or comprehensive revision to incorporate new data sources and methodology changes.
IMF	14.45 and subsequent—change “statistical office” to “statistical compiler” to cover the cases where other agencies compile NA. 14.48—replace “exports and imports (usually of goods only)” by “balance of payments current account.” Looking through IFS and BOPSY, there is a very high % of countries that have the full BOP, and the countries with IIP now exceeds 100. The development of the full sequence of accounts is more advanced for the ROW. 14.54—the view of capital stock as being limited to fixed capital formation is acceptable, but the possibility of including inventories, land, and other assets might be flagged.

Reimund Mink

While the table presentation focuses on the overall consistency of the accounts researches, analysts and policy makers are more interested on national accounts data in a time series format. Especially for econometric models, simulation or projections long time series for main aggregates are required. They play a key role in monetary and fiscal policy analysis but are also broadly applied in research. To be of high political relevance timely quarterly sectoral national accounts have to be provided. The following table provides an overview of the preferences of ECB users in terms of timeliness, frequency and back data of national accounts.

Purpose / Dimension	Policy analysis		Financial stability analysis
	Conjunctural analysis	Structural analysis	
Timeliness	Most important	Less important	Important
Frequency	Quarterly	Annual	Quarterly and annual
Back data	Very important	Important	Less important

OECD - CA

There are too many "but"'s in the fourth sentence of para 14.48.
D4 discusses volume estimates, but there is no mention of real income estimates, such as real net national disposable income.
14.50 ignores the fact that chapter 16 says that volume estimates can be derived for compensation of employees. This is the appropriate input measure of labour for productivity analyses.
14.51 says the easiest way to derive volume estimates of GDP is by the expenditure approach, and then goes on to say that the estimates can be cross-checked via a supply and use table. But this requires volume estimates of outputs, inputs and taxes, i.e. the estimates required to derive volume estimates of GDP using the production approach. It would be better to say that volume estimates of GDP can be derived using both the production and expenditure approaches, and the estimates can be confronted in a supply and use table in the same way as their current price counterparts.
The last sentence of para 14.53 is difficult to understand. What does it mean?

Australia

14.46-14.47 This reads as though there are only two alternatives either leave the discrepancy in its entirety or remove it completely. Whereas most common practice, especially on a quarterly basis, would be to confront the data and reduce this discrepancy as far as practicable (but not necessarily completely).

Karen Wilson	Section D deals too summarily with any issue to be useful. Countries deal in electronic publishing now and in time series – advice on printed versions is outdated. The section on discrepancies deals only with the three ways to aggregate GDP – but as soon as a discrepancy is identified – there are many others in the system – across sectors and down the flow of accounts. The only advice given is to allocate to the approach that the country >feels> is of lower quality. This should be dropped and is perhaps best dealt with in a compilation manual in more depth. Really do not like the term >output measure of GDP> - users have enough trouble distinguishing between output and GDP – we should keep this clean. GDP to output ratios as they change can be important indicators of specialization or globalization.
Korea	We agree to require time series tables for an analytical purpose and to understand the advise about revisions, discrepancies, and accounts in volume terms.
Ole Berner	Par. 14.44 – 14.48: We propose to delete these paragraphs.
Eurostat	Some comments to the present section D that still contains 4, 5 and 6 on volume measure are given below in the box for section E.
China	14.51 we suggest there should be more details about how to employ the cross-checked via a supply and use table.
John Pitzer	Paragraph 14.39 suggests that extending the tables in chapters 6 through 13 to show time series is simple and minor. It really means an vast increase in the number of tables as one can show all sectors in a single table or one sector and several years, but not both and retain any understanding. Paragraph 14.40 seems to suggest that consistency over the entire time series is not important because it is necessary only to have accurate data for the most recent years. Section 2 (revisions) seems to confuse the timing of the initial publication of statistics for a given period with revisions to previously published statistics because new sources have become available. The conflict between timeliness and accuracy concerns the initial publication much more than the revision of previously published statistics. The conflict is quite important, however, and I suggest changing the name of the section.

Chapter 14: Summarising and presenting the accounts – Part II: Comments on specific draft paragraphs or passages

3. Section E describes the place of volume measures in the accounts.	
Country	**Comment**
Hong Kong	For the part on volume measure (paragraphs 14.49 to 14.50) , it may be useful to highlight the relationship between the current price GDP, the volume measure of GDP (derived by aggregation of the volume measures of components on a bottom-up basis) and the GDP deflator (derived implicitly by dividing the current price GDP by the volume measure of GDP). Paragraph 14.52 mentions that "the most common practice is to deflate the values of output and intermediate consumption independently, industry by industry, and then derive the difference as value added for each industry." It is suggested to also mention that the method of volume extrapolation is also used in some cases such as financial intermediation services where there does not exist observable price measures. It is suggested to make cross reference to the manual "Handbook on Price and Volume Measures in National Accounts" developed by Eurostat. The Manual provides a comprehensive and detailed discussion on the compilation methods of volume measures of GDP and its components.

IMF	14.65—suggest add production account, as well as G&S account. 14.68—a lot of banks and other financial corporations might be included in (c), and perhaps even more so. While the railway production process has strong physical dimensions in the bases of operations (though less so in the tracks which may be located in one region, but repaired from a base in another), the financial process has much weaker physical connections. General government is not mentioned here, but it is usually located in every region. Government is easier in that there is not track and electricity lines which may have an ambivalent regional connection. 14.70—suggest try to stress minimizing the unallocated amount as much as possible; e.g., for a telecoms company, all wages should be allocated to the home establishment of the employee concerned, and the physical capital has a strong geographic element, while income from the satellite or patents can be left in the unallocated category. The statement risks encouraging allocation of too much of the value added of the locations of head offices away from where the activity is occurring to an unallocated category. Other—household income measures are mentioned in the last paragraph (14.72) for the first time. Could add another paragraph to discuss this, and note that household income by regional is feasible because it can be defined by residence of the individual or household concerned, which can be ascertained more readily than for corporations. Other—new section? There is a discussion of sub-national accounts, but no discussion of accounts for currency or economic unions. There are a few special issues (raised in an appendix to the draft balance of payments manual) and this concept of an economy is one of increasing interest. One to three paragraphs would probably be adequate.
Reimund Mink	There is some overlapping between D.4 and I.4 (Accounts in volume terms). Nothing is included in section E. Very difficult to assess what should be shown here in comparison to chapter 16 (price and volume measures).
Australia	14.59 Feel that understanding wealth accumulation is a better motivation for the value of the link than productivity measurement
Korea	We generally agree to accept the balance sheets which connect the flows to assets and to record a change in the price of asset during the period through the revaluation account.

Eurostat	This is actually covered in section D of the chapter as posted on the site. There must be something still to fit with the sequence of sections and subsections. 14.53, the first part is not clear: (a) It seems that one could conceive studies of productivity starting from a volume measure of value added derived as explained in 14.52, but 14.53 seems to say that this is not possible. (b) the last sentence is also unclear to us: can the costs of capital and labour exhaust a volume measure of value added?
China	We also agree the advice as follow: Could add another paragraph to discuss Other-household income measures and note that household income by regional is feasible
John Pitzer	Section D.4 is titled accounts in volume terms, but sections D.5, D.6, and D.7 seems to also refer to accounts in volume terms. What about income measures? Although they cannot be measured in volume terms, important estimates are made of change in income abstracted from the effects of price changes. Paragraph 14.51 should mention that estimating changes in inventories in constant prices is very difficult statistically and conceptually. Government (and NPISH) final consumption is difficult only because the proper concept in current prices does not exist. It would be better to refer to value added rather than output. The section makes no reference to how to estimate changes in volume. In particular, there is no mention of the desirability and difficulty of using chain link measures.

Chapter 14: Summarising and presenting the accounts – Part II: Comments on specific draft paragraphs or passages

4. Sections F to I describe briefly other possible dimensions to the accounts.

Country	Comment
Hong Kong	For Section I on presentational issues, it may be useful to mention about COICOP for classification of household final consumption expenditure and COFOG for classification of government final consumption expenditure.
Andrey Kosarev	The wide spectrum of the SNA users include ones asking for detailed disaggregating of SNA indicators at sub-regional level. A paragraph would be very useful emphasizing the necessity of a prudent approach in this field. I would highly appreciate including a paragraph reflecting this point, something like follows: [14.72.bis] The mentioned above conceptual difficulties related to regional accounts are seriously stronger at sub-regional level. The more disaggregated are regional indicators, the more difficult problems can arise. Trying to compile any SNA data on sub-regional level one might face substance inconsistency. Comparison between two local entities is problematic when one of them has only non-market production (e.g. local authorities' office) and the other one has only market production (e.g. department store). Both of these local entities are important for the economy, but they have quite different characteristics in terms of GVA. There may be no universal approach to comparison of local entities, so the use of the universal concept of value added might be difficult at sub-regional level.
IMF	F Other—consider mentioning that a prime issue for QNA is multi-period production processes; particularly common for agriculture, but also true for ships and large-scale construction. Many countries are forced to address these issues more seriously when they do QNA. A cross-reference to wherever agricultural work-in-progress is covered may be enough. 14.96—last sentence should apply for unadjusted data only. Some countries force the adjusted to equal the annual total, which is convenient but is at a slight loss of trueness to the best indication of trend, and some seasonal adjustment people don't like it.

Reimund Mink	See comments made in part I. Especially institutional sector accounts should be more prominently presented. The same applies to balance sheets. The other flow accounts are not explicitly mentioned. They should not be seen as the 'residual' accounts but as the accounts of some analytical value (in the context of financial accounts: write-offs, write-downs of loans, mergers and acquisitions, asset prices). Finally, current repetitions could be avoided if the chapter would be reorganized.
OECD - CA	Para 14.63 argues that estimates of changes in inventories are best made over short intervals. Hence, it is argued that the sum of quarterly estimates is preferred to direct annual estimates. But it is not clear why this should be the case. In fact, I know of no OECD country that does this. The preference is to benchmark quarterly estimates to annual ones. Apart from annual sources usually being better than quarterly ones, there is another reason for favouring annual estimates over quarterly ones. The error of estimating goods entering inventory in one quarter may cumulate with the error of estimating the value of corresponding goods leaving inventory in a subsequent quarter. If the goods enter and leave within a year no error is made.
	Para 14.95 promotes the presentation of volume estimates in index number form or as growth rates in order to get over the problem of lack of additivity. But it does not mention that these forms of presentation have drawbacks. One is that they do not work for data that can change sign or have zero values, such as changes in inventories and GFCF. Also, some countries like to report net exports. Another consideration is that values inform the user of the relative size of components. This can be important if there are no corresponding current price data available, which is often the case for quarterly estimates of GDP by activity.
OECD - FL	I propose that you add here an additional paragraph on "statistical discrepancies". something like: "The goods and services accounts and the integrated economic accounts are ideally fully consistent and coherent (at current prices). However, many countries are led to use additional entries called "statistical discrepancies". These entries originate from the use of different sources to estimate different parts of these accounts. The most common "statistical discrepancy" is between the amount of net lending/borrowing appearing in the financial accounts and the amount of net lending borrowing appearing in the capital account. The first is based on statistics from financial institutions, while the second is based on statistics from corporations. Some countries also show statistical discrepancies between the two or the three approaches of GDP.

Australia	14.61 The statement that the (quarterly) accounts "... are to be compiled on accrual basis and a cash basis", without a more detailed explanation, is not so helpful. As financial reporting under the accounting standards, whether applicable to governments or businesses, is largely driven around annual reporting there are a number of areas where the application of quarterly accrual basis could be clarified. 14.63 This paragraph seems to be based on a particular view of data sources and methods. The point regarding inventories needs to distinguish between current price reconciliation and the best methods of measuring volume changes in inventories.
Karen Wilson	Too summary – leave the quarterly to the IMF handbook – we need a handbook on regional accounting – one page does not begin to deal with the issues.
Korea	Sections F and G are already dealt with in the sections H and I of chapter 19 of the old 1993 SNA. Besides, section H is similar with what is in 2.189-2.209 of the old 1993 SNA. Does this mean the corresponding paragraphs will be removed from the old 1993 SNA and be moved to a new chapter in the revised SNA?
China	We think that will be more clear to add the details about statistic discrepancies.
John Pitzer	Paragraph 14.61 seems to suggest that seasonal effects are of minor importance for quarterly accounts. I think they are much more important.
UNSD	Part I, paragraphs 14.91 and 14.92. In reference to the presentation of national accounts tables it would be preferred if the presentation of the UNSD publication: “National Accounts Statistics: Main aggregates and tables” are used. These presentations are agreed upon by the UN, Eurostat and OECD.
UNSD	Part I, Table 14.X. The introduction of monetary and non-monetary production may convey an idea that it is possible to separate them as such when the SNA does not even define them anywhere in the text. This idea may be interpretable in many different ways, for example, it is debatable whether education that is provided for free should be classified as monetary transactions as in this table.

Chapter 14: Summarising and presenting the accounts – Part II: Comments on specific draft paragraphs or passages

5. Section J describes alternative presentations of the accounts.

Country	Comment
Hong Kong	The introduction of T accounts as an alternative presentation of different accounts is useful in providing a simplified format on uses and resources.
Reimund Mink	I assume that section I is meant. See again comments made in part I.
Australia	Table 14.X (below 14.92) ABS does not support the provision of partial breakdowns of components and would prefer not too see this kind of presentation enter the manual. Classificatory breakdowns should be comprehensive and fully articulated. 14.96 This makes it sound like benchmarking quarterly to annual is simply a complication where as it is actually a valuable exercise fundamental to the coherency of the accounts.
Karen Wilson	Do not see the value in persuing the T account approach
Korea	It is useful to show an industry-level example of a subsistence economy in paragraph 14.91. If possible, it would be good for national accountants to have those kinds of examples in other chapters to improve their understanding of examples in other countries. In paragraph 14.96, it says "the sum of four (seasonally adjusted/unadjusted) quarters should be equal to the annual data." However, it is needed to mention forcing the sum of seasonally adjusted quarterly data to the annual data could undermine the quality of seasonal adjustment in certain circumstances such as series with significant trading-day.(refer to paragraph 8.61 in Quarterly National Accounts Manual, IMF)

Chapter 14: Summarising and presenting the accounts – Part III: Other specific comments *(or format of template was not used)*

Country	Comment
UNSD	*Large document with tables - see attachment or document under* http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter14dv2unsd.pdf
Johan Prinsloo	*See pdf document under* http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter9dv2Prinsloo.pdf
Switzerland	*Comments in track changes - please see below or* http://unstats.un.org/unsd/sna1993/projectmanagement/comments/Chapter14dV2Switzerland.pdf
Switzerland (track changes)	General comment The phrases “domestic economy”, “national economy”, “total economy”, and “economy as a whole“ used in draft chapter no. 14 are confusing. We suggest therefore replacing them by the word “economy”, whose meaning is well defined in the SNA. Table of contents “B. ~~Gross and net domestic product~~ The economy” “C.3. Net lending to or borrowing from the rest of the world” “D. ~~Time series, revisions and discrepancies~~ Accounts in volume terms” “J. Analytical issues 1. Time series 2. Revisions 3. Discrepancies” Table 14.5 “Value added, gross / ~~National income, gross~~ Gross domestic product“ 14.36 “ … and to know how far there is lending to and borrowing ~~to~~ from the rest of the world.”
Reimund Mink	*See pdf document under* http://unstats.un.org/unsd/sna1993/projectmanagement/comments/Chapter14dv2ECB2.pdf

Reimund Mink (PDF)	Para 14.15 first sentence: At present, the equations provided as examples from this point onwards in the document are more confusing than helping. Part 3.: This topic may be moved under the "Rest of the World account" (H.2)
Mexico	*See comments in Spanish under* http://unstats.un.org/unsd/sna1993/projectmanagement/comments/Chapter14dv2mexico.pdf
Karen Wilson	Para 14.25 Line 4 It reads "When output is valued at producers' prices, there would be no further taxes on product to add in; they will be already included in the measure of output" According to 1993 SNA "If producers' prices are used for valuing output, GDP is equal to the sum of gross value added of all resident producer units plus taxes and duties on imports, less import subsidies-in absence of a value added tax system-or plus taxes and duties on imports (less import subsidies) and value added type taxes-when such a taxation system does exist". (1993 SNA page 52 Will the definition of producers' price be changed? Para.14.25 line 19 Add the word "all" before taxes Para 14.54 line 9 In the description of perpetual inventory method, the idea of discards can be described in a better fashion. The text reads "The level of capital stock are typically derived by cumulating capital formation in successive period by deducting the amount that has been exhausted" Para.14.58 line 7 The introduction of asset account is abrupt. The link is missing to the preceding text. Page 16 Table 14.x Integrated economic account Copy para.2.189 from the 1993 SNA as a introduction to the table " the integrated economic account shown in table# give a complete picture of the accounts of the total economy, including balance sheet, in a way which permit the principal economic relations and the main aggregates to be shown." Para 14.76 Revise this paragraph for clarity Para.14.80 This paragraph should be labeled "e" as being part of the current account.
John Pitzer	*See pdf document under* http://unstats.un.org/unsd/sna1993/projectmanagement/comments/Chapter14dv2pitzer2.pdf

John Pitzer (PDF)	Para 14.1 second sentence: Given the specific use of consolidation/consolidating described in chapter 3, it would be good to avoid using consolidating here with a different meaning. Para 14.1 third sentence: GDP and NDP have already been derived in chapter 6 and GNI in chapter 7. Is this chapter providing a different method of derivation or some additional analysis of the derivation, or what? Para 14.1 fifth sentence: It is not obvious to me what "articulation of the accumulation accounts" means or where it is in the chapter. Para 14.4 first sentence: I doubt how common this form of table is in practice and the assertion does not appear necessary. Para 14.4 last sentence: What explanatory purposes? Does this mean to say that the tables in chapter 6 to 13 do not explain anything? Para 14.6: When "summarising the current account, why begin with imports and exports, especially since they are not in the current accounts as represented by tables 6.1 etc.?
	Para 14.7 last sentence: Value added is not a balancing item in this table as it is not equal to the sum of resources listed on previous lines minus the sum of uses listed on previous lines. The same is true for the balance of primary incomes and disposable income. Saving, however, is a balancing item. All of which means that exports and imports are treated in some special, unexplained manner. Para 14.8 last sentence: Operating surplus and mixed income are balancing items in the current accounts but seem to be treated here as transactions. They could be omitted without loss. Para 14. 9: This identity is not unique or even relatively important for property income. What is the role of this paragraph? Para 14.12 second sentence: Changes in pension entitlements merely changes the resident sector distribution of disposable income; it does not affect total disposable income as used in this table. Para 14.12 last sentence: This is a peculiar concept of saving for the rest of the world. Why is it included in this table?

Para 14.13 last sentence: But saving is defined as income less consumption. This is an identity, not something discovered by the table. The identity, moreover, is maintained only by a peculiar concept of saving for the rest of the world.
Para 14.15 last sentence: Saving is a balancing item, not a use of goods and services.
Para 14.17 last sentence: Isn't the reasoning the reverse: there is no net borrowing or lending because all acquisitions of financial assets are matched by a reduction of financial assets or an incurrence of a liability.
Para 14.22: There is only one definition of GDP. Accounting relationships can be used to show that the same value can be calculated differently.
Para 14.22: The definition of already in chapter 6. It should not be presented here as something new. A cross reference would be more appropriate.
Para 14.26 first sentence: Why should a measure of production be expected to be a best measure of income?
Para 14.30 last sentence: Quite true, but why is this identity important for measuring income?

Para 14.32 first sentence: Isn't GNI defined in chapter 6, in which case this should be a cross reference, not a "new" definition.
Para 14.32: Why does GNI not take into account transfer payments to and from the rest of the world?
Para 14.32: If table 14.5 illustrates the relationship between GDP and GNI, why isn't GNI mentioned in the table? Similarly for GDI.
Para 14.34 first sentence: As asked above, why are two steps better than one step?
Para 14.35: or GDI - consumption of fixed capital
Para 14.36 first sentence: The meaning of this sentence is particularly obscure.
Para 14.36: Has the external current external balance been defined or referenced in this chapter? Why not say how saving is affected by transactions with the rest of the world?
Para 14.36: Is there a difference between the current external balance and net lending to the rest of the world? Isn't the only difference net capital transfers?

Para 14.37 last sentence: The external balance from the viewpoint of the rest of the world. It sounds peculiar to say that exports exceeds imports by 41, therefore the balance is a negative 41. Why are only exports and imports mentioned? Are not transfers, property income, and so forth part of the calculation of the external balance?
Para 14.37 last sentence: This sounds as if capital formation is defined as saving plus or minus the external balance. Wouldn't it be better to discuss net lending to the rest of the world as the counterpart of other transactions with the rest of the world?
Para 14.44 last sentence: Why would an error in estimating consumption of fixed capital lead to a difference between any of the GDP measures?
Para 14.45 first sentence: Isn't there an important distinction between discrepancies within the System and accuracy. All three measures of GDP could be exactly equal to each other and wrong at the same time.

Para 14.50 last sentence: Why is it only "in practice"? Does this mean that other price and volume measures are possible, but not recommended in the System? Are there no volume measures for labor? Paragraph 14.53 seems to suggest the contrary.
Para 14.51 last sentence: This is a cryptic sentence, and probably unnecessary.
Para 14.52 second sentence: This is quite a vague assertion. What is the SNA position. Perhaps it would be better to say "in general, it is not possible ..."
Para 14.54 second sentence: Why? This sentence seems to contradict the first sentence.
Para 14.54 third sentence: Capital formation includes changes in inventories and net acquisition of valuables. Should they be included here?
Para 14.57: liabilities should be explicitly mentioned some place early, at least as a general note that references to "assets" include liabilities and even better in each term of the equation described in the following subparagraphs.
Para 14.61 second sentence: Why is the proportion of accrued but not yet paid amounts important?

Para 14.68 (a): "at least part of social security" is not clear and could be deleted. I assume it refers only to national social security units, not state or local units. Does "part" mean some but not all of the social security units or part of a single unit?
Para 14.69 last sentence: Is this suggested somewhat in the System?
Para 14.89 first sentence: Have "sides" been defined and referred to previously. Despite the common use of the term, it would be better to say "the three measures of GDP: value added, expenditure, and income (see paragraph 14.xx above).