

**MINUTES OF THE ISWGNA MEETING OF APRIL 8-9, 2002
(NEW YORK)**

The meeting was attended by Cristina Hannig (UNSD, chair), Adriaan Bloem (IMF), Lidia Bratanova (UNECE), Barbro Hexeberg (World Bank), François Lequiller (OECD), Brian Newson (Eurostat), Magdolna Csizmadia (UNSD), Matthias Reister (UNSD), Felizardo Suzara (UNSD) and Viet Vu (UNSD).

Sections of the meeting were attended by John Joisce (IMF), Alessandra Alfieri (UNSD), Ralf Becker (UNSD), Ilaria DiMatteo (UNSD), Eszter Horvath (UNSD) and Julia Santander (UNSD).

1. Adoption of the Agenda

The draft agenda was adopted with the following changes: Item 6(f) Stock options of the draft agenda is identical to item (6(j) Employee share option plans. Therefore item 6(j) was dropped from the agenda and item 6(f) was renamed Employee stock option plans. Upon request of OECD, item 8(c) Purchasing power parities was added to the agenda.

2. Review of actions agreed upon at the December 14, 2001 meeting

New developments are entered in *italics*

Action	Responsible	By when	Comments
Send TOR and work plan Task force on Insurance around	OECD	Asap	<i>Done. The first meeting will take place in June. The issue is further discussed under agenda item 6(h).</i>
Consider EDG for Unfunded pension schemes government employees	IMF	April 2002	<i>IMF decided to start an EDG. IMF will send the TOR. The issue is further discussed under agenda item 6(e).</i>
Establish EDG on Non-performing loans	IMF	February 2002	<i>TOR sent out. Other agencies are requested to suggest EDG participants. The issue is further discussed under agenda item 6(g).</i>
Revitalize EDG on Employee share option plans	Undecided	Asap	<i>Deferred to next meeting. The issue is further discussed under agenda item 6(f).</i>
Establish Task force on the Measurement of production of financial services	OECD	Asap	<i>Done. The issue is further discussed under agenda item 6(k).</i>
Establish Canberra Group 2	OECD	Asap	<i>Approved by Statistical Commission. UNSD will send letter to ABS. The issue is further discussed under agenda item 5(a) and 6(c).</i>

Comment on the <i>Handbook on Non-profit Institutions</i>	All	January 25, 2002	<i>Done.</i>
Investigate how the ISWGNA should comment on SEEA 2000	UNSD	Asap	<i>The Statistical Commission approved the revised draft as recommended by the friends of the chair and recommended the creation of an editorial oversight board through which ISWGNA members are represented. The issue is further discussed under agenda item 9.</i>
Finalize report on mobile phone licenses	OECD	December 20, 2001	<i>Done.</i>
Contact Statistical Commission countries that do not agree with ISWGNA recommendations on mobile phone licenses	UNSD		<i>Done.</i>
Send revised report to Statistical Commission around	UNSD	Asap	<i>Done.</i>

3. Report on the 2002 UN Statistical Commission's reaction to the task force report

The report of the task force on national accounts was endorsed by the Statistical Commission (SC). The actions specified by the SC in the draft report are taken up in the respective agenda items.

4. Assessment of the implementation of the 1993 SNA: Conceptual compliance questionnaire

The SC recognized that the conceptual compliance questionnaire is suitable for assessing the status of conceptual implementation of the 1993 System of National Accounts (1993 SNA) and recommended that this questionnaire indicate the priorities of the various questions included.

The ISWGNA discussed the recommendations of the SC and concluded that it is not possible to put weights on the different questions in the questionnaire since their importance depends on the characteristics of individual countries. In addition, the purpose of this questionnaire is not to examine individual questions but to arrive to an overall, necessarily qualitative evaluation. It was suggested to apply categories like “observes”, “largely observes” etc. in the assessment.

The ISWGNA concluded that the conceptual questionnaire should be sent out and the returns received and analyzed centrally by UNSD for all countries. UNECE offered to translate the questionnaire into Russian. Countries will be encouraged to add comments.

5. Consultative/Advisory Group for the ISWGNA, EDG’s and the Canberra Group

(a) Organizational questions

Advisory expert group

The SC welcomed and endorsed the proposed creation of an advisory expert group to the Inter-secretariat Working Group on National Accounts (ISWGNA) and recommended that (i) this group should especially anticipate and focus on new and emerging methodological issues; (ii) the

composition of such a group might vary by subject in order to ensure the participation of the best national and international experts in each subject discussed; and (iii) clear tasks, working procedures and outputs should be established.

After some discussion the ISWGNA decided to establish only one advisory group of 10 experts with broad based knowledge of the SNA. The members of the ISWGNA are requested to provide recommendations for possible members of the advisory expert group by May 15 (with a few lines of introduction on expertise and experience). As far as possible, the composition of this group should be regionally balanced in order to reflect different perspectives and global representation. Experts with administrative authority who can involve staff in research to formulate opinions are preferable.

Canberra Group

The SC supported the proposal to reconvene the Canberra Group on Capital Stock Statistics to undertake research on intangible assets and suggested that the Group should be composed of experts with relevant expertise.

A letter will be sent to the Australian Bureau of Statistics (ABS) by UNSD as chair of the ISWGNA thanking them for reconvening the Canberra Expert Group together with OECD as focal organizations to deal with the issue of intangible assets. The letter will also make a proposal regarding the role of ISWGNA. The first meeting is planned for October 2002.

Other issues

At its next meeting the ISWGNA will consider the question of establishing a timeframe for a new release of the 1993 SNA in printed format equivalent to the internet version.

UNSD will establish a database with institutional contacts and experts in national accounts.

(b) Anticipating emerging methodological issues

The question was raised on how to identify emerging issues in developing countries and a possible involvement of the UN regional commissions was suggested.

6. SNA conceptual questions, research agenda and priorities

For the next meeting UNSD will prepare a summary table for submission to the Statistical Commission listing all unfinished issues, timeframe and institutional arrangement.

(a) Treatment of repurchase agreement

The IMF presented a comprehensive paper on the treatment of repurchase agreements. This issue requires further discussion in countries and will be on the agenda of the October 2002 OECD meeting on national accounts. Depending on the status of the discussion the next ISWGNA meeting will be able to agree on a conclusion on that issue.

(b) Accrual accounting for interest

The issue of the treatment of interest on bonds was reexamined through an EDG managed by the IMF and various expert group meetings. The IMF reached the conclusion that the treatment based on the initial contractual arrangement (often referred to as the debtor approach) as suggested by the 1993

SNA is appropriate. This paper will be posted on the EDG. The members will be notified. EDG members will have two months for further comments before the moderator will close the discussion and submit its report to the ISWGNA before its next meeting.

(c) Intangible assets (Canberra Group)

It was reported that the Australian Bureau of Statistics agreed to provide the terms of reference, which will be discussed in the next meeting.

(d) Treatment of interest under conditions of high inflation

This issue will be put forward to the advisory expert group. It is emphasized that the issue of real interest accounting is not limited to countries with high inflation. A paper by Robert Lynch on that issue is mentioned as possible basis for future discussion.

(e) Un-funded pension funds for government employees

The IMF will set up and moderate an EDG on that issue. The IMF will provide the TOR for the next meeting. ISWGNA members are requested to suggest a co-moderator.

(f) Employee stock option plans

Eurostat concluded not to make any strong recommendations about the treatment of employee stock option plans at this point of time since this issue is currently hotly debated outside the national accounts profession. Further consultations on that issue are required. A note on that topic will be included in the April issue of the SNA News and Notes.

(g) Treatment of non-performing loans

The terms of reference for an EDG on that issue were provided by the IMF. ISWGNA members are requested to suggest participants by April 30. A note about the start of this EDG will be included in the April issue of the SNA News and Notes.

(h) Insurance/ reinsurance

OECD established an EDG/Task force which will have its first meeting in June. It is planned that a preliminary report is presented at the October 2002 OECD meeting on national accounts. A final report to ISWGNA is planned for 2003. UNSD will contribute a paper on that issue in respect to developing countries.

A note about the start of this EDG will be included in the April issue of the SNA news and notes.

(i) Trademarks and franchises

The Technical Subgroup on the Central Product Classification (CPC) requested the ISWGNA's approval of its plan to treat trademarks and franchises similarly to patented entities in the revised CPC planned for 2007. This issue, which requires clarification by 2004 before the revised CPC is submitted to the SC will be referred to the Canberra Group on intangible assets.

(k) Financial services

An EDG/Task force led by the Federal Statistical Office of Switzerland and moderated by Paul Schreyer will submit its preliminary report to the October 2002 OECD meeting on national accounts and its final report to ISWGNA in 2003. The scope of this group is limited to the issue of measuring output from portfolio management or other services which are not explicitly charged for but covered through a share of the holding gains. The SNA News and Notes will contain an announcement regarding the establishment of the EDG.

The breakdown of FISIM is not covered by the above EDG/task force. Eurostat informed the meeting about the status of discussion on FISIM within the European Union.

It is noted that the measurement and allocation of financial services production is very important and has wide ranging implications.

7. SNA News and Notes

The ISWGNA proposed the following topics to be included in forthcoming issues of the SNA News and Notes (agencies responsible for the draft shown in brackets).

No. 14 (April 2002) issue:

- Adoption by the SC of the recommendation on the treatment of mobile phone licenses (UNSD)
- Official position of the ISWGNA on the treatment of mobile phone licenses (OECD) – already written
- Handbook on NPI publication (UNSD) – already written
- Treatment of non-performing loans (IMF)
- EDG on the treatment of employee stock options (Eurostat)
- Announcement of task forces/EDGs on financial services; software and non-life insurance (OECD) – already written
- Handbooks and manuals list (all)
- Meetings and seminars list (all)

Contributions, including items for the list of meetings and the list of handbooks, should be sent to UNSD within a week.

No. 15 (October 2002) issue:

- Quarterly accounts in ASEAN countries (UNSD)
- Overview of existing EDG's (UNSD)
- Recommendations on software capitalization (OECD)
- Inventory on the implementation of the measurement of the non-observed economy (ECE)
- SEEA Handbook (UNSD)
- Accrual accounting for interest (IMF)
- Revision of CPC and its effects on the SNA (UNSD)
- Handbooks and manuals list (all)
- Meetings and seminars list (all)

It is further suggested that short notes on the various ongoing EDG's can be provided by the moderators of the groups. Contributions should be received at UNSD early September. The draft should be presented for discussion to the October 2002 meeting of the ISWGNA.

The SNA News and Notes in its various language versions is a very important and widely used source of information on what is happening in the field of national accounts. The IMF will examine the possibility of printing the Russian language version at the IMF in order to cut short the time currently needed for reproduction. Since access to the internet is not easily available in all regions of the world the printed versions will be still needed.

It is suggested that the SNA News and Notes include again more contributions concerning specific methodological or compilation issues in different regions of the world. Contributions on issues outside of national accounts should only be included if it is affecting the SNA.

8. Data issues

(a) Collection of quarterly national accounts data

The SC recommended that UNSD examine the possibility of collecting, in addition to annual data, also data on quarterly national accounts. This data should be provided by countries and published by UNSD through the internet while duplication of data collection should be avoided by taking into account the work by other international organizations.

The IMF reports that it collects quarterly accounts data for a substantial number of countries (50 and fast expanding) which is published as part of its International Financial Statistics database. The IMF is working together with OECD and Eurostat in order to be able to process GESMES messages. UNECE is collecting quarterly data for its member countries as well. Eurostat and OECD are very willing to forward their quarterly data to the ISWGNA's member organizations.

The issue of international collection and dissemination of annual and quarterly national accounts data will be further discussed in the next meeting. OECD will provide a paper on a possible new approach to data collection and dissemination utilizing an agreed common standard of codes for national accounts data. A group consisting of OECD, IMF and Statistics Norway is currently working on the issue of data collection.

(b) Asymmetries in European Balance of Payments Statistics: implication for national accounts

There are asymmetries in the recording of transactions crossing national borders which result in data inconsistencies if data is aggregated for countries as it is the case for the EU member countries. A letter by John Kidgell, chairman of a sub-group of the European Union Committee for Monetary, Financial and Balance of Payment Statistics requesting opinions on this issue was brought to the attention of the ISWGNA. Responses will be individually taken up by the organizations addressed.

(c) Purchasing Power Parities (PPP)

OECD published an article on that issue in its Statistics Brief, March 2002 edition. Due to the difficulties in compiling consistent time series of PPP data, OECD calculates a second PPP time-series using the last benchmark year and relative volume growth rates.

9. Handbooks and manuals

Handbook on Environmental Accounting (SEEA 2000)

A representative from UNSD reported on behalf of Willem DeVries, chairman of the editorial board, that the changes requested by the friends of the chair will be incorporated by Rob Smith of Statistics Canada. By July 15 he will submit the revised SEEA and a report on the changes he was able to implement to the editorial board.

All concerns in respect to SEEA 2000 need to be directed to Mr. DeVries, the chairman of the editorial board. The members of ISWGNA requested clarification on which version of the handbook will be the basis of the work of Rob Smith. UNSD will shortly inform the other members regarding accessibility to this version of the handbook.

The SEEA 2000 will be published as a "Handbook of National Accounting" in the F series of the UN. It will be bearing all five logos of the European Commission, IMF, OECD, UN and World Bank. The ISWGNA expressed its opinion that all participating organizations will need to be considered in the decision on how the handbook will be launched. Arrangements, abstracts and/or press releases should be reviewed by the five organizations.

Other handbooks and manuals

The following handbooks are planned for release or were already released:

- Handbook of National Accounting: Use of Macro Accounts in Policy Analysis – UNSD, submitted for print.
- Handbook on Non-profit institutions, - Johns Hopkins University and UNSD.
- National Accounts: A practical introduction – UNSD.
- Handbook on price and volume indices for foreign trade – IMF.
- Handbook on Consumer Price Indices – ILO.
- Handbook on Producer Price Indices (PPI)- IMF.
- Handbook on hedonic pricing – OECD.
- ISIC, Rev. 3.1 and CPC, Version 1.1 – UNSD, final draft completed.
- Manual on the International Comparison Program (ICP) – World Bank.
- Input/Output manual – Eurostat.
- Inventory of national practices in measuring the non-observed economy – UNECE.
- Handbook on the non-observed economy – OECD, IMF, ILO.

The ISWGNA discussed whether a list of private publications on the SNA should be compiled.

10. Meetings, training and seminars

The following meetings are planned for 2002

- October 2002 OECD meeting on national accounts, OECD, Paris, 8-11 October.
- Expert group meeting on PPI, IMF, Washington.
- Workshop on ICP, World Bank, Washington.
- Seminar on experiences with volume chain indices, Eurostat, Luxemburg.
- Meeting on PPP results for Europe and North-America, UNECE, Geneva.
- Workshop on classifications for ASEAN countries, UNSD, Hanoi, 10-14 June.
- Meeting of the Technical Sub-group on classifications, UNSD, New York, October 2002.
- Workshop on Input-Output, UNSD, Jakarta, 15-19 April 2002.

11. Other business

The next meeting of the ISWGNA will take place at OECD in Paris from 14-15 October 2002.

12. Actions agreed upon at the April 8-9, 2002 meeting

Action	Responsible	By when	Comments
1. Nominations for Advisory expert group	ISWGNA	May 15, 2002	
2. Letter to Australian Bureau of Statistics concerning the Canberra Group	UNSD	Asap	
3. UNSD will establish a database with institutional contacts and experts in national accounts	UNSD	Next meeting	
4. Preparation of summary table of issues and EDG's/task forces with timeframe and institutional arrangement	UNSD	Next meeting	
5. Further discussion of treatment of repurchase agreements	OECD/ Eurostat	Next meeting	In the next meeting it will be decided whether further discussion will be needed or a conclusion can be reached.
6. Report of EDG on treatment of interest on bonds	EDG moderator at IMF	Next meeting	IMF will post its latest paper on that issue. EDG members will have two months for further comments.
7.a IMF will send around the TOR for an EDG on Un-funded pension funds for government employees	IMF	Asap	
7.b Members are requested to suggest a co-moderator	ISWGNA	Asap	
8. Note on employee stock option plans in SNA News and Notes	Eurostat	April 2002	
9.a Note about start of EDG on non-performing loans in SNA News and Notes	IMF	April 2002	
9.b Nomination of participants	ISWGNA	April 30, 2002	

10.a Preliminary report of the EDG/Task force on insurance / re-insurance	OECD	<i>Next meeting</i>	
10.b Paper on developing countries	UNSD	<i>Next meeting</i>	
10.c Note about the start of the task force will be included in SNA News and Notes	OECD	<i>April 2002</i>	
11.a Preliminary report of the EDG/Task force on financial services	OECD	<i>Next meeting</i>	
11.b Note about the start of the task force will be included in SNA News and Notes	OECD	<i>April 2002</i>	
12. IMF examines possibility of printing the SNA News and Notes Russian language version at the IMF	IMF	<i>Next meeting</i>	
13. Clarification which version of SEEA2000 is basis for the incorporation of the changes requested by the friends of the chair	UNSD	<i>Asap</i>	

Appendix 1

ISWGNA MEETING, NEW YORK, 8 AND 9 APRIL 2002

List of participants

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Appendix 2

AGENDA (FINAL)

ISWGNA MEETING, NEW YORK, 8 AND 9 APRIL 2002

1. Adoption of Agenda
2. Review actions agreed upon at the last meeting
3. Report on the 2002 UN Statistical Commission's reaction to the task force report
4. Assessment of the implementation of the 1993 SNA: Conceptual compliance questionnaire
5. Consultative/Advisory Group for the ISWGNA, EDG's and the Canberra Group
 - (a) Organizational questions
 - (b) Anticipating emerging methodological issues
6. SNA conceptual questions, research agenda and priorities
 - (a) Treatment of repurchase agreements (IMF paper)
 - (b) Accrual accounting for interest (IMF paper)
 - (c) Intangible non-produced assets (Canberra Group)
 - (d) Treatment of interest under conditions of high inflation
 - (e) Un-funded pension funds for government employees
 - (f) Employee stock options plans
 - (g) Treatment of non-performing loans (IMF, TOR for EDG)
 - (h) Insurance/ reinsurance (Task force)
 - (i) Trademarks and franchises
 - (j) Employee share option plans (discussed under 6(f))
 - (k) Financial services
7. SNA News and Notes
8. Data issues
 - (a) Collection of quarterly national accounts data
 - (b) Asymmetries in European Balance of Payments Statistics: implication for national accounts
 - (c) Purchasing power parities
9. Handbooks and manuals
10. Meetings, training and seminars
11. Other business