

BACKGROUND DOCUMENT  
For E/CN.3/2000/3  
23 February, 2000

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STATISTICAL COMMISSION  
Thirty-first session  
New York, 29 February - 3 March 2000  
Item 3(a) of the provisional agenda\*

**MINUTES OF THE MEETING OF THE INTER-SECRETARIAT WORKING  
GROUP ON NATIONAL ACCOUNTS**  
Paris 16-17 September, 1999

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\* E/CN.3/2000/1.

**ISWGNA Technical Level Meeting, Paris, September 16<sup>th</sup> – 17<sup>th</sup>, 1999.**

**Minutes of the meeting**

The meeting was hosted by the OECD and chaired by Robin Lynch, the World Bank. Participants came from the UNSD, UNECE, UNECA, EUROSTAT, IMF, OECD and World Bank. The full list of participants (Annex 1), the agenda (Annex 2), and the actions agreed (Annex 3) are attached.

**1 Adoption of the agenda**

The agenda was adopted with no changes (Annex 2).

**2 Review of actions agreed upon at last meeting**

<b>Action</b>	<b>Responsible</b>	<b>Comments</b>
1) Propose experts for the panel on asset transfer costs	All	Done.
2) Reference list of NA textbooks to be sent to R. Lynch	All	Still pending.
3) Draft replies to S. Keuning and A. Vanoli	World Bank (chair)	Done.
4) Financial Derivatives		
a) Send out letters/proposals to countries who had comments	IMF	Done.
b) Distribute new proposal to all statistical offices (central banks in some cases) for comments	UNSD (secretariat)	Done.
c) Distribute new proposal to 24 members of SC for approval	UNSD (secretariat)	Discussed below.
5) Draw up list on city / working groups	UNSD (secretariat)	Done.
6) Distribute French version of Glossary	OECD and UNECA	Done.
7) Short note on 'Accrual accounting for interest' EDG	IMF	Done.
8) Arrange 'Accrual accounting for interest' EDG	IMF	Done.
9) Short note on 'Interest under high inflation' EDG	World Bank	Done.
10) Request moderator for 'Interest under high inflation' EDG	World Bank	Pending.
11) Get moderator for EDG 'Treatment of asset transfer costs'	World Bank	Done.
12) Articles for News and Note #10	According to list	Done.

### **3 Update of the 1993SNA**

#### *a) Financial derivatives*

After the last meeting, the IMF redrafted the amendment to the 93SNA text on the statistical measurement of financial derivatives based on earlier comments by some member countries. The revised version was distributed to all member countries for comments, following the procedure of sixty days for such consultation.

When the consultation period ended on August 15<sup>th</sup>, the UNSD had received 30 replies. All replies were in support of the changes. However, some countries reserved judgement until after the discussion at the scheduled EUROSTAT meeting on this topic. Because the EUROSTAT meeting (September 13<sup>th</sup>) ended in favor of the amendment, and because of the positive replies from member countries, the ISWGNA agreed to proceed according to the rules for updating the 93SNA.

#### **Actions:**

IMF to finalize the amendments, and draft a cover note pointing out the changes from last version circulated to national statistical offices in June. UNSD to distribute the final version to the 24 members of the (SC), with a 60-day notification period.

UNSD to answer all replies from member countries. In addition, the IMF will reply in those cases where answers / clarifications concerning the treatment of financial derivatives are needed.

As soon as the amendment is approved by the SC (end December '99); UNSD, as secretariat of the ISWGNA, to circulate a letter to national statistical offices announcing the update of the 93SNA.

#### *b) Revision of chapter 18 (Functional classification)*

The revision of the functional classifications is already approved by the Statistical Commission, and submitted for official publication.

However, Annex V and text and references in chapter 18 of the 93SNA will need to be updated to be in line with the revised classifications. OECD has taken on the responsibility to draft a revised chapter 18 by the end of October.

Even though the UN Expert Group on International Economic and Social Classifications has recommended the use of the term 'classification of expenditures according to purpose', rather than 'functional classifications for national accounts purposes;', the ISWGNA decided to continue using the term 'functional classification'. Thus, the term 'classification of expenditures by purpose' will appear in SNA only when referring to the official publication of all four functional classifications.

The revised version of chapter 18 and annex V will be reviewed by the members of the ISWGNA. After the new text has been agreed, UNSD will circulate it to all national statistical offices in line with the updating procedure with 60 days for such consultation. Then, the final version of chapter 18 and the changes to annex V will be distributed to the 24 members of the (SC), with a 60-day notification period.

**Actions:**

OECD to draft the changes to chapter 18. UNSD to circulate to all national statistical offices, and, if no changes are required, distribute the revised chapter 18 and annex V to the 24 members of the (SC), with a 60-day notification period.

*c) Publication of amendments*

**Action:**

UNSD, as secretariat of the ISWGNA, to issue a booklet containing;

- the revised text on the treatment of financial derivatives,
- the revised text on functional classifications, and
- the corresponding annexes,
- the revised annex on CPC, as well as
- a list of editorial changes.

The booklet will be published by the UNSD in all official languages. Furthermore, the UNSD should reflect these changes in the 93SNA when it is posted on the WEB.

#### **4 Report of the ISWGNA to the Statistical Commission 2000**

The annual meeting of the Statistical Commission will take place from February 29<sup>th</sup> to March 3<sup>rd</sup>.

The ISWGNA report to the meeting will concentrate on the updating of the 93SNA and the ISWGNA's work program. The UNSD has drafted the report, but inputs are needed from the other members of the ISWGNA.

The meeting had an extensive discussion on the usefulness of the milestones. It was agreed that some of the questions raised should be reflected in the document on milestones that the UNSD and the regional commissions will present to the SC. The ISWGNA would like to have the SC's inputs on what it means to implement 93SNA. The next ISWGNA meeting will discuss in-depth this topic.

It is intended to include an official position from the ISWGNA on this topic in the next issue of SNA News & Notes

**Actions:**

All ISWGNA members to provide their inputs to the commission report, including table 1 and 2, as agreed by October 8. UNSD to review and circulate a revised draft to ISWGNA for final review by October 14. Any additional comments must be sent UNSD by October 22. The UNSD to finalize the report by October 31.

**5 SNA Conceptual questions / Review of Electronic Discussion Groups**

*a) Treatment of transfer costs and improvements to land*

The OECD informed the meeting that the electronic discussion group on cost of transferring ownership of assets has been set up, and contributions have been received.

The chairman said that he had received a letter from Mr. Rob Edwards, chair of the city group on capital stock statistics, setting out the question of concern regarding improvements to land. In the reply to Mr. Edwards, the ISWGNA pointed out that the city group was more likely to be better suited to take a stand, and that the ISWGNA would appreciate if the city group could come up with a proposal on how to handle improvements to land in the SNA.

EUROSTAT said that both conceptual questions would be discussed at the December meeting of the National Accounts Working Party. The ISWGNA asked to be informed about the outcome of the discussion

No further action is required until the ISWGNA receives a new response from the city group on capital stock statistics.

*b) Intellectual property – inconsistency in SNA*

The issue was put on the agenda in an article by Peter Hill in News & Notes number 6. The issue is that while literacy and artistic originals etc are handled as capital formation and produced assets in 93SNA, the conceptually similar topic of intellectual property is not.

The ISWGNA decided to use international meetings to create a broader discussion of this issue. (OECD NA-meeting, EUROSTAT working party and regional UNSD workshops). Following this strategy, the ISWGNA hope that practical considerations will be taken into account alongside the more theoretical ones.

*c) Accrual accounting for interest*

An electronic discussion group (EDG) has just been launched. A reminder about the existence of the EDG will be included in the forthcoming issue of News and Notes.

No need for further action at the moment.

*d) Treatment of interest under conditions of high inflation*

An electronic discussion group (EDG) has been launched. A reminder about the existence of the EDG will be included in the forthcoming issue of News and Notes.

No need for further action at the moment.

The ISWGNA recognized the need of convening a broader expert group to deal with these and possible other conceptual issues. This group should consist of experts from national statistical offices. The group’s responsibilities should be to follow up international discussions with concrete proposals for amendments to the ISWGNA.

**Action:**

IMF took on the responsibility to create an outline for how such a broad expert group could work (including the financial side).

**6 SNA News & Notes**

*a) Approval of number 10*

It was suggested to shorten some of the articles, to include a status report on where we are in the process of changing 93SNA regarding the treatment of financial derivatives, a note about the SNA/ESA questionnaires, reminders about the existence and addresses of the electronic discussion groups, as well as announcements of forthcoming meetings and seminars.

The article “When can a country claim it has implemented 93SNA”, by OECD, will be included in News & Notes number 11.

Articles:

Antonio Massieu, World Tourism Organization	WTO’s efforts for developing tourism satellite accounts
Meshesha Getahun, Ministry of Economics Development and Cooperation, Ethiopia, and Dickson Mzumara, UNECA	Implementation of the 1993 System of National Accounts in Africa
Peter Harper, Australian Bureau of Statistics	Implementation of 93SNA in Australia’s National Accounts
Karoly Kovacs, UNSD	UNSD and John Hopkins University joint project on NPIs
IMF / UNSD ???	The change in 93SNA regarding the treatment of financial derivatives - A short status report

**Note:**

Due date for comments and contributions is October 8.

b) Propose topics for number 11

The meeting agreed that the major topic in this issue should be designated 'implementation of 93SNA.'

Articles:

Paul McCarthy, OECD	When can a country claim it has implemented 93SNA ?
OECD	Dealing with the revision; how to announce and inform users ?
EUROSTAT	How aggregates change when moving from 68SNA to 93SNA
IMF	Revision policies - An article on how to go about revising the national accounts
WB	Backcasting - An article about the different techniques used for backcasting
UNSD	First global results from implementing the new questionnaire on the 93SNA

Another topic proposed by the UNSD is an announcement of the creation of a technical group to deal with future updates / revisions of product and activity classifications. The article / announcement will be based on the outcome of the November '99 meeting of the Expert Group on Economic and Social Classifications.

## **7 Status of implementation of new 93SNA / 95ESA data questionnaire**

Christina Hannig, UNSD, informed the meeting about the status of the questionnaires.

The new data questionnaire is about to be sent out, including the present version of the SNA glossary in the companion booklet on instructions and definitions. It will be in English only, however, French and Spanish versions will follow as soon as they are available.

The ISWGNA sub-group on data questionnaire – EUROSTAT, OECD and UNSD – will meet in November to discuss technical details on the data transmission between the organizations.

**Action:**

The OECD to provide the UNSD with the 'newest' version of the glossary to be distributed together with the data questionnaire.

The UNSD to circulate the questionnaire and the glossary to all ISWGNA members for information.

## 8 **Handbooks and Manuals**

### a) *Handbook for Measurement of the Non-Observed Economy*

Derek Blades, OECD - For information

A handbook – a practical guide – is being put together by a project team of contributors drawn from international organizations and national statistical offices. The Handbook is not limited to SNA, but is fully consistent with the principles laid out in the 93SNA. Furthermore, the Delhi Group on Informal Sector Statistics has been consulted, in the sense that some of the contributors are members of the Delhi group.

A draft version of the Handbook will be distributed for comments in April 2000, and a final version is planned for October. The Handbook will be published by the OECD jointly with other contributing organizations.

### b) *Handbook on Capital Stocks*

Paul McCarthy – For information

OECD, in cooperation with the city group on capital stock statistics, is in the process of writing a manual on capital stocks. However, there are still outstanding issues to be discussed at a forthcoming meeting (November 99).

### c) *Regional Accounts Methods Vol. 3*

Joachim Recktenwald, EUROSTAT – For information

Regional Accounts Methods Vol. 3: Tables of General Government, is about to be finalized.

### d) *Guide for compiling the 1993 SNA*

Cristina Hannig, UNSD – For information

UNSD is in the process of writing a compilation guide; a practical introduction on how to implement 93SNA.

### e) *Uses of National Accounts*

Cristina Hannig, UNSD – For information

The handbook on ‘Uses of the National Accounts’ will be finalized by December ‘99.

The meeting agreed that all manuals, handbooks, and guidelines in general should be distributed within the ISWGNA for comments, to make sure they are in line with 93SNA as well as the discussions / work taking place within the expert and city groups.



## **9 Meetings, training and seminars**

### **Action:**

Relevant information to be provided in writing to UNSD for inclusion in the SC report.

## **10 Research agenda**

UNSD informed the meeting that they would contact the International Labour Organization (ILO) exploring the possibilities of cooperation in the area of linking national account statistics and employment statistics.

Eurostat has set up a task force on the same subject.

## **11 Other business**

### *a) Treatment of taxes on property*

UNSD informed the meeting that they had received a letter from the Central Bank of Uruguay, seeking clarification on how to treat taxes on property. A translation of the letter and a proposed reply will be circulated to the members of the ISWGNA.

### *b) Russian version of 93SNA.*

The World Bank confirmed that it could arrange to have the Russian version of the 93SNA reprinted at a reduced price. Contributions to the printing costs will be made proportionally to the number of copies ordered by the organizations at the last meeting:

- IMF 200-250X, WB 50X, OECD 50X, EUROSTAT 100X.

### **Action:**

IMF and UNSD to look for the original print, and send to the World Bank.

### *c) ISWGNA meetings*

Next meeting will be in New York, April 5 – 7, 2000. The meeting will be hosted by the UNSD and chaired by the OECD.

The fall meeting is scheduled for September 14 – 15, 2000, and will be hosted by the OECD in Paris.



**ISWGNA Technical Level Meeting, Paris, September 16<sup>th</sup> – 17<sup>th</sup>, 1999.**

**Agenda**

- 1 Adoption of the agenda
- 2 Review of actions agreed upon at the last meeting
- 3 Update of the 93SNA
  - a) Financial derivatives
  - b) Revision of chapter 18 (Functional classification)
- 4 Report of the ISWGNA to the Statistical Commission 2000
- 5 SNA conceptual questions / Review of Electronic Discussion Groups
  - a) Treatment of transfer costs and improvements to land
  - b) Intellectual property – inconsistency in SNA
  - c) Accrual accounting for interest
  - d) Treatment of interest under conditions of high inflation
- 6 SNA News and Notes
  - a) Approve Number 10
  - b) Propose topics for Number 11
- 7 Status of implementation of new 93SNA/95ESA data questionnaire  
Glossary
- 8 Handbooks and Manuals
- 9 Meetings, training and seminars
- 10 Research agenda
- 11 Other business

**ISWGNA Technical Level Meeting, Paris, September 16<sup>th</sup> – 17<sup>th</sup>, 1999.****Actions Agreed**

<b>Action</b>	<b>Responsible</b>	<b>By when</b>	<b>Comments</b>
1) Reference list of NA books to be sent to R. Lynch	All		Pending from last meeting.
2) Request moderator for 'Interest under high inflation' EDG	World Bank	ASAP	Pending from last meeting.
3) Financial derivatives			
a) Finalize proposal	IMF	Oct. 15.	The final document , including a cover note pointing out changes done according to circulation of earlier proposal
b) Distribute revised proposal to SC members for approval	UNSD	Oct 29.	Formal objection within 60 days
c) Reply to correspondence received on financial derivatives	UNSD	ASAP	
d) Reply to those countries raising questions / asking for clarification	IMF	ASAP	
e) Inform national statistical offices that the amendment to the 93SNA is approved by the SC	UNSD	ASAP after approval	The actual changes to 93SNA to be attached
4) Revision of Chapter 18 and Annex V			The new classifications – is already approved by the SC.
a) Update / add to the text in chapter 18 and Annex V, to be in line with the changes in classifications	OECD	Oct. 29.	
b) Distribute to national statistical offices for comments	UNSD		Allow 60 days for feedback
c) Distribute new proposal to the members of the SC	UNSD		Formal objection within 60 days
5) Produce an official booklet as an addition to the SNA	UNSD	March 2000	Should include all amendments, as well as editorial changes
6) Incorporate changes to the 93SNA when it is posted on the WEB	UNSD		
7) Report of the ISWGNA to the SC			
a) Input as agreed, including updates of table 1 and 2	All	Oct 8.	
b) UNSD to review and circulate to members of ISWGNA for comments	UNSD	Oct. 14.	
c) Comments on the revised report	All	Oct 22.	

d) Finalize report	UNSD	Oct. 31	
8) Inform about the discussion of the NAWP on the treatment of transfer costs and improvements to land	EUROSTAT		December meeting for EU member countries.
9) Propose guidelines for a 'broader' expert group	IMF	March 2000	Distribute to ISWGNA members before next meeting
10) Comments on articles for News & Notes #10	All	Oct. 8.	
11) Articles for News & Notes #11	All - According to list	March 15, 2000	
12) Implementation of new questionnaire			
a) Provide UNSD with the latest version of the glossary	OECD	ASAP	
b) Circulate questionnaire and companion booklet (glossary) to ISWGNA members	UNSD	ASAP	
13) Printing of Russian version of 93SNA	UNSD / IMF, World Bank	ASAP	
14) Prepare next meeting	OECD		