

## **Conclusions**

11<sup>th</sup> Meeting of the Advisory Expert Group on National Accounts  
5-7 December 2017, UN, New York

The Advisory Expert Group on National Accounts:

1. Expressed its appreciation for the work done by the task forces, committees, working and expert groups and authors of the issue papers, which allows for a better understanding of the various topics which they had examined.
2. Requested that the conclusions of the 11<sup>th</sup> meeting of the AEG be communicated directly to the Chairs of the various taskforces, committees, working and expert groups related to macroeconomic accounts and economic statistics by the Chair of the ISWGNA.

### **SNA Research Agenda**

3. Took note of the mandate and governance of the ISWGNA and AEG and the procedures for updating the SNA.
4. Recognized that the current governance structure still provides a relevant framework for advancing the research agenda and the implementation of the SNA and to accommodate the involvement of various stakeholders, such as users, practitioners, data producers and others.
5. Reconfirmed that at present there is no desire for an update of the SNA, but recognized the need to advance the research on issues that may go beyond the 2008 SNA in addition to guidance on practical implementation issues.
6. Agreed to the following three priority areas for further research: (i) globalization, (ii) digitalization, and (iii) economic wellbeing and sustainability.
7. Recommended to establish an ISWGNA Task Force to develop a way forward to advance the research agenda for priority areas through the drafting of discussion notes that elaborate on the clarification and interpretation of the relevant issues within and beyond the 2008 SNA.
8. Expressed the need for specific consideration of the involvement of the user and practitioner communities and a further alignment of the research agendas of the SNA, BOP, GFS and other macroeconomic datasets in the articulation of the way forward for the research agenda.
9. Recommended to establish an ISWGNA Task Force on the SNA implementation, chaired by UNSD, to prepare guidance based on available materials developed by the Working Group members and their development partners to support the practical implementation of the SNA in countries that are lagging behind.

### **Accounting for Pensions**

10. Reviewed the outcome of the AEG consultation on the recording of flows between a defined benefit pension fund and its sponsor, and agreed - in accordance with its 2014 decision to explicitly record the imputed property income to account for the difference between actual property income receivable by a defined benefit pension fund and the change in pension entitlements due to the unwinding of the discount factor (past service increase), to:

- Calculate the imputed property income flow between a pension fund and a sponsor as equal to the shortfall (or excess) in property income receivable by the pension fund;
- Classify the imputed property income flow as investment income disbursement and that the appropriate term for this specific imputed flow is “imputed investment income attributed to a shortfall in defined benefit pension funds”;
- Classify the impact of other changes on the claims between a pension fund and a sponsor in the other changes in the volume of assets account;

11. Agreed to consider the outcomes of the consultation on the treatment of the flows between a defined pension benefit fund and its sponsor as a clarification of the SNA, and - in accordance with the update procedure of the SNA - to publish these outcomes in a future issue of the SNA News and Notes.

12. Welcomed the progress of the work on the supplementary table on pension liabilities and the table on household retirement resources, and agreed that the annual compilation of these tables would better reflect the changes in pension entitlements and retirement resources.

13. Agreed that choice of discount rate can have a significant impact on the measurement of pension liabilities and the need for further research on which discount rate to use in the compilation of the supplementary tables on pensions.

14. Recognized that the scope of assets to include in the table on household retirement resources may differ between countries, and suggested to have more granularity to improve the international comparability of the data.

15. Recognized that issues on household retirement affect all countries and encouraged AEG members from developing countries to provide inputs to further work on household retirement resources.

16. Recommended that the work on the household retirement resources table should be coordinated with the work on household distribution of income, consumption and wealth in order to provide disaggregated data on household retirement resources by income quintile or other household groupings, so as to provide more policy-relevant data.

## **Globalization**

### *United Nations Expert Group on International Trade and Economic Globalization*

17. Welcomed the work of the Expert Group on International Trade and Economic Globalization, and recognized that this work will contribute to the further discussion around globalization, and advance the research in global production arrangements.

18. Requested the Expert Group to report back to the AEG on the progress in the drafting of the Handbook on Accounting for Global Value Chains: Extended System of National Accounts and Integrated Business Statistics.

### *Technological innovation in financial services (IMF)*

19. Welcomed the work on Fintechs and the Financial Side of Global Value Chains (GVC) as it provides a better understanding of the financing of GVC activities.

20. Underscored the importance of looking at GVCs from the non-financial and financial side and encouraged further work in this area for consideration by the AEG.

*Progress on the ECE Task Force on data exchange and sharing*

21. Welcomed the work of ECE Task Force on data exchange and sharing and recognized its critical importance for understanding the activities of MNEs, reconciling bilateral asymmetries and, more in general, issues related to globalization.
22. Recognized that there are legal and confidentiality constraints in exchanging micro-data and the need to rethink the principle of confidentiality in an environment where micro data may already be publicly available.
23. Encouraged national statistical offices to establish large case units in countries where MNEs are significant, and noted that UNSD is working on developing a global business register that complements the EuroGroups register.
24. Acknowledged that work is being done by the OECD, Eurostat and the UN on trade asymmetries, and requested the ECE Task force to coordinate the various work streams to avoid duplication.
25. Encouraged the Task Force to continue advancing research in this area and share the outcomes with the AEG.

*Classification of Factoryless good producers*

26. Took note of the status of the discussion on factoryless good producers (FGPs) by the United Nations Expert Group on Classification and welcomed the expected release of its report in the first quarter of 2018.
27. Recommended that the ISWGNA and AEG, after reviewing the forthcoming report on the classification of FGPs by the Expert Group, determine what further research is required to reflect the role of FGPs in global production arrangements and its impact on the choice of statistical unit to measure the activity.

*De-globalized GDP by using modified GNI and cross-border inter affiliate flows of Intellectual Property and the consequences for the SNA framework*

28. Took note of the work done in Ireland and commended their work to better understand and communicate the impact of cross-border inter affiliate flows of intellectual property products.
29. Acknowledged the usefulness of the modified GNI to explain the changes in GDP for national purposes, but noted that it is preferable to explain changes in GDP within the framework of the SNA, either through the further disaggregation of the gross aggregates (e.g., by separately distinguishing activities of foreign controlled enterprises and domestically controlled enterprises) or using net aggregates (e.g. NNI),
30. Recognized the importance of communication with users to explain large changes in macroeconomic aggregates, including its impact on differences between levels and growth rates of macroeconomic aggregates across countries.
31. Recommended further research on changes in the economic ownership of intellectual property products be conducted by the expert group on international trade and globalization in conjunction with work currently being done by the Eurostat-OECD Task Force on Land and other non-financial assets: IPPs. Progress will be reported to the AEG.

## **Digital Economy**

32. Welcomed the initiative of the OECD Advisory Group to develop a satellite framework to measure the digital economy and expressed its support for work by ISWGNA members on this topic, which is considered one of the three priority areas on the SNA research agenda and requested that progress be reported to the AEG.
33. Recommended that the OECD Advisory Group, in conjunction with Eurostat, elaborate on concrete examples on how digital production activities fit in the conceptual framework of the SNA alongside the broader analytical satellite account framework.
34. Suggested to consider the impact of digitalization on employment and wages.
35. Stressed the need to involve developing countries in the formulation of the satellite account framework for the digital economy and requested the ISWGNA to determine how to involve them.
36. Recognized that further work is needed to better capture the price and volume measures in the digital economy and encouraged the OECD and the Eurostat Task Force on Price and Volume Measures for Service Activities to do further research and to report back to the AEG.

## **Financial Services—Islamic Finance**

37. Welcomed the work of the Task Force on Islamic Finance and recognized that its future work will contribute to the development of statistical guidance on the treatment of Islamic finance in the national accounts.
38. Supported the recommendations to form two working groups to streamline the work streams: (i) to address the issues related to the use of income statements and balance sheets, sectorization, classification and the recording of Islamic finance transactions; and (ii) to coordinate the work of regional and international organizations on the collection of data on Islamic finance.
39. Requested the Task Force on Islamic Finance to provide an update on the progress of the work of the two working groups at a future meeting of the AEG.

## **Financial Services—Treatment of Negative interest**

40. Agreed with the outcomes of the consultation on negative interest to:
  - Treat negative interest as negative receipts of investment income as an interim solution;
  - Post a note on the BPM6 website to clarify both the BPM6 and the 2008 SNA position with respect to negative interest
  - Inform the custodians of other relevant macroeconomic statistics manuals to ensure the consistent treatment of negative interest across all these manuals;
  - Encourage countries to provide supplementary information on important negative interest flows.
41. Agreed that this should be considered a clarification of the SNA and - in accordance with the update procedures of the SNA - to publish the outcomes of the consultation in a future issue of the SNA News and Notes.

## **Statistical Units**

42. Welcomed the report of the Task force on statistical units on the Survey of Current Practices of Statistical Units Used by countries.
43. Noted that the choice of the target statistical unit for compiling national accounts will differ, depending on the type of account to be compiled, and that the statistical unit used in data sources will differ as well across countries and data sources.
44. Recommended that the Task Force develop guidance describing the transformation of data from source information to target units relevant to specific accounts.
45. Recognized that the choice of statistical units should be fit for purpose, taking into account: the needs of users; the purpose of the accounts; the economic phenomena being measured (including globalization and digital economy); and the availability of data sources (including administrative data).

## **Economic well-being and sustainability**

### *Distributional issues*

46. Commended the work done by OECD on the distribution of household income, consumption and savings in an integrated national accounts framework and welcomed that the OECD and Eurostat will combine efforts to progress on this work and invited others to be involved as well.
47. Recognized that distributional information will provide more policy-relevant data to better understand the effects of economic growth, productivity and employment on various income segments of the population.
48. Requested ISWGNA members to report back to the AEG on the progress of research on distributional issues as it covers the ISWGNA research priority on well-being and sustainability.

### *Informal sector*

49. Recognized that improvements in the measurement of informal activities will help to produce more exhaustive national accounts estimates for policy monitoring and analysis, and to safeguard international comparability.
50. Recognized the need for guidance on the use of new data sources, such as big data, to estimate some components of the non-observed economy and informal activities and that the development of such guidance be coordinated with the United Nations Global Working Group on Big Data for Official Statistics.
51. Emphasized the importance of metadata on estimates for the non-observed economy and informal activities to help users better understand the nature of the data.
52. Noted the need for coordination and collaboration among international organizations who are involved in work on measuring the non-observed economy and informal activity to maximize synergies and avoid duplication of work.

## **Manuals, handbooks and satellite accounts**

### *Manuals and handbooks*

53. Welcomed the completion of the nine handbooks and manuals in 2017 that were developed to support the implementation of the SNA and took note of the current handbooks in progress and planned handbooks.

### *Satellite accounts*

54. Commended the work done by Statistics Canada to develop various satellite accounts to help policy-makers and other stakeholders to better understand specific aspects of the economy.

55. Agreed that the satellite accounts framework provide a flexible environment to experiment with the measurement of specific aspects of the economy within the SNA framework, before they are considered as part of the central framework

56. Agreed that the development of satellite accounts under the SNA research agenda should focus on providing a better understanding of issues related to globalization, digitalization, and economic well-being and sustainability.

57. Recognized that various interest groups aim to develop functional satellite accounts, which need to be reviewed by the national accounts community and for this purpose requested the ISWGNA to provide guidance on a strategy to develop satellite accounts taking into consideration the various resources requirements and a minimum set of standards (for comparability).

## **SNA and BOP**

### *Harmonization of SNA and BOP*

58. Welcomed the regional work programmes on the Harmonization between Balance of Payments and National Accounts Statistics.

59. Stressed the importance of having consistency between the BOP and SNA data and supported the regional initiatives on this issue in Latin America and Europe.

60. Supported the development of practical guidance for the harmonization of the BOP and SNA data, and that specific attention should be given to the terminology used in the 2008 SNA and the BPM6, including the translation of the relevant terms in all United Nations languages, to insure a correct interpretation.

61. Requested that the results of the regional programmes be shared with the AEG.

### *CIF/FOB recording of imports and exports in the national accounts and the balance of payments*

62. Took note of the proposal to record actual transaction values for imports and exports in the national accounts and the balance of payments to decrease bilateral trade asymmetries.

63. Recognized that the use of transaction prices for exports and imports of goods is not consistent with the current SNA recommendations, but recommended an assessment of country experiences in CIF/FOB recording by the ISWGNA to develop a guidance note as part of the research agenda on globalization.

### **Measuring direct economic loss from disasters**

64. Appreciated the efforts of ESCAP Statistics Division to align the measurement of direct economic loss with the concepts of the 2008 SNA
65. Recommended that ad hoc surveys and insurance claims, where available, might prove to be better data sources than the balance sheet data from the national accounts.
66. Recognized the importance of this work on measuring direct economic loss for measures of capital stock in the SNA
67. Recommended ESCAP Statistics Division in collaboration with interested partners to further assess the relationship of concepts in Sendai framework and 2008 SNA.
68. Noted that the proposed SDG indicator, direct economic loss as a percentage of GDP, may be quite insignificant at the national level, which may hamper international comparability.
69. Noted that the use of the SNA framework to measure direct economic loss excludes the loss of human capital and consumer durables.

### **COICOP**

70. Took note of the final revised COICOP.
71. Agreed that there is no need to revise the COPP, COPNI and COFOG classification.
72. Recognized that the uptake and use of COPP and COPNI classification is limited.