

# **ISWGNA – meeting**

**Washington, 10-11 November 2008**

## **- Minutes -**

### **Participants**

Eurostat: Gallo Gueye (Chair), Christian Ravets, Anders Nordin

IMF: Kim Zieschang, Manik Shrestha

OECD: Charles Aspden

UNSD: Herman Smith

World Bank: Barbro Hexeberg

1993 SNA Update project: Paul McCarthy (Project Manager), Anne Harrison (Editor)

The main objective of the meeting was to analyse the comments received on draft chapters 21 (Measuring corporate activity), 24 (The household sector), 28 (Input-output and other matrix-based analyses), and 29 (Satellite accounts and other extensions). Several other issues were also considered, as set out in the agenda, attached as Annex 1.

### **1. Review of comments on chapters 21, 24, 28 and 29**

#### **Chapter 21 – Measuring corporate activity**

Earlier comments suggested including some text on mergers and acquisitions. A short section containing benchmark definitions has been copied across from the benchmark definitions on FDI. The Editor will check if further text from BPM6 should be incorporated in the SNA.

An inconsistency between paragraphs 21.8 and 21.9 relating to the treatment of a household establishing an unincorporated enterprise will be corrected in the next draft of this chapter.

Another question was why non-performing loans are still on the research agenda. The ISWGNA considered this question and decided that, in light of the current world-wide financial crisis, issues related to the wider question of the determination of fair value should remain on the research agenda.

More text will be provided on the impact of globalisation along with some references on the current financial crisis.

## **Chapter 24 – The household sector**

The comments on this chapter varied greatly, ranging from deleting it entirely to including more detail, while some countries indicated they are generally happy with it. The ISWGNA decided that the chapter should be retained because it is part of a package describing the various sectors. Some suggestions were made about including more details on issues such as the household saving ratio, real household income and balance sheets. These will be included and more parts of the chapter will be cross referenced to parts of Volume 1.

By convention, value added from leasing dwellings will be recorded as gross operating surplus.

## **Chapter 28 – Input-output and other matrix-based analyses**

Very detailed comments were provided on this chapter by some countries. Several queried whether the description of the conversion to symmetric tables was correct and the description of industry by industry and product by product tables was properly balanced. This will be investigated and the text expanded somewhat. The new Eurostat manual on I-O and the chapter proposed for the ESA will be consulted to ensure consistency even though methodological changes to I-O tables did not appear in the 44 issues considered for the SNA update. Some comments suggested shifting parts of this chapter to chapter 14 (Supply-use tables). Relevant tables from chapter 14 will be reproduced in chapter 28.

The ISWGNA also decided that the section on SAMs should be retained in this chapter because it is a matrix based approach that evolves naturally from the expression of the sequence of accounts in matrix format.

## **Chapter 29 – Satellite accounts and other extensions**

The comments on this chapter were mainly editorial. However, more references will be made to other satellite accounts. Anyone with examples to include should send details to the Editor.

## **Annexes 3 and 4**

The annexes have not yet been edited and circulated to the ISWGNA or posted on the web site. It is hoped to have these available soon.

## **2. Follow up to the meeting in October on chapters 25, 26 and 27**

### **Chapter 25**

Following the ISWGNA consideration of chapter 25 at the meeting in Paris in October, there remain some concerns about the title and the balance of the chapter and the AEG will be asked for their views.

## **Chapters 26 and 27**

The work to incorporate more material in chapters 26 and 27, as agreed in October, is underway and revised versions will be available in the near future for the ISWGNA to discuss by e-mail or teleconference.

### **3. Meeting with experts on the financial crisis**

A draft note on the 2008 SNA and the financial crisis was discussed between ISWGNA and experts from the IMF and the Federal Reserve Board. Based on the discussion, it was considered that the principles in 2008 SNA stand up well conceptually to identifying the entries required in response to the various actions proposed in the wake of the current financial crisis. Obtaining the data on the appropriate valuations to apply to “toxic” assets would remain a problem, however.

The note will be revised by the Editor to reflect details emerging in the discussion will be prepared by the Editor. This note will be discussed at the AEG and transmitted to the Management Group.

### **3. Finalise details for AEG meeting**

The final preparations for the AEG meeting 12-14 November were discussed. It was agreed that IMF would tell the AEG about the adoption of BPM6 by the BOPCOM Committee in early November.

The ISWGNA discussed a revised version of the report by the Project Manager intended for the AEG.

The comments on classification and codes received from J. Magniez of INSEE will be distributed to the AEG and posted on the SNA web site.

## **4. SNA implementation plan**

A draft note on the Strategy for Implementation of the 2008 SNA was discussed. There was general agreement that the part on the implementation of the 1993 SNA is too long and needs to focus on processes (institutional capacity, training, source data etc.) to enhance implementation of the national accounts rather than what has been done by various organisations.

ISWGNA organisations will send comments to IMF and UNSD so that the document can be revised and sent to the Management Group for their meeting on 18 November. The finalised version of the document should be ready before the end of November so that it can be cleared by the Management Group and posted for UNSC around mid-December.

Table 1 in the document needs to be more concise when presented to the UNSC. The issue of the translation of the SNA 2008 needs to be addressed.

## 5. Report on this week's activities for the High Level Forum

In view of the HLF meeting on 17-18 November, it was agreed that the Project Manager will send his report for the AEG to the Management Group and inform them of the outcome of the meeting.

## 6. Next steps

- Two new tables are required for chapter 28. In addition, Eurostat will provide the editor with the new ESA chapter on the input/output framework together with the comments from the countries
- That chapter, plus the 11 others and the two annexes are being revised by the Editor for posting in the week of 15 December
- The next teleconference of the ISWGNA will take place Thursday 25 November 7.00 pm (Luxembourg time)

## 7. To-do-List

<b>Action</b>	<b>By when</b>	<b>Responsible</b>	<b>Status</b>
Redrafted SNA 2008 Implementation Strategy	End Nov	UNSD/ ISWGNA	
AEG meeting	12-14 Nov		
HLG meeting	17-18 Nov		
ISWGNA teleconference	25 Nov	ISWGNA	
Revised Volume 2 to ISWGNA for comments	Mid-December	Editor	
Revised volume 2 for submission to the UNSC in February 2009 posted	Late December		

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**Agenda**

1. Review of comments on chapters 21, 24, 28 and 29
2. Update on chapters 25, 27 and annexes 3 and 4
3. Meeting with experts to discuss the financial crisis
4. Finalization of details for the AEG meeting
5. SNA implementation plan
6. Report on the activities of the week 10-14 November for the High Level Forum
7. Next steps
8. Any other business