

## **Minutes of the ISWGNA:NA meeting (Paris, 2 October 2013)**

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### **1. Follow-up of the 8th Meeting of the Advisory Expert Group on National Accounts, 29-31 May 2013, Luxembourg**

*FISIM*: According to point 2a of the conclusions of the 8<sup>th</sup> meeting of AEG, the final report of the international task force on FISIM needs to be adjusted. IMF and UNSD will propose a rephrasing, so that the adjusted document can be finalised and placed on the SNA website (**Action Point**). Other points related to FISIM did not warrant immediate action. Follow up work should take place in other fora, before FISIM is to be discussed again by AEG.

*Head offices, holding companies and special purpose entities*: Advice on the interpretation of economic ownership and the related calculation of output for SPEs has been referred to the task force on global production.

*Pensions*: Pension related issues were discussed in the Joint Meeting of the OECD working Party on Financial Statistics and National Accounts (Paris, 30 September – 4 October 2013), with three main issues raised:

- How to deal with investment income (realised holding gains and losses)? This is considered an SNA “interpretation” issue, related to the definition of income;
- Should accrued interest be calculated on underfunded and overfunded pension schemes?; and
- The need for more clarity and guidance on the calculation/estimation of pension liabilities and related entitlements.

Although the first two items were presented at the last AEG, now, after having discussed them and after having arrived at a better understanding, they could be re-raised at the next meeting of the AEG. UNSD and US – BEA (Brent Moulton) are requested to prepare a discussion paper for this, highlighting also the boundaries between clarification issues and interpretation issues (**Action Point**).

OECD will take the lead in handling the issue of providing further clarification on the estimation of pension liabilities and entitlements as well as the organisation and content of table 17.10 (or its extended version 17.xx) (**Action Point**). Related work on the estimation of entitlements (for filling out transmission table 29, the close equivalent of table 17.10) is envisaged in the European Union. Eurostat will have country visits by the first and second quarter of 2014, and will subsequently organize a workshop. Eurostat would gladly report on the experiences with the exercise and outcomes of the workshop at the upcoming AEG meeting (**Action Point**).

*Stability fees*: The ISWGNA agreed that this issue does not need any revisiting in the near future – unless specific guidance comes from the EU Financial Accounts Working Group

*Land and non-financial assets:* This issue will feature on the agenda of the next AEG-meeting, the related Eurostat-OECD task force will provide information on the compilation guide to the AEG.

*Freight and insurance:* In the longer term, the recording of freight and insurance needs to be changed in the SNA 2008, but it is not something to feature on the agenda of the next AEG-meeting.

## **2. Follow-up of the Meeting on Scaling up the coordination and resources for the implementation of the SNA, a pre-meeting of the 8th Meeting of the Advisory Expert Group on National Accounts, 28-29 May 2013, at Eurostat, Luxembourg**

As agreed in May, a report shall be written with the help of the participants of the pre-meeting of the AEG. The process to arrive at a report, for consideration of the UN Statistical Commission at its 2014 meeting, has been discussed and agreed as follows:

- 1<sup>st</sup> draft by the end of October;
- final draft (or a close to final draft) by the end of November.

ISWGNA:MG would also like to be involved in the process, and would like to receive a more detailed timetable and allocation of sections for drafting. UNSD and OECD will look at a more detailed timetable, and send it to the ISWGNA in the week of 7-11 October 2013 (**Action Point**).

## **3. Report of the ISWGNA to the 2014 UNSC**

The draft contents of the report of the ISWGNA to the 2014 UNSC were presented in a one pager document to ISWGNA:NA members. The most substantial part of the report will consist of the above mentioned paper on “scaling up efforts” for worldwide adoption of SNA 2008.

An executive summary, if restrictions on the format allow, should be added. Summary tables or annexes were also proposed as a replacement of flowing text to make the report more concise and give a better overview to current issues related to National Accounts.

UNSD will provide a template on activities and take the lead on co-ordinating the drafting of the report (**Action Point**).

## **4. SDMX for National Accounts: further handling and finalization of the NA DSDs**

The BOP DSDs will be put forward to BOPCOM for approval. For the National Accounts there is no similar approval forum where countries participate. The ISWGNA tentatively agreed that they should take the lead in organizing the approval procedure of the National Accounts DSDs. UNSD could facilitate a centralised consultation through the “normal” ISWGNA consultation procedure (instead of international organisations consulting their respective constituencies in a cascading manner) – NSOs would be consulted by the UN and Central Banks by the IMF. Eurostat requested a written proposal on the procedure which they would like to present within Eurostat before signing up to the procedure. UNSD to provide a one-pager on the intended procedure for consultation on the week of 7-11 October 2013 (**Action Point**).

## 5. Governance issues

*Changeover of the chair from the OECD to the World Bank, as per 2014 meeting of the UNSC:* The handover of the issues related to chairing the ISWGNA will be done through a bilateral teleconference between OECD and World Bank (in early 2014) **(Action Point)**. As information item Barbro mentioned that a new director has been appointed to Worldbank: Hi Zhiangzu, she will also take over the chair of the ISWGNA:MG.

*Next meeting of the AEG:* The ISWGNA members shortly discussed timing and location of the next AEG meeting. UNECE proposed early May in Geneva, back to back with the Group of Experts of National Accounts. The ISWGNA would consider this proposal in the near future.

*First discussion on replacement of outgoing members of the AEG:* Two members of the AEG have retired: Art Ridgeway (Canada) and Ebo Duncan (Ghana). Proposals for new candidates are expected to be sent to OECD by the end of October, ideally focusing on the same geographical areas as the retired members **(Action Point)**. Decision on the proposal for nominations to be sent to the ISWGNA:MG will be taken via written exchange in November, or if necessary via a short audio conference.

## 6. Any other business

*Classification revisions:* The Expert Group on Classifications conducted a survey on the possible revision of COICOP, and concluded in its May meeting that a change will be needed. Because it has an impact on National Accounts, they ask for a position paper from the ISWGNA (previous revision of COICOP was carried out under the auspices of ISWGNA). The ISWGNA expressed its support for the review and would like to be consulted along the review process. UNSD will prepare a formal support letter to that end, and circulate it to the ISWGNA, prior to the December meeting of the EG on classifications **(Action Point)**.

*Factoryless producers:* A note written by the Expert Group on Classifications expressed the group's view that some chapters of the report of the TF on Global Production would be in contradiction with existing concepts of National Accounts. The AEG strongly disagrees with this evaluation and supports the recommendations of the Task Force. Subsequently, the Expert Group on Classifications requested the ISWGNA to provide a position paper on the issue. To avoid similar misunderstandings, the ISWGNA should be present in the deliberations of the Expert Group on Classifications, as some of the classifications, in particular industrial classifications, form such an integral part of the National Accounts. UNSD, OECD and UNECE (or the editor of the Guide – Mark de Haan) will put together a 2-pager position paper that presents the issue based on Chapter 2 (of the report of the Task Force on global production), making a clear reference to the related AEG discussions, too **(Action Point)**.

*Task Force on Global Production:* An interim report of the task force will be ready by the end of October. The Terms of Reference ask for regular consultations with AEG and ISWGNA. However to meet the consultation deadlines set out by the terms of reference the consultation rounds have to be kept at minimum. The Bureau of Conference of Economic Statisticians (CES) and

ISWGNA will receive the interim report at the same time at the earliest availability of the report. The chapter discussing economic ownership, stripped from the full report will be sent at this stage to the AEG. The global consultation with the members of the CES as well as the AEG will take place in a second round once the CES Bureau approval has been obtained.