



## **Statistics Netherlands**

Division of Macroeconomic Statistics and Dissemination  
National Accounts

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### **LONDON GROUP CONSULTATION REPORT ON (I) THE LIST OF SEEA REVISION ISSUES AND (II) THE PROPOSED STRUCTURE OF THE REVISED SEEA**

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**Chair London Group**

#### **1. Introduction**

Last month two documents were sent out to the London Group for consultation:

- I. SEEA-2003 Revision Research Agenda: A list of issues – a proposal from the London Group
- II. Structure of the revised SEEA-2003 – Some issues for discussion

This report summarizes the outcomes of these consultations for information to the UNCEEA.

#### **2. Revision issues list**

The list disseminated by the UNCEEA / London Group Secretariat to the London Group for consultation, and to the UNCEEA for decision, is the outcome of a chapter by chapter review of the current SEEA-2003 by the London Group at its meeting in Johannesburg this year.

The consultation of the London Group led to the following responses:

- It was suggested to split the first revision issues on Economy Wide Material Flow Accounting in two separate items:

- 1a. *Material Flow Accounts in general*, describing the main body of the ‘family of MFA accounts’ and the SEEA;
  - 1b. *Economy-wide Material Flow Accounting*, explaining the conceptual differences between SEEA and MFA. The original description of this issue says that “*When differences cannot be removed*, then bridge tables linking the MFA to the SEEA should be developed”. The alternative text says that “*In any case*, bridge tables linking the MFA to the SEEA should be developed”.
- The following text clarifying revision issue 7 on environmental subsidies was provided: “The revised SEEA needs to address subsidies at large, environmentally related such as those that are beneficial to the environment and those that are of a more damaging character and to clarify the differences seen between a subsidy and an investment grant. Subsidies in general and environmentally motivated/beneficial subsidies can be resolved within the short term perspective due to the large number of studies already conducted in this field. However subsidies that could potentially be of an environmentally harmful character and indirect subsidies in the form of tax reductions are areas that not many countries or institutions have looked into and they would need more time to be evaluated.”
  - The need for renewable energy resource accounts (issue 4) was emphasised taking into consideration aspects such as classifications and definitions, supply and use of bio fuels and generally the recording of renewable energy flows in energy balances and accounts including their mutual relationships.
  - It was mentioned that the SEEA revision may have consequences for existing standardised classifications such as ISIC and ISCO.
  - The importance of an issue paper on environmental subsidies was stressed.
  - It was confirmed that a clarification paper on ecosystem accounting is being drafted, partly based on experiences with accounts for ecosystem assessments in Europe.
  - A similar clarification paper will become available on the soil depletion issue (item 20).

### **3. SEEA structure**

Since the London Group reached agreement in its Johannesburg meeting on the first 4 questions in par. 25 on the SEEA structure, the responses from London Group representatives mainly focussed on the last two questions (5 and 6). However, one representative responded to question 3 by mentioning that, although country examples will not be included in the standard (Part I), the London Group agreed that country examples will be needed in the applications chapter of the SEEA (Part III).

The results of the consultation are the following:

On *question 5* about the order of chapters the opinions of London Group representatives were the following:

- 9 representatives are in favour of discussing flows before stocks;
- 2 representatives are indifferent;
- One representative argues in favour of putting stocks before flows.

Main arguments provided are the following:

- Sustainability concerns flows as well as stocks.
- Changes to the SEEA should only be made were necessary.
- We should avoid the extra work needed to change the structure.
- In some countries flows are on the forefront in developing sustainable development indicators.
- Maintain close relationship with SNA which discusses flows before stocks.
- It is not sure that all asset accounts are mature for the standard part.
- A more general remark concerns a request for guidance on priority setting regarding SEEA implementation, especially for developing countries with severe data constraints.

On *question 6* about the presentation of hybrid accounts the opinions of London Group representatives are the following:

- 5 representatives are in favour of presenting hybrid accounts in the chapter of the physical flow accounts;
- 3 representatives (one after having first indicated her preference for presentation in the physical flow accounts chapter) argue that hybrid accounts may deserve a chapter on their own, possibly in connection to hybrid *asset* accounts which seem potentially useful but remain more or less unexplored in the current SEEA. The importance of hybrid accounts is being emphasised by quoting the SEEA: “it is the bringing together of environmental accounts and economic accounts which is the motivation of this entire handbook”.
- No representative argues in favour of presenting hybrid accounts in the chapter on monetary flows.

Main arguments provided are the following:

- The presentation of hybrid accounts in combination with physical flow accounts serves certain user needs, especially for modelling purposes.
- While there is a close link between physical flow accounts and hybrid accounts, this link is far less obvious for environmental expenditure and management expenditure. The latter linkage might lead to wrong and misleading conclusions by simply juxtaposing environmental protection expenditure with physical flows.

- It was argued that hybrid accounts deserve a more romantic name.
- Further it was emphasised that hybrid flow accounts have important relationships with ecosystem assets and their services (cf. hidden costs of maintenance/restoration of ecosystems).

**Annex – London Group representatives who responded to the consultations**

Aldo Femia	Italy
Sjoerd Schenau	Netherlands
Viveka Palm	Sweden
Karl Schoer	Germany
Peter Comisari	Australia
Ian Gazley	United Kingdom
Ole Gravgard	Denmark
Raúl Figueroa Diaz	Mexico
Ray Talento	Philippines
Rocky Harris	United Kingdom
Wang Yixuan	China
Julio Cabeza	Eurostat
Martine Lemire	Canada
Jean-Louis Weber	European Environment Agency
Julie Hass	Norway