

# **14<sup>TH</sup> MEETING OF THE LONDON GROUP ON ENVIRONMENTAL ACCOUNTING**

(Canberra, 27 – 30 April 2009)

## **REPORT OF THE MEETING**

**MONDAY 27 APRIL 2009**

### **Agenda item 1 – Opening speech Mr. Peter Harper (Chair, UNCEEA and Deputy Australian Statistician)**

1. Peter Harper opened the 14<sup>th</sup> meeting of the London Group. In his capacity as Chair of the UNCEEA he reported on the meeting of the United Nations Statistical Commission (UNSC) in February 2009 and on the activities of UNCEEA. Below is a summary of the main points:

- There was a very strong endorsement by UNSC of the proposed revision of SEEA, and in particular a strong endorsement of the 2012 timetable for Volume 1 and the related part of Volume 3;
- The revised SEEA will be comprised of three volumes – Volume 1 will become the ‘standard’ and is scheduled for delivery in 2012. Volumes 2 and 3 relate to, respectively, accounts and issues that are less mature but highly policy relevant, and policy applications of the SEEA. Volume 2 is scheduled for delivery in 2013, while Volume 3 will be released (as an interim document) with Volume 1 in 2012 and the complete Volume 3 in 2013;
- The 2012 delivery date for the revised SEEA is acknowledged as challenging and one that requires resolution of substantive revision issues by the end of 2009;
- Issues remain with the financing of the update process and in particular the need to secure funding for the editor of the SEEA revision. At present, pledges have been made covering 60 per cent of the required first year funding of this position;
- Governance of the SEEA revision process centres on the UNCEEA, which provides the interface between the UNSC, the body that will adopt the SEEA, the London Group on Environmental Accounting, the Oslo Group on Energy Statistics and other technical groups as well as other stakeholders. The UNCEEA is in turn supported by a management bureau made up of senior members of UNCEEA. The notion of an Advisory Group that would advise the UNCEEA on technical issues was not considered necessary at this stage; and
- The UNCEEA was able to ensure greater engagement in the SEEA revision, and in FAO taking on a greater role in matters related to land use/land cover, forests and soil; the World Bank taking a lead on valuation issues (including environmentally-adjusted macroeconomic aggregates); greater engagement from UNEP and UNDP; with UNEP having agreed to take the lead on ecosystem accounting. The UNCEEA is also seeking collaboration with the UNFCCC.

2. Peter Harper informed the London Group that the International Association of Official Statisticians (IAOS) meeting in Santiago de Chile in October 2010 will have an overarching theme of environmental statistics and their linkages with social and economic issues. There will be 5 sub-themes, namely: data sources; dissemination; integration; linkages; and sustainability.

3. In his capacity as Deputy Australian Statistician, Peter Harper reported that the ABS has been actively involved in advancing and producing environmental accounts for over ten years and that a growing appreciation of the utility of these tools is emerging among policymakers in Australia. In particular, the ABS has been active in developing the SEEA-Water (SEEA-W) interim standard and in generating estimates based on SEEA-W. The ABS continues to strongly support SEEA-W. There is an increasing acknowledgement in Australia that biophysical information is, of itself, insufficient to inform the range of policy questions related to water, energy and other natural assets, and in this regard SEEA is becoming increasingly accepted by statisticians and policymakers.

4. Australia remains committed to the SEEA revision process and this has been affirmed in a continuing and active ABS involvement in the London Group, and in the ABS providing funded appointment of one of its officers (Peter Comisari) as interim SEEA editor for 6 months.

**Agenda item 2 – The 2008 SNA and the revised SEEA, selected issues (Charles Aspden)**

5. Charles Aspden (previously at OECD and actively engaged in the 1993 SNA update) provided a presentation which described a range of issues dealt with as part of the recent update of the *System of National Accounts* (2008 SNA) which are of relevance to the SEEA. The presentation specifically discussed SNA update issues related to the treatment of: leases, licences and permits; land improvements; water; cultivated assets; mineral exploration and evaluation; costs of ownership and terminal costs; capital services; and the revised classification of non-financial assets.

6. It was noted that payments to access the water resource is recorded differently according to whether water is within the SNA asset boundary or not and according to whether the rights are for abstracting water or for discharging wastewater.

**Agenda item 3 – Physical flow accounting: classification issues related to physical flow accounting. (UNSD)**

- **Waste, EWC and CPC**
- **Definition of residuals**

7. This presentation (Alessandra Alfieri, UNSD) was a continuation of discussions conducted at previous London Group meetings. It proposes a change to the classification of physical flows in the SEEA-2003 (It specifically addresses issue number 2 on the SEEA revision issue list.)

8. In particular it proposes to use the Central Product Classification (CPC) for all intra-economy flows, except waste flows. For waste, it is proposed to use EWC as the classification system (i.e. replacing CPC 39 – *Waste and scrap* related to solid waste). The definition of waste will therefore be consistent across a range of frameworks and international statistical standards, namely the CPC, the SNA and the EWC.

9. The paper proposes a definition of waste consistent with that of the EWC-Stat, which is also aligned with the definition of waste in the SNA. The definition of waste covers both waste that are discharged to a landfill or are reused as intermediate by other establishments. The paper further recommends avoiding using the term residual which covers flows of waste within the economy as well as back to the environment.

10. Previous issue papers of relevance are 'Classification of Physical Flows' (LG/12/7) and 'Classification of Physical Flows: Part II' (LG/13/1) by Statistics Netherlands, and Classifications of Material Flows for SEEA-MFA (LG/13/3) by Karl Schoer. The papers prepared by Statistics Netherlands raise the issue of distinguishing waste products from waste residuals according to whether they have a positive value or not. The paper by Karl Schoer included a proposal for the classification of physical flow harmonized with MFA principles.

#### *Action points and proposals*

11. A small group of key stakeholders will be formed to develop a consensus proposal. Group members: CBS; DESTATIS; Eurostat, ISTAT, Statistics Denmark; Statistics Canada, UNSD. There is a need to consult with important stakeholders including those from outside of Europe. Well before the next London Group meeting complete a proposal on physical flow classifications, including consideration of water and MFA flows. The proposal needs to: consider improving or replacing the SEEA-2003 definitions of residuals, waste, and ecosystem inputs; achieve a complete coverage of all issues including overlap between the three subsystems (materials, water and energy flow accounts); and report on classifications by purpose required to distinguish between such things as combustion-related and other fuel consumption (though any proposal on classification by purpose for energy would need to be discussed by the Oslo Group). (However, soil will not be considered by this subgroup.) Group discussion/conclusions will form input for consideration by the UN Expert Group meeting on Classifications in September 2009.

#### **Agenda item 4 – Physical flow accounting. Structure of SEEA tables. (UNSD)**

12. No presentation against this agenda item because it was considered premature to suggest SEEA table structure while issues on the classification of activities and physical flows remain unresolved.

#### **Agenda item 5 – Physical flow accounting. Recording of losses: water and energy. (UNSD, Ole Gravgård)**

13. Two presentations were made to inform decisions on this agenda item, which relates to issue 17 on the list of SEEA revision issues.

14. The first presentation (Alessandra Alfieri) proposed a typology of losses stated the need to separately identify different types of losses and a common way to record them in the supply and use tables. It was suggested to maintain the physical flows within the economy fully consistent with the monetary transactions of the SNA, that is net recording and explicitly show the various types of losses in the parts of the supply and use tables presenting the flows from the environment to the economy and from the economy back to the environment.

15. It was suggested that supplementary accounts relating theft of, for example, water and electricity, is needed so that actual usage of the resource in question is recorded.

16. The second presentation (Ole Gravgård) suggested that the standard reporting of losses during extraction, storage and distribution of energy should be on a net rather than gross basis – though the account would provide all the information components needed to report on both bases. It suggested that this presentation is compatible with energy statistics and energy balances.

*Action points and proposals*

17. The Group agreed with the typology of losses described in the UNSD paper, though it recommended including extraordinary losses. It was also suggested that paper should propose how to define ‘losses’, since losses for the economy may be resources for the environment.

18. There was agreement that the (UNSD) proposal deals with the treatment of losses appropriately. Either gross or net reporting will deliver meaningful results - the Group expressed a preference for net reporting; though users should be consulted in any case. Extra information providing the bridge between gross/net bases is to be made available in supplementary tables. There is a need to avoid the mixing up gross and net measures.

19. An outcome paper (UNSD and Statistics Denmark) on the concept and presentation of losses is to be circulated to the Group for consultation and approval.

**Agenda item 6 – Environment related transactions. Economic instruments in the context of climate change. (Torstein Bye)**

20. Torstein Bye (Statistics Norway) presented a paper prompting to reconsider the proposed definition of environmental taxes and subsidies by showing the use of economic instruments in climate change policies. The paper suggests that essentially all such instruments create shadow prices in the market. It further suggests that these instruments may be construed simply as a combination of the two broadly-understood tax and subsidy instruments, although the combination factor is endogenous. A range of statistical tables were presented to support analyses both of driving forces behind emissions, and the impact of the instruments on emissions.

*Action points and proposals*

21. There was general agreement by the Group to retain the current definition of Environmental Taxes. There was some support for the techniques applied in the paper and they should be included in SEEA Volume III.

22. More information is required on the nature and operation of instruments such as green certificates and white certificates and on how they would be recorded in the national accounts. They need to be considered by the OECD/Eurostat taskforce on treatment of emission permits (see discussion against Agenda item 7, below).

**Agenda item 7 – Environment related transactions. Emission permits, implications for the SEEA. (Thomas Olsen, Sylvie Le Laidier).**

23. Thomas Olsen (Statistics Denmark) and Sylvie Le Laidier (INSEE) presented a paper setting out the background to the treatment of emission permits, including a discussion of a range of available treatment options.

24. This presentation outlined various options in the treatment of emission permits, though unresolved questions remain regarding implications for measurement of government debt, whether taxes and subsidies should be imputed and on how to record changes in the value of payments during the lives of the permits. The Group was asked whether monetary flows related to emission permits in the revised SEEA should follow 2008 SNA and whether the revised SEEA should be complemented with additional tables describing numbers and flows of actual emission permits.

*Action points and proposals*

25. A subgroup of the London Group will prepare a position for submission to the 2-3 July 2009 meeting of OECD/Eurostat taskforce i.e. a position needs to be prepared by early June 2009. The position will consider treatment of emission permits, including the appropriate treatment of atmosphere and recording of other related instruments (such as green and white certificates). The subgroup is to be led by Statistics Denmark. Other members of subgroup are: CBS; UNSD; DESTATIS; INSEE; and ABS.

26. The same subgroup will prepare an appropriate set of statistical tables for the next London Group meeting. In general, the position taken will follow the SNA in order to avoid confusion among users. Statistics Denmark will lead the drafting of these tables.

27. A letter is required from the London Group / UNCEEA (Mark de Haan, Peter Harper) to the taskforce advising of the above position.

**Agenda item 8 – Environment related transactions. Issue paper on Environmental Goods and Services. (Eurostat, EGSS task force)**

28. Julie Hass (Eurostat) presented a paper summarizing the content of the manual on environmental goods and services. In particular the paper presented the issues that were addressed by the Task Force. The paper defines the environment industries and discusses the boundary issues. One Chapter addresses the methodology and should be used as the starting point for the editor, while the other chapters discuss more implementation issues.

*Action points and proposals*

29. The London Group considered the recently updated European System of Environmental Goods and Services Accounts to be sufficiently mature to be adopted in SEEA Vol. 1 considering also the high policy relevance of the topic. An outcome paper will be produced by Eurostat and will include a standard set of tables (these tables to be suggested by Statistics Sweden) for adoption in SEEA Vol. I and a technical annex providing the basis for relevant methodological chapters of the revised SEEA.

**Agenda item 9 – Asset accounting. Renewable energy resources. (Maarten van Rossum)**

30. Maarten van Rossum (CBS) provided a presentation on this topic. A number of questions of concept were raised in relation to accounting for renewable energy resources, namely:

- What is the nature of the asset service (as energy source) provided by, for example, water, solar radiation and wind?
- Do ownership and direct benefits to the owner exist?
- If renewable energy asset values are the result of government regulation of energy prices, should these values be included in the net worth of an economy?
- Can we meaningfully distinguish (a) fixed assets and (b) non produced assets (the renewable energy resource) in the balance sheet of renewable energy producers?
- Under what conditions do resource rents and depletion become relevant in explaining the exploitation of renewable energy resources?

31. The presentation also addressed the possible consequences of economic instruments regulating energy production and consumption on resource rent calculations. Further, an accounting scheme for determining the resource rent of renewable energy assets was suggested and tentative numerical results were presented for the Netherlands (wind energy) and Norway (hydro energy).

*Action points and proposals*

32. For hydropower the natural resource (water reservoir) is already clearly identified as a different asset from the fixed assets (e.g. the dam). It follows that water reservoirs which are specifically used for hydropower generation should be classified as renewable energy assets. In the case of wind, solar and other renewable sources, there was no agreement on the recording in the revised SEEA as it is not clear cut how to record the natural resource (e.g. wind, solar). It was recommended that a follow up paper be prepared for the next London Group meeting. The paper will explore the possibility of identifying the return to the renewable energy resource as part of the rent on land.

33. The classification flows of renewable energy is currently being developed by the Oslo Group on Energy Statistics as part of International Recommendations for Energy Statistics (IRES). The SEEA will use the classification developed for IRES.

34. The discussion on renewable energy identified the need for clarifying the definition of rent in the SEEA (the editor will address this point).

**Agenda item 10 – Asset accounting. Classification of mineral resources. (Ole Gravgård)**

35. Ole Gravgård (Statistics Denmark) presented a proposal for the classification of asset of mineral and energy resources in the revised SEEA. The paper was a follow up to a paper presented at the 13th London Group meeting in Brussels 2008 to reflect the recent recommendations of the Expert Group to the United Nations Framework Classification for Fossil Energy and Mineral Resources (UNFC). The basic features of the classifications are the same as those presented in the paper discussed in the previous London Group, but the presentation of the classification by resource characteristics has been simplified and based on a two-dimensional representation.

### *Action points and proposals*

36. The London Group agreed to align the classification of mineral and energy resources with UNFC. This will require that the paper be updated on the basis of the final deliberations of UNFC. The hierarchy of the classification needs further consideration to ensure consistency with mineral and energy product classifications. The outcome paper will be submitted by Statistics Denmark after finalization of UNFC 2009.

### **Agenda item 11 – Asset accounting. Land classification. (EEA)**

37. Jean-Louis Weber (EEA) presented a proposal for a simplified aggregated classification on land cover based on Corine Land Cover. The paper also explained the principles of the FAO LCCS and briefly discussed the issues of using LCCS as the land cover classification for the SEEA. The paper also argued that the proposed classification would need to be tested for feasibility before inclusion in the SEEA. It suggested that a workshop with major stakeholders be organized at the beginning of 2010.

38. The London Group expressed concerns about the suggested timing for the resolution of the issue (in 2010, rather than 2009) as this would likely result in its exclusion from Volume 1 of the revised SEEA. This was not considered acceptable by the London Group. The involvement of FAO in particular was also thought to be crucial to a timely resolution of this issue as the SEEA land cover classification would need the agreement of FAO.

### *Action points and proposals*

39. London Group re-affirmed the importance of having standardised classifications for land cover and land use and the need to formulate concrete proposals in this area for Volume 1 of the revised SEEA.

40. It was agreed that an issue paper presenting a concrete proposal for classification of land including, land cover, land use and land functions. The paper needs to explain how existing classifications should relate to each other. See agenda item 12 for a fuller description of this issue paper.

### **Agenda item 12 – Asset accounting. Land use. (FAO)**

41. Greg Gong (FAO) presented a paper on land use classification, bringing together the different classifications of land use used by FAO for agriculture, forestry and fisheries.

42. He explained differences between land cover and land use as: land cover relates to biophysical aspects of land; and land use to functional aspects of land i.e. Land use is the cause and land cover is the effect. Many of the Land use operations lead to changes in land cover, which is the consequence of interactions between the natural environment (especially vegetation) and its use.

43. The paper proposes a consolidated land use classification to be used in the SEEA based on the major Land use databases at the global level and the work of FAO across various Departments and Divisions, including FAOSTAT, World Programme for the Census of Agriculture 2010 (WCA 2010) in Statistics Division; the Global Forest Resources Assessment 2010 (FRA2010) in the Forestry

Department; efforts made by members of the Natural Resources Management and Environment Department; and Fisheries and Aquaculture Department.

44. It was noted that any proposed classification ideally needs to adhere to theoretical and empirical developments in this field; but also needs to correspond to the time series maintained in the global land use statistical database. The Land use classification needs to support integration/correlation of land use information from various national systems and thereby support the construction and maintenance of global Land use databases.

45. The Group agreed that classification of various aspects of land should be seen all together. Classifications are interconnected and should not be developed independently. An important part of the proposal is the review of existing classifications and a description of how to bring these classifications together.

*Action points and proposals*

46. EEA will lead the preparation of a paper on classification of land including, land cover, land use, land functions on the basis of the work carried out to date and in consultation with FAO and Statistics Finland. ABS, Mexico, Brazil and Statistics Canada should actively contribute.

47. EEA and FAO will prepare a paper describing the state of the art in land cover, land use and land function classifications and a work programme to solve the issue of land classifications.

**Agenda item 13 – Asset accounting. Forestry classification. (Jukka Muukkonen)**

48. Jukka Muukkonen (Statistics Finland) presented an issue paper showing how current definitions, classifications and categories used in the FAO Global Forests Resources Assessment (FRA) correspond to the SEEA asset classification related to forests. The proposed classifications and aligned tables for the revised SEEA are based on the FAO Global Forest Resource Assessment (FRA 2010). The proposal explored all relevant tables and classifications for SEEA.

*Action points and proposals*

49. The London Group considered that further refinement is needed in developing concrete proposals for a limited set of standard tables for adoption in SEEA. An issue paper (Statistics Finland, with assistance from FAO and others) is needed to outline a set of tables linking FRA 2010 questionnaires with standard SEEA tables on forest asset accounts.

**Agenda item 14 – Asset accounting. Carbon sequestration: Soil and forest. (Jukka Muukkonen, FAO)**

50. Jukka Muukkonen (Statistics Finland) presented a paper addressing issues closely related to those raised under Agenda item 13 ‘Forestry classification’, above. The paper provides a general picture on possible approaches to achieving standard accounts for carbon sequestration in the revised SEEA.

51. The paper assesses the potential to apply two basic frameworks and information on carbon sequestration of forests and other land cover/use categories for use in SEEA accounts. The first framework is Category 5; the Land use, land



use change and forestry (LULUCF) used in reporting greenhouse gases according to the UN climate convention and the Kyoto protocol. It is part of the Intergovernmental Panel on Climate Change (IPCC) Good Practice Guidance for LULUCF and UNFCCC Guidelines on annual inventories. The second framework is Categories, Definitions and Specifications of Global Forest Resource assessment (FRA) of the FAO, which are briefly presented in the paper ‘Classification of forests’ (LG/14/11).

52. The measurement of carbon sequestration (flow) by forests seems to be rather well established and accurate, while the measurement of carbon sequestration by soil, water and other biota (flows) and the stock of carbon are still not standardized. It was suggested that carbon sequestration by forests (flows) should be included in Volume 1 while carbon sequestration by other resources and carbon stock should be further discussed. The valuation of carbon stocks should be included in Volume 2 together with its valuation.

53. The importance of agreed, high quality classifications (land use, land cover etc.) was emphasised throughout discussion of this agenda item.

*Action points and proposals*

54. Focus on flows rather than stocks because of uncertainties in certain stock measures (especially soil). An account is required for carbon storage.

55. Follow up paper (Markus Erhard EEA and Statistics Finland) is required to describe issues and to provide recommendations on accounts needed to record carbon capture in forests and soil.

56. A note will be prepared by the ABS reporting on the likely robustness of soil carbon storage estimates, given the present status of scientific understanding in this field. This note may assist in understanding and assessing whether corresponding accounts can be developed for SEEA Volume I.

**Agenda item 15 – Asset accounting. Water as a produced asset. (Michael Nagy, UNSD)**

57. Alessandra Alfieri (UNSD) presented this paper which proposes that in line with the definition of cultivated assets in the SEEA and in the SNA, water in reservoirs should be considered a produced asset. This would imply that, in parallel with the treatment of natural growth of cultivated forest and fish as a form of production, net recharge of water in the reservoir would constitute production and would be recorded as capital formation (and acknowledging that this net recharge figure may be negative).

*Action points and proposals*

58. The Group was unable to take a final decision. The Group sympathised with the argument that water accumulation in artificial reservoirs has parallels with cultivated forest growth. It requested a follow up paper (UNSD) elaborating on the borderline cases (degree of human intervention) between water as a produced or non-produced asset. The London Group questioned the use of the term ‘water consumption’. The concept of water consumption is a hydrological concept which is not consistent with the concept of consumption in the national accounts. The introduction of an alternative term, for instance, “hydrological consumption” was suggested. A related point of clarification emerging from the discussion is the need

to develop appropriate wording for 'net' use of water (inflows minus outflows). Where possible and appropriate wording used should be applicable to other natural resources (for example, energy) as well. The follow-up paper will also further analyse implications for resource valuation.

**Agenda item 16 – SEEA Volume III. The contribution of the SEEA to sustainable production and consumption policies in SEEA Vol. III. (Rocky Harris)**

59. Rocky Harris (Department for Environment, Food and Rural Affairs, UK) presented a paper setting out some of the main strands of Sustainable Consumption and Production (SCP) policy, and showing how information from environmental-economic accounts is useful in identifying, targeting, monitoring and evaluating policy options. It constitutes a background paper to the development of Volume III on the applications of the (revised) SEEA

60. Volume III of the revised SEEA will include applications of the SEEA and various relevant topics which have been identified in previous London Group meetings including climate change and sustainable production and consumption. There was agreement that the presented paper appropriately covered and grouped the various policy options.

*Action points and proposals*

61. An annotated outline for Volume 3 to be developed (Rocky Harris and SEEA editor). This outline relates to the interim version of Volume III, which will be released along with Volume I. Countries to submit case studies to Rocky Harris and the editor and the paper will be developed to elaborate our applications. UNSD to post papers in the archive.

62. UNSD clarified that Volume 3 should not include country examples but it suggested that a glossy publication on selected topics, including country examples could be developed as a means of promotion of the SEEA under the auspices of the UNCEEA. UNSD will work with Rocky and the Editor on the outline to ensure that it is aligned with application chapters of other standards.

**Agenda item 17 – SEEA Volume 3. Issues in climate change.**

63. No paper or presentation against this agenda item.

**Agenda item 18 – Research agenda for SEEA Volume II. List of issues: Valuation. (Glenn Marie Lange)**

64. Glenn Marie Lange (World Bank) presented a suggested list of issues on valuation to be included in Volume 2. The paper also argued that Volume 2 of the revised SEEA should take a more inclusive approach to valuation than SEEA-2003, i.e. taking as a starting point measurement of the value of environmental benefits/ecosystem services.

*Action points and proposals*

65. The Group agreed with the suggested list of issues and with the inclusion of environmental benefits/ecosystem services as well as damages or degradation costs, though implications for SNA production boundary should be carefully analysed. The precise extent of the inclusions needs to be discussed and decided.

66. It was agreed to include a clarification of human and social capital within Volume II to ensure linkages between damages to health and the human capital stock. It was recognized that the SEEA is not the appropriate place for a comprehensive discussion of accounting for human or social capital.

67. It was agreed to establish a technical expert group on valuation to address the issues in the list of issues, including adjustment of environmentally-adjusted aggregates. The group will be lead by the World Bank and will be comprised of representatives from the World Bank, UNSD, ABS, CBS, UNEP, EEA, BEA, FAO, India. Eurostat may also participate in the group. A meeting of the technical expert group will tentatively take place at the end of 2009. All other communication will be by email. The World Bank will recruit consultants to undertake much of the writing of technical papers.

68. The World Bank will present the list of issue as well the programme of work for addressing the issues to the next meeting of the UNCEEA (June 2009).

**Agenda item 19 – Research agenda for SEEA Volume II. List of issues: Ecosystem services – Some thoughts. (Anatha Duraiappah, UNEP)**

69. UNEP was not able to participate in the meeting. On the issue of classification of ecosystem services, EEA updated the Group on the various initiatives in ecosystem assessment and valuation, including millennium ecosystem assessment, Eureka and TEEB. It was agreed to develop a Classification on Ecosystem Services by early November 2009. Two consultants will be appointed to do the work on classification of ecosystem services. It was emphasised that one of the consultants should be a statistician to ensure that the classification of ecosystem services is fully integrated in the international family of classifications.

**Agenda item 20 – Outcome papers: state of play. Taxes and subsidies, outcome consultation experts meeting in Luxembourg, March 2009. (Viveka Palm)**

*Action points and proposals*

70. The discussion on environmental taxes is considered finalised. The proposal is to follow the EU, OECD, IEA definition of environmental taxes. The outcome paper will further elaborate on the distinction between taxes and fees and the distinction between resource taxes and resource rent. It is expected that the general definition of the taxes in the SEEA will be fully in line with the 2008 SNA.

71. The Group did not consider the issue of subsidies and environmentally related transfers finalised. A final issue paper will be prepared for approval at the next London Group meeting. This paper will provide a proposal on the definition of environmentally motivated subsidies as well as (potentially) environmentally damaging subsidies. The paper will also clarify whether the latter group of transfers will be explicitly articulated in revised SEEA Volume 1 or 2 (and/or as a policy application in Volume III).

**Agenda item 21 – Outcome papers: state of play. Other outcome papers.**

*Action points and proposals*

72. The Group recommended merging CEPA and CRUMA and finalising the outcome paper for approval by the UNCEEA at its June 2009 meeting. The proposal would also be submitted to the UN Expert Group on Classification for approval at its September 2009 meeting.

73. The alignment between the classification of physical flows and CRUMA appears acceptable at this stage, but there are potential issues in the correspondence between the classification of physical flow and the classification of natural resources. ISTAT will be asked to participate in the group on the classification on physical flows.

74. Some members of the London Group felt that they needed more information on the revision process of the SEEA. UNSD will widely distribute the paper on the project management framework for the revision of the SEEA presented at the United Nations Statistical Commission and will prepare a short note elaborating the role of the London Group in the revision process in particular after the issue papers have been agreed by the London Group and the timing of each step of the process.

**Agenda item 22 – Conclusions and recommendations. (Chair)**

75. The next London Group meeting will be hosted by DESTATIS in Wiesbaden, Germany 30 November to 4 December 2009.

76. It was again emphasised how important it is to submit papers for London Group well before the meeting (minimum two weeks). It is otherwise difficult to have a fully prepared and informed discussion since London Group representatives typically need to discuss proposals with a number of areas within their organisation.

## List of actions

No.	Action item	Leading expert, country or organisation	Timeline
1.	Develop consensus proposal on classification of physical flows in the revised SEEA, including classification of waste flows.	UNSD, CBS, DESTATIS, Eurostat, ISTAT, Statistics Denmark, Statistics Canada.	Before Sept 2009 UN EGM on classification
2.	Outcome paper on treatment and presentation of losses (water and energy). Requires some clarification of nature of losses, especially where these are used as inputs into production.	UNSD and Statistics Denmark	15 <sup>th</sup> London Group meeting
3.	Prepare submission for 2-3 July 2009 meeting of OECD/Eurostat taskforce on emission permits.	Statistics Denmark, CBS, UNSD, DESTATIS, INSEE and ABS	Mid June 2009
4.	Develop an appropriate set of SEEA accounts to inform policy related to emission permits.	Statistics Denmark (and CBS, UNSD, DESTATIS, INSEE and ABS)	15 <sup>th</sup> London Group meeting
5.	Letter from Chairs of London Group and UNCEEA to advise of imminent London Group submission to OECD/Eurostat taskforce on emission permits.	Mark de Haan, Peter Harper	As soon as possible.
6.	Guidance notes for the editor on European System of Environmental Goods and Services Accounts. Requires a standard set of tables for inclusion in SEEA Volume 1.	Eurostat, Statistics Sweden to suggest set of tables.	4 <sup>th</sup> UNCEEA meeting
7.	Follow-up paper on renewable energy resource assets, incl. explore impact of these assets on land rent.	CBS	15 <sup>th</sup> London Group meeting
8.	Refinement of present SEEA definition of resource rent - in light of discussion of renewable energy resource assets.	SEEA editor	15 <sup>th</sup> London Group meeting
9.	Outcome paper: aligning classification of mineral and energy resources with UNFC. Need to ensure consistency with mineral and energy product classifications.	Statistics Denmark	After finalisation of UNFC
10.	Paper on classification of land including land cover, land use and land functions.	EEA with FAO and Statistics Finland. ABS, Mexico, Brazil and Canada also to contribute.	Well before 15 <sup>th</sup> London Group meeting
11.	London Group chair to check on progress of land classification paper (action item # 10.)	Mark de Haan	(Northern) summer
12.	Develop concrete proposals for a limited set of standard tables for forest assets in the revised SEEA.	Statistics Finland	15 <sup>th</sup> London Group meeting
13.	Follow-up paper describing issues and recommendations on accounts to record carbon capture in forests and soil.	EEA with Statistics Finland	15 <sup>th</sup> London Group meeting
14.	Note reporting on the likely robustness of soil carbon storage estimates, given the present status of scientific understanding in this field.	ABS	15 <sup>th</sup> London Group meeting
15.	Follow-up paper elaborating on the borderline cases (degree of human intervention) between water as a produced or non-produced asset.	UNSD	15 <sup>th</sup> London Group meeting
16.	Annotated outline of (interim) SEEA Volume 3, aligned with other standards. Countries to submit case studies to assist the description of applications. Case studies to be included in UN archive and possible glossy publication.	Rocky Harris, SEEA editor, UNSD	15 <sup>th</sup> London Group meeting
17.	Establish technical expert group on SEEA valuation issues. Group comprised of World bank, UNSD, ABS, CBS, UNEP, EEA, BEA, FAO	World Bank	Meet toward end of 2009.
18.	Outcome paper on environmental taxes. Paper to further elaborate on distinction between taxes and fees and between resource taxes and resource rent.	Statistics Sweden	4 <sup>th</sup> UNCEEA meeting
19.	Outcome paper on the (merged) CEPA and CRUMA classifications.	ISTAT	4 <sup>th</sup> UNCEEA meeting
20.	Final issue paper on subsidies and environmentally-related transfers.	Statistics Sweden	15 <sup>th</sup> London Group meeting
21.	Develop guidelines (including timing) for the SEEA review process, particularly setting out the role of London Group in producing and discussing issue papers and in developing and submitting outcome papers to UNCEEA.	UNSD	As soon as possible.

## LIST OF PARTICIPANTS

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