DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
UNITED NATIONS

SEEA Revision Chapters 1-6

Comment Form

Global Consultation Comment Form

Revised SEEA Chapter 1 - 6

Deadline for responses: 7 December 2011
Send responses to: seea@un.org

Your name:	Dennis Fixler
Your country/organization:	US Bureau of Economic Analysis
Contact (e.g. email address):	Dennis.Fixler@bea.gov

To submit responses please save this document and send it as an attachment to the following e-mail address: seea@un.org.

The comment form has been designed to facilitate the analysis of comments. In Part I general comments on the general style, content and coverage of the chapter are sought. In Part II any technical and other comments should be included.

Relevant documents

Before submitting responses you are encouraged to read the accompanying papers available on the website.

Revision of the SEEA: Draft Version for Second Round of Global Consultation, October 2011 – Chapters 1 – 6

Reading guide for the SEEA Revision Second Round of Global Consultation

Supporting material for selected classifications and lists in the revised SEEA

Part I: General comments

This is the first global consultation based on the complete set of chapters for the SEEA Central Framework. In this section please provide general comments on the drafts chapters. You may like to consider providing comments on the style and tone, the content and coverage, and the general accessibility of the material.

We commend the editor for a job well done. The content is presented well through a clear and coherent structure. The accessibility of the material is significantly improved, and we appreciate that many of our previous comments have been incorporated into this draft.

However, in one fundamental way we disagree with the orientation of the text. Throughout the document there is a running comparison between the "ecosystem perspective" (The experimental ecosystem accounts) and the perspective on environmental accounting adopted by the SEEA central framework. (See, for example paragraphs 1.20, 1.103, 2.106, 2.129, 3.106, 5.23, section 5.6.6, 5.39). We suggest this running comparison be removed, and that the discussion of the experimental accounts be restricted to chapters 1 and 2 (with few exceptions, such as the discussion of the distinction between degradation and depletion). We have two reasons:

First, the experimental accounts are undeveloped at this stage. (Though the presentation to the 17th meeting of the London Group, paper LG/17/9a, provides a proposed structure of the chapter, meetings are ongoing to develop the contents of the volume.) By continually making reference to what will be covered in the experimental accounts there is the risk of making inaccurate statements. This draft already makes a statement that is inconsistent with the roadmap provided in LG/17/9a:

- The table presented in paragraph 2.106 states that in the experimental accounts will cover all environmental assets from the ecosystem perspective in monetary valuation (see also 1.103: "It describes … the broader valuation of ecosystems and the environmental assets within them"). But the LG/17/9a states that only SNA assets will receive a valuation in the ecosystem accounts. (see paragraph 32 in LG/17?9a "Therefore, no comprehensive valuation of the ecosystem capital is foreseen at this stage beyond the valuation of those assets which are at the same time economic assets and recorded in the SNA.")

At this late stage the text of the central framework should be rather conservative regarding what the ecosystem accounts will cover so as to minimize the risk of making inaccurate statements or committing the experimental accounts to things it will not deliver. This may also require editing the first and second chapters to ensure that no misleading statements are made therein either. For example, Paragraph 2.23 currently suggests that the Central Framework is inferior to the Ecosystem Accounting, which is odd given that that accounting system has not been articulated.

Second, the term "ecosystem" is used as a modifier in two different contexts. In one, it is used to modify "perspective" in describing the economic environmental accounting to be addressed in the experimental accounts. This entails a change in the institutional unit for the system etc. In the other it is used to modify "services" to set the scope of the environmental assets broad enough to encompass ecosystems (e.g. 2.102), and thus the stocks of environmental assets and flows from them are often characterized in these terms. Thus, in the former case we are using the term "ecosystem" in reference to a classification system that is disparate from SNA framework, whereas in the latter we use the term "ecosystem" in

reference to concepts that can supposedly be incorporated into the SNA framework. For a new user, the double meaning of the two terms is confusing. Restricting the discussion of the ecosystem perspective to chapters 1 and 2 would reduce potential confusion and make the text more accessible.

Part II: Technical and other comments

In the box below please supply any additional comments including those of a more technical nature. As this is the first consultation where the complete 6 chapters have been released, comments on the consistency of the technical content across the chapters would be appreciated.

Please reference your responses with the relevant paragraph number or section number.

Chapter 1

Section 1.5.1 says that SEEA is an extension of the SNA. We agree for the central framework only. As stated in paragraph 1.47, only the SEEA central framework adopts the institutional units of the SNA. The experimental accounts, in contrast, will use land classification cover as the units as the basis for measurement (see paragraph 20 in LG/17/9a).

1.32: This paragraph makes a broad claim that cannot be verified – namely that market prices for an environmental asset do not reflect all the benefits provided by the asset. One can imagine a case in which the private owner of the forest receives payments for the full range of benefits provided by the forest, including recreational services, carbon binding, water purification etc.

Chapter 2

The definition of ecosystems in 2.21 needs to be refined. Specifically we need a boundary in order to distinguish what is and what is not be classified as an "ecosystem". Re-consider the definition given in the draft:

Ecosystems are areas containing a dynamic complex of biotic communities and their non-living environment interacting as a functional unit to provide environmental structures, processes and functions.

From this it appears that the following conditions are sufficient for a spatial area to be classified as an ecosystem:

1. The area has biota
2. The area has non-biota
3. The biota interact with the non-biota to produce structures, processes, and functions.

It would seem then that all areas inhabited by humans would feasibly be classified as an ecosystem. Factories for example. We suggest that a "non-human" condition be inserted into the definition.

Chapter 3.

3.88 states that water evaporation is excluded from the "emissions to air accounts". It should be stated that evaporation of water from within the economy is dealt with in the water emission accounts (e.g. evapotranspiration).

Chapter 4.

In order to make clear what compliance with the SEEA entails, in addition to stating that a definition of PEDS is excluded from the SEEA (4.144), it should be stated that PEDS themselves are omitted from the scope of the SEEA.

Chapter 5.

- 5.23 states that the definition of ecosystems is given in the experimental accounts. It is also given in chapter 2. The latter should be stated clearly.
- The status of cultivated biological assets is unclear in 5.28-5.30. 5.28 states that cultivated biological assets that do not interact with nature are not to be considered environmental assets. 5.30 states that opening and closing stocks of cultivated biological assets are to be recorded as environmental assets.
- In 5.39 it is stated that "All environmental assets that are classed as cultivated must be recorded as either fixed assets or inventories." Such a situation appears to be precluded in the schematic figure 5.2.1.
- 5.68 defines CFC for cultivated biological resources. It may be useful to reference the SNA for a discussion of what "normal" constitutes.
- The discussion of the sustainable yield and depletion in 5.85 does not correspond to the definition of depletion given in 5.76. 5.85 states that "In principle, depletion should be measured wherever the amount of extraction is greater than the sustainable yield corresponding to the population size. This corresponds to points above the curve in Figure 5.4.1 and reflects quantities of extraction being greater than the growth in the population that is achievable at the given population size." This statement is only true for stock levels below the MSY stock level. For example, for any stock level above the MSY stock level, we can harvest the MSY level sustainably, i.e. we can harvest the same amount in each period. This point also needs to be incorporated into the discussion of depletion in paragraph 29 of annex A5.1.
- For accessibility, 5.93 should be incorporated into 5.88. That is, is should be stated up front that degradation is not covered in the central framework.
- Paragraph 5.450. The statement about the conditions for market prices is too broad. In addition to imperfect competition, there may be many possible reasons why the market price of the access rights may not reflect the full value of the resource. For example, if the access right is limited in duration, (e.g. corresponds to one fishing season) then clearly the price does not reflect the full value of the resource.
- Paragraph 22 on page 279 – reference needed for Stern Report.

Chapter 6.

Paragraphs 6.13 and 6.23 rightly point about the necessity of the accounting period being the same when compiling combined presentations of monetary and physical data. But in addition there should be a necessity of a clear correspondence between the physical and monetary data: Ideally the monetary and physical should come from the same data source. If not, care must be taken to ensure that the quantities in the physical flow closely correspond to the quantities implicit in the nominal values. For example, "total sales of oil" is likely an aggregation of several producers of oil, and the aggregation has an implicit quantity associated with it. Care must be taken to ensure the reported physical flows correspond to that implicit quantity, especially if nominal and physical come from different data sources. Combining physical and monetary data gathered from disparate surveys, based on different classifications and sampling methods is inappropriate and may lead to misleading presentations.