

**Meeting on Scaling up the coordination and resources for  
the implementation of the SNA,  
a pre-meeting of the 8<sup>th</sup> Meeting of the  
Advisory Expert Group on National Accounts**

**Annotated agenda  
28-29 May 2013 (1.5 days)**

**I. Introduction**

Some members of the AEG expressed the need for an opportunity for a broader interregional orientation to the implementation and compilation issues of the SNA. In addition, the ISWGNA identified the need to better coordinate the implementation of the SNA. The forty-fourth session of the United Nations Statistical Commission also requested UNSD, in collaboration with the ISWGNA, supporting countries and other regional organisations, to scale up coordination, advocacy and resources for the implementation of the SNA and supporting statistics at the national level where required. This seminar aims to provide an opportunity to discuss proposals for scaling up the effectiveness of the coordination and funding for the implementation of the SNA and to discuss practical issues related to the topics to be discussed by the AEG.

**II. Coordination of the implementation programme of the SNA**

Despite some progress in a number of countries, many developing countries are still a long way from actually adjusting their supporting collections of economic statistics for implementing the SNA. In addition, although countries have all subscribed to their respective region's strategic programme for the implementation of the 2008 SNA, it is not put in practice at the national level. A continued lack of political motivation combined with limited financial and human resources for setting up a statistical production process and underlying institutional arrangements for an exhaustive measure of economic activity based on the SNA seems to be a common theme.

To support countries to develop the requirements for an exhaustive measure of economic activity, a strategy at the global level needs to be explored to scale up the technical support at the country level in meeting their strategic data needs for national accounts and economic statistics, making the data more accessible and strengthening the analytical capacity of the users.

Participants are expected to provide proposals for scaling up the effectiveness of the coordination and resources for the implementation of the SNA.

*Lead ISWGNA organisation:* UNSD (with support from the World Bank)

### **III Discussion on selected issues on SNA implementation**

The implementation of the SNA recommendations proves to be difficult for some countries, which strive to improve the scope, detail and quality of their national accounts, particularly those with less developed statistical systems. This session aims to provide an opportunity for participants to discuss practical issues on the compilation of relevant topics and also the topics to be discussed by the AEG.

*Lead ISWGNA organisation:* ISWGNA members to provide issues papers for discussion

# Advisory Expert Group on National Accounts

## Annotated agenda

### 8<sup>th</sup> Meeting of the Advisory Expert Group on National Accounts 29-31 May 2013 (2.5 days)

#### I. Introduction

At its meeting in April 2012 the requested the ISWGNA to set priorities on the research agenda by considering issues emerging from the SNA implementation as high priority (whether or not these are reflected on the research agenda). Issues related to the implementation of the 2008 SNA that were considered as high priority include: global production, the recording of investment income of pension funds and investment funds, stability fees, measurement of land and non-financial assets, research and development (R&D), pension liabilities, and financial intermediation services indirectly measured (FISIM).

*The AEG is expected to provide guidance on the implementation of conceptual issues of the 2008 SNA.*

#### II. Current issues

##### *Financial Services Indirectly Measured*

During 2011/2012, tests were carried out in Europe on the inclusion/exclusion of maturity and credit default risk, as recommended by the European Task force on FISIM. Based on the results of these tests the EU Directors of Macro-economic Statistics (DMES) decided, in November 2012, to keep the present FISIM allocation method. This means that, in the 2010 ESA, a single reference rate based on inter-bank loans and deposits will continued to be applied, and that the default risk will not be excluded from FISIM.

The ISWGNA Task Force on FISIM assessed the report of the European Task force based on a note by the ISWGNA containing a summary of the results of the FISIM-exercise, as conducted by the EU countries and two non-EU respondents. The summary also includes the main issues related to the debate on credit default risk.

*The AEG is expected to provide guidance on the proposed recording of FISIM in the SNA.*

*Lead ISWGNA organisation: OECD*

##### *Global production*

The UNECE Task Force on Global Production is addressing conceptual issues arising from the 2008 SNA and Balance of Payments and International Investment Position Manual, sixth edition (BPM6) in relation to global production. In addition, the goal is to provide practical guidance on implementation aspects. The Task Force is established jointly with OECD, Eurostat, International Monetary Fund (IMF), World Trade Organisation (WTO) and UNSD. The draft

chapters for the guide on Global Production were submitted for country consultation in spring 2013. As a result of the discussions in the Task Force, a number of issues have been identified, for which additional guidance and clarification of the 2008 SNA is required.

*The AEG is expected to provide guidance on the issues related to the recording and classification of the various types of global production arrangements.*

*Lead ISWGNA organisation:* UNECE – Secretariat of the CES

***Institutional sub-sectors and the delineation of head offices, holding companies and special purpose entities (SPEs)***

Countries reported that they experience difficulties when implementing the 2008 SNA recommendations on the delineation of the more detailed sub-sectors within the financial corporations sector (and the provision of information related to them), and the classification of head offices, holding companies and SPEs. This was noted at several meetings at the European and the OECD-level. The ISWGNA also recognised that a typology and classification of SPEs would be very helpful, in order to provide clarification on the 2008 SNA. To address the need for further guidance on classifying head offices, holding companies and SPEs, an ECB/Eurostat/OECD Task Force was established. The Task Force will meet on February 26-28, 2013 in Frankfurt. It is expected that the Task Force will be able to come up with recommendations and additional practical guidance in April 2013.

*The AEG is expected to provide guidance on the recommendations and practical guidance concerning the recording and classification of head offices, holding companies and SPEs.*

*Lead ISWGNA organisation:* Eurostat (with the support of OECD)

***Pension entitlements***

At a workshop organized by the OECD, in close cooperation with the Australian Bureau of Statistics (ABS) (Canberra, 22-24 April 2013), standard requirements for the measurement and international reporting (common terminology, concepts and definitions) of pension entitlements of employment related pension schemes and social security schemes will be determined. The aim is to address the full sequence of the SNA accounts and the supplementary table, including the measurement of pension entitlements that are not recognized as such in the core system of national accounts.

*The AEG is expected to provide guidance on requirements for the measurement of pension entitlements.*

*Lead ISWGNA organisation:* OECD

## ***Stability fees***

In 2010 the OECD's Centre for Tax Policy launched a questionnaire asking countries to provide details of any deposit insurance and financial stability schemes that were operational in their country and to describe whether payments to these schemes were recorded as taxes or as payments for services. The questionnaire revealed that six broad groupings of schemes were being operated in OECD countries, three of which raised delineation issues for government taxes versus other revenues, and where countries appear to have differing views on where the line should be drawn. The latter related to the classic stability fee schemes and two types of deposit insurance/protection schemes.

*The AEG is expected to provide guidance on the recording of stability fees and deposit insurance/protection schemes.*

*Lead ISWGNA organisation: OECD*

## ***Land and other non-financial assets***

The issue of measurement of land and dwellings was given increased prominence as part of the G20 Data Gaps initiative (Financial Stability Board, 2011). In response to this, the OECD launched a questionnaire on land towards the end of 2011. Countries supported the idea of a dedicated Task Force to tackle issues related to land and also dwellings. A joint Eurostat/OECD Task Force, including participation from the European Central bank (ECB), on Land and Non-financial assets has now met twice. The initial focus of the Task Force will be on issues relating to land. The goal is to have a first draft of a compilation guidance handbook available by July 2013. The compilation guide on the measurement of land will include descriptions of sources and methods, practical guidance and numerical country examples. A final version of the compilation guide is expected at the end of 2014. At that point, further work may involve research into other non-financial assets. At this stage, questions have arisen on the valuation of government owned land.

*The AEG is expected to provide guidance on the valuation of land owned by government.*

*Lead ISWGNA organisation: Eurostat (with the support of the OECD)*

## ***The treatment of freight and insurance in the 2008 SNA***

It has been pointed out that the 2008 SNA and BPM6 differ in the way freight and insurance are treated in recording international trade in goods. Both manuals recommend valuing export of goods at Free On Board (FOB) value. It seems that the 2008 SNA did not fully reconcile the FOB principle for valuation of exports with the principle of output valuation at basic prices. The 2008 SNA explains the treatment of freight and insurance costs associated with imports and valuation of imports of goods at FOB in more detail compared to the 1993 SNA. However, its recommendation that "the question of whether the value of goods covers the cost of transportation or not depends on whether the exporter or importer is responsible for transport (2008 SNA, paragraph 14.68)" is not consistent with the FOB valuation of export. There is a

need for clarifying and articulating the treatment of freight and insurance, output valuation at basic prices, and the FOB valuation of exports in the 2008 SNA.

*The AEG is expected to provide guidance on the treatment of freight and insurance in the SNA.*

*Lead ISWGNA organisation: IMF*

### ***SDMX initiative***

A steering group, consisting of the ECB, Eurostat and the OECD, is developing the necessary Data Structure Definitions (DSDs) for the future data exchange of national accounts data. A draft version of the DSDs was finalised, in coordination with the ISWGNA, at the end of 2012, and will be tested through the first half of 2013, so that they can be implemented in the course of 2014. The steering group reports progress on their work to the ISWGNA and the AEG, to ensure a global input in the development of the DSDs for the national accounts.

*The AEG is expected to provide guidance on the national accounts SDMX initiative.*

*Lead ISWGNA organisation: OECD (with the support of Eurostat)*

### ***The compilation of manuals and handbooks***

An update on the progress made regarding the compilation of manuals, handbooks and guidance notes, as initiated by the ISWGNA to strengthen the statistical capacity for compiling national accounts, in accordance with the implementation programme for the 2008 SNA and supporting statistics.

*The AEG is expected to provide guidance on the compilation of manuals and handbooks.*

*Lead ISWGNA organisation: UNSD*

## **III. Issues for information**

### ***Research and development***

Eurostat published a report on the treatment and measurement of R&D. The report contains calculations of the impact of R&D-capitalisation on GDP, based on data for two years. Figures are calculated for the total economy and by institutional sector. The OECD is processing the questionnaire on service lives and country methods for the measurement of R&D. The documentation will be made available for publication on the SNA and OECD-websites. The ISWGNA agreed that no further conceptual work is needed in the short term

*Lead ISWGNA organisation: Eurostat (with support of the OECD)*

#### **IV. Other issues**

##### ***Sectoral accounts and balance sheets***

The G-20 Data Gaps Initiative<sup>1</sup> outlined a number of recommendations for addressing data gaps arising from the 2008 global financial crisis. Recommendation 15 calls for developing “a strategy to promote the compilation and dissemination of the balance sheet approach, flow of funds, and sectoral data more generally, starting with G-20 economies”. The objective is to expand the dissemination and reporting of internationally comparable annual and quarterly sectoral accounts. This would involve improving the compilation of sectoral accounts in terms of details (sub-sectors and asset details), closing data gaps, and developing financial stocks and flows on a from-whom-to-whom basis. For this purpose templates for a minimum and encouraged set of internationally comparable sectoral accounts and balance sheets were finalized in May 2012. The IMF (chair of the Inter-Agency Group on economic and financial statistics) will report on the progress on reporting data on the sectoral accounts and balance sheets.

*Lead ISWGNA organisation:* IMF

##### ***Eurostat/OECD Expert Group on Disparities in National Accounts (EG DNA)***

The 2009 report of the Stiglitz-Sen-Fitoussi Commission stressed the importance of a greater focus on the household perspective. In the area of household material living conditions, the standard national accounts aggregates already provide valuable information (disposable income, social transfers in-kind, consumption expenditure and investment, assets and liabilities). In addition, measures of the distribution of income, consumption and wealth are provided by micro data. The goal of Eurostat/OECD Expert Group on Disparities in National Accounts (EG DNA) is to consider how existing data can be used to produce measures of disparities between groups of households that are consistent with National Accounts totals. The EG DNA will report on the results of the Expert Group and the possible extension of its mandate.

*Lead ISWGNA organisation:* OECD

##### ***Trade in Value Added (TiVA)***

Global Value Chains (GVCs) have become a dominant feature of today’s global economy. This (growing) process of international fragmentation, driven by technological progress, cost, access to resources and markets, and trade policy reforms, challenges our conventions on how we look at and interpret trade. Traditional measures of trade, that record gross flows of goods and services each and every time they cross borders, alone, may lead to misguided decisions being taken. In response, the OECD and WTO have announced a joint initiative to develop a database of Trade in Value-Added indicators and to mainstream their production within the international statistics system. The OECD will present a broad overview of the first results and an indication of future plans.

*Lead ISWGNA organisation:* OECD

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<sup>1</sup> <http://www.imf.org/external/np/g20/pdf/102909.pdf>