

**12th Meeting of the Advisory Expert Group on National Accounts,
27-29 November 2018, Luxembourg**

Agenda item: 1

Report of the ISWGNA Task Force on SNA Research Agenda

Introduction

The ISWGNA Task Force (TF) on the SNA Research Agenda was created in May 2018 and was asked to provide feedback on a consolidated list of research agenda items, based on a questionnaire. This note summarises the feedback on the consolidated list of issues for each priority area, (i.e. globalisation, digital economy and economic wellbeing and sustainability), based on research agendas related to the SNA, SEEA, GFS, BOP, international trade and business statistics.

Documentation

Report of the ISWGNA task force on the SNA research agenda on the consolidated list of issues for each priority area. (Eurostat/UNSD)

Main issues to be discussed

The AEG is requested to take note of progress, the issues raised, and to provide feedback on the grouping and prioritisation of SNA research agenda items. Particular attention should be paid to the three identified priority areas (globalization, digitalization, and economic wellbeing/sustainability).

Furthermore, the AEG is invited to comment on the next steps planned for the TF.

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1. Introduction and context

The United Nations Statistical commission welcomed the initiative to address important conceptual issues, some of which may extend beyond the 2008 SNA and agreed with the three priority areas for work would be:

- Globalization
- Digitalization
- Economic wellbeing and sustainability

For this purpose, the Task Force on SNA Research agenda was established in May 2018. Ten AEG members volunteered to participate, alongside ISWGNA members.

In summary the main activities/timetable envisaged for the TF were as follows:

1) Formulation of consolidated issue list:

- (i) Drafting of (annotated) issues list: April – October 2018
- (ii) Review of the issues list: AEG meeting: November 2018
- (iii) Global consultation on issues list: November 2018 – February 2019
- (iv) UNSC March 2019: reporting on issues list

2) Formulation of the update of 2008 SNA and its procedure

- (i) Determine practical way forward on the identified priority issues in the short/medium term: March – April 2019
- (ii) In depth analysis of research priorities: April – October 2019
- (iii) AEG meeting: November 2019
- (iv) UNSC March 2020: reporting on update of 2008 SNA and its procedure

A recent ISWGNA Management Group (MG) meeting acknowledged the ongoing work of the TF, and requested that it continue its work by addressing the three priority areas for work in parallel with an overall identification of important issues for a future SNA update. The UNSC will be invited at its March 2019 meeting to endorse the continuation of the work along the planned lines.

2. The research agenda lists

Unfortunately, the Task Force could not physically meet in 2018, and therefore electronic means were used to undertake a consultation of TF members on their views and priorities within the SNA research programme.

For this purpose, the ISWGNA prepared a consolidated list of research agenda items, not just from the SNA but also from current and planned work in related accounting frameworks and key primary statistics (BOP, GFS, SEEA, and business and trade statistics). These items were grouped into the three identified priority areas for research and a structured ‘other’ category. The list is available in Annex 2.

It is important to nevertheless stress that work in related accounting frameworks and key primary statistics is “work in progress” and it can be anticipated that other issues may emerge from recent or future meetings of relevant international groups. Thus, there will need to be a dynamic process during the TF’s future work.

The consolidated list of research agenda items was circulated to TF members together with a short questionnaire to gather their views.

3. Responses from TF members

Thirteen responses to the questionnaire were received. The (anonymised) responses can be found in Annex 1, within the structure of the questionnaire (the answers are separated by “--”). The following is a summary of replies to each question:

Question 1 – Are there any listed research agenda items which you think should be removed?

Several responses noted that the list of issues is long and there will need to be further work to consolidate and prioritise it, thereby identifying key issues that will impact a broad range of countries. Suggestions were made to help this process, for example indicating the status of the topic (new guidance, revision of guidance, etc), identifying which sections in the SNA would be impacted, and introducing a time aspect (when would they be resolved?); and to consider the impact the issue has on ensuring a comprehensive measure of the economy and economic growth as well as our ability to maintain international comparability.

Respondents mentioned the following potential issues to be removed:

SNA2 – Consolidation of enterprise groups

SNA3 – Trusts

SNA4 – Final consumption of corporations

SNA5 – Measuring the output of government services (one respondent asked what it is about)

SNA9 – The inclusion of international organizations in the SNA

SNA11 – GDP at basic prices
SNA17 – High inflation
SNA19 – Income arising from assets
SNA22 – Accounting for pensions
SNA28 – Tradable emission permits
SNA30 – Broadening the asset boundary to include other intellectual property assets
SNA36 – Islamic finance
SNA39 – Harmonization of SNA and BOP
SNA40 – Digital economy
SNA41 – Globalization
SNA43 – Reflecting wellbeing in national accounts
SNA45 - Cryptocurrencies

BOP1 – Treatment of digital economy in ESS
BOP7 - Cryptocurrencies
BOP26 - Measuring economic globalization
BOP27 – From “economic” external accounts to “international statistics supporting the analysis of welfare”

One respondent pointed out that some entries could be merged (see page 8 below for details). In many cases this is because the list was designed to capture items across different research agendas, where the same issue may be present in more than one agenda, and it will be natural to link them in follow-up work.

One respondent noted that “It seems worthy that the Research Agenda address where the framework could be extended in such a way that measures of well-being can be prepared in a manner consistent with the SNA framework but not necessarily to redefine the production boundary.”

Question 2 – Are there any new items which should be added to the research agenda?

Few respondents made suggestions (one comment was “the list is complete enough”. Of those that did, the following were mentioned:

- Contingent liabilities
- Infrastructure issues (business statistics), data sources, use of IES/GSBPM
- Treatment and valuation of data in the national accounts (including if as an asset)
- Sub-national (regional) SNA measurement (technical aspects)
- The debtor principle should be revisited (public debt managers can trade heavily on secondary markets)
- Energy Performance contracts should be added to SNA33 (PPPs); partition of assets
- Operational rules on public developments (rerouting, sector classification)
- Leasing and control (given developments in business accounting)

- Definition and treatment of self-employed and employees (also in context of SNA40 - Digital Economy)
- Economic ownership within MNEs (linked to SNA41 – Globalization)
- Reflecting sustainability in national accounts (human capital, social capital)
- Use of statistical units (which ones should/could be used for different accounts)
- CIF/FOB recording
- NDP and NNI, especially in volume terms
- Recording of rent
- Residency principle for SPEs
- Capitalisation of freely shared knowledge
- Open source software (as part of discussion on the asset boundary)
- Include a labour account in the SNA for the analysis of labour in the production process
- Depletion/degradation
- Widening the asset boundary to include more intellectual property products should include data as one of the examples
- Cross border purchases of IPP (r&d related)

It is evident that some of the above are specific to GFS and should therefore be taken up with the GFS Advisory Committee.

One respondent mentioned a substantial list of items (see pages 13-14 below), which are not reproduced here, though overlap in some aspects.

Question 3 - Are there some items which you feel are so broad that they should be split into several (more specific) items?

Around half of respondents answered that further breakdown would not be needed, though some pointed to the need to split very broad research items (e.g. globalization, digital economy). More specific suggestions were:

- Categorise the issue as a measurement issue that needs the development of new methods or is it a coverage issue where we need to expand core SNA boundaries.
- We also need to be guided by the impact of the potential change
- SNA5 – Measuring the output of government services – should be split into subareas of health and education
- SNA30 – Broadening the asset boundary to include other intellectual property assets – should be – could be linked to SNA40 (see below)
- SNA40 – Digital economy – separate out and prioritize the valuation and role of data, split off valuation of digital services, and broadening of the asset boundary to include consumer durables
- SNA43 – Reflecting wellbeing in the accounts – could be split into ‘household production’ and ‘wellbeing indicators’

- BOP10 – Merchanting and factoryless producers – should be prioritised by sub-items
- SNA41– Globalization – references could be added to quality adjustment and improvements to purchasing power parities

Question 4 - Do you agree with the way that items have been allocated to priority area/other?

There were only two elaborated responses:

- SNA8 – the treatment of establishments in the SNA – could be combined with SNA2 – Consolidation of enterprise groups
- SNA4 – Final consumption of corporations – could be combined with SNA30 – broadening the fixed asset boundary to include other intellectual property products
- Elements of SNA22 – recognition of social security entitlements as liabilities - could be combined with SNA37 – Distributional aspects

One respondent posed the following issues (summarised here):

- These could be classified into which expand the key production, consumption, asset or income boundaries identified by the SNA, and which have broad country implications impacting international comparability, and which not.
- Communication of any changes/revisions will eventually have to be made to users, and revisions distinguished (for example) if they due to an enhanced view of the production boundary or a refined and improved method.

Question 5 – Within the "Other" category do you agree with the sub-division of the items?

There were some general answers, for example that the category could be further tidied up, and that the grouping should follow an SNA grouping (accounting rules; units...).

One respondent indicated that the SNA9 (the inclusion of international organisations in the SNA), BOP9 (Sectoral classifications of international organizations) and GFS1 (Delineation of public financial corporations from general government units) would fit better under the “Statistical Units” sub-heading

One respondent thinks there should not be an ‘other’ category, since this other category gives the perception that these issues are not important, but rather a classification system based on the key concepts within the framework - wealth, income, production, consumption, units, ownership. The potential impact (high, medium, low) could also be mentioned and whether the proposed research is related to concepts or whether it relates to measurement methods.

Question 6 - Within the priority areas (globalization, digitalization, economic wellbeing and sustainability) are there particular issues which you consider to be of higher importance than the others?

The following table tallies up the items mentioned by respondents:

a) Globalization

<i>Number</i>	<i>Description</i>	<i>Mentions</i>
BOP18	Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	3
BOP10	Merchanting and factoryless production	3
BOP13	Treatment of charges for use of intellectual property	3
SNA2	Consolidation of enterprise groups	4
TI1	Cross-border e-commerce statistics	1
TI2	Cross-border informal trade	2
SNA41	Globalization	6
BOP6	Compilation of data on SPEs in ESS	2
BOP20	Direct investment	2
BOP25	Nationality concept / Extension of IIP on a nationality basis	1
SNA30	Broadening the fixed asset boundary to include other intellectual property assets	4

One respondent mentioned suggested additional items as priorities. One respondent mentioned multiple issues under the same prioritization, and these are not included here.

b) Digitalization

<i>Number</i>	<i>Description</i>	<i>Mentions</i>
BOP1	Treatment of digital economy in ESS	3
TI1	Cross-border e-commerce statistics	6
TI2	Digital trade on ICT enabled services and platform intermediaries	5
SNA40	Digital economy	8
SNA45	Cryptocurrencies	5
BOP6	Compilation of data on SPEs	1

One respondent mentioned suggested additional items as priorities.

c) Economic wellbeing / Sustainability

<i>Number</i>	<i>Description</i>	<i>Mentions</i>
SNA37	Distributional aspects	6
SNA35	Valuation of natural resources	6
SEEA2	Depletion of natural biological resources	1
SEEA5	Ecosystem services	2
SEEA1	Development of consistent valuation techniques	2
SNA43	Reflecting wellbeing in SNA measures	6
BOP27	From “economic” external accounts to “international statistics supporting the analysis of welfare”	1

One respondent mentioned suggested additional items as priorities. One respondent mentioned 'human capital explicitly.

One respondent noted the importance of a review of user demands, and mentioned that is hard to prioritize where there is overlap between issues.

Question 7 – Within the "Other" category, are there particular issues which you consider to be of higher importance?

There was a very broad range of issues identified (see pages 25-26 below for the full list). Those issues mentioned repetitively included:

- Statistical Units
- Relationship to the IASB
- Leases/leasing
- Income (reinvested earnings, clarification, from assets)
- Harmonization of SNA and BOP

4. Next Steps

The work of the TF, and conclusions of the AEG, will be reported to the UNSC in March 2019, as part of the ISWGNA's annual report, together with an invitation to endorse the continuation of the work along the planned lines.

Depending on the results of the AEG discussion, the ISWGNA will discuss the preparation of a written consultation on the SNA research topics, to collect the views of national accountants and others beyond the AEG. The ISWGNA Management Group has anyway indicated that it would like enhanced user consultation to be undertaken during 2019.

A key issue for discussion will be the mechanism to take forward concrete development of guidance in the three priority areas. It has previously been suggested that small groups of AEG members could volunteer for each priority, with a view to develop 'guidance notes' which could then be subject to wide consultation amongst statisticians and users.

Annex 1 - ISWGNA Task Force on Research Agenda – Questionnaire with responses included

Task Force members have received lists of current research agenda items for the SNA, BPM, GFS, TI and SEEA, together with an overview document which provides a suggested grouping of these items into the three priority areas (globalization, digitalization, economic wellbeing and sustainability) and others.

In order to prepare for discussion at the Advisory Expert Group (AEG) meeting, Task Force members are invited to respond to the following questions by **16 October 2018** to smith33@un.org and john.verrinder@ec.europa.eu .

RESPONDENT'S NAME:

Question 1 – **Are there any listed research agenda items which you think should be removed? [Please refer to their identifying code (e.g. SNAx) and explain why they should be removed]**

From our point of view

SNA 4 Final consumption of corporations,

SNA 5 Measuring the output of government services

SNA 22.2 Accounting for pensions should be removed. We cannot see the need to reopen these issues.

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There are that should be either removed or joined up with another or expressed differently:

- Should we have item only in one category? TI1 appears in Section 1 and 2 – albeit the issue cannot be ignored.
- Section 1
 - Do we need SNA41 or BOP26?
- Section 2
 - Do we need SNA40 and BOP1?
 - Merge SNA 45 and BOP7?
- Section 4
 - Relations to accounting
 - Merge SNA24 and GFS9
 - Financial services
 - Merge SNA13 and BOP8
 - Merge SNA 16 and BOP2
 - Merge SNA36 and BOP 16
 - Financial instruments
 - Merge SNA25, BOP22 and GFS10
 - Permits, leases and licences
 - Merge SNA28 and BOP 23
 - Merge SNA29 and GFS11

- Merge SNA33, GFS7 and BOP15
- Merge SNA44 and GFS6
- Pensions
 - Merge SNA22 and GFS8
- Other
 - General tidy up and some allocation.

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No

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No. However, it is such a long list (and even the “priority” list) is there some criteria around what we can achieve and within certain timeframes (eg 12 months)

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- *SNA9—The issue is not of interest to a wide cross-section of users.*
- *SNA17—High inflation. The issue has not garnered much interest among compilers and users since the release of the 2008 SNA.*
- *SNA39—This is not a research issue and, as indicated in the note, is more a measurement issue. The systems are expected to be harmonized; therefore, many of the inconsistencies should be addressed through the data collection and compilation process. Remaining clarifications may be addressed through the SNA and BOP manual updates.*

The research agenda is very broad and ambitious. Therefore, there is a need to finetune the agenda to focus on the key issues that may have relatively major implications for the accounts and are of interest to a wide cross-section of countries.

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Very likely, because the issues need to be reviewed and grouped logically. There are too many now to come with distinct proposals. I would suggest to review all the issues and cross tabulate against sections in the manuals that would be affected by the issue.

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Rather than removing, some items could be consolidated. We would suggest adding a column “status” indicating if the topic is for new theoretical guidance, revision of existing guidance, measurement issue, implementation issue etc. After this, it may be easier to decide if to close certain item(s).

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This response reflects the priorities of issues as set by my colleagues at XXXX and myself based on the conceived importance of issues from the perspective of a country like XXXX. It might well be, or it is even likely, that other respondents from other parts of the world have different priorities.

SNA2: We certainly agree on the (increasing) need of (FDI, FATS) statistics on enterprise ownership relationships. However, we doubt the usefulness of National accounts statistics based on the enterprise group as an accounting unit. We give much higher priority to SNA8.

SNA3: The (lack of) definition of trusts is not a big issue in XXXX. However, the unclear residency status of certain SPEs is indeed an important issue (see Q2).

SNA4: We doubt the analytical usefulness of this new concept.

SNA5: I am a bit confused about the intention of this item. We are in favour of adding a rate of return to capital to government output. We support putting this issue back on the research agenda. With regard to volume measurement of government output, we wonder if there is sufficient new thinking on this topic that could lead the promising discussion outcomes.

SNA11: We are not aware this topic is a concern to our users.

SNA17: At the moment low inflation (and negative real interest) is of greater concern to us than high inflation.

SNA19: The question on financial resource inputs has not been addressed in XXXX (as far as we know). We would argue the FISIM element in the KLEMS framework represents the larger part of this input.

SNA21: A lot has been done already, the wording of this item is not very specific.

SNA28: Many years ago, this issue was discussed (London Group, Eurostat/OECD taskforce) in debt and with great passion. We hardly reached agreement, Nadim Ahmad mentioned at the time this was his toughest national accounts debate ever. I am not looking forward to continuing an inconclusive debate.

SNA30: Human capital is a very useful context in the context of satellite accounting. It is a step too far (too complicated, too many loose ends) for introduction in the core accounts.

SNA36: As far as we know, Islamic finance is not a substantive issue in XXXX.

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- I want to begin by saying that I am not certain these should be removed but we should consider the appropriate scope and priority of the research. Each item draws considerable attention these days but for different reasons. Well-being measures (SNA43, BOP27) are increasingly at the forefront in part because of the disruption of the digital economy. It seems worthy that the Research Agenda address where the framework could be extended in such a way that measures of well-being can be prepared in a manner consistent with the

SNA framework but not necessarily to redefine the production boundary. Cryptocurrencies (SNA45, BOP7) create quite a bit of speculation about their possible disruptive capability but it seems a bit premature to invest heavily on research in this area. More details are below.

- SNA43, BOP27 – An inclusion of these items creates a bit of a distraction in the SNA and BOP research agendas. The historic traditional core objective of economic accounts is the provision of measures of economic performance and economic well-being, which is fairly well satisfied under the current frameworks. A discussion of other measures of performance and well-being under other frameworks is important but should not be a priority for the groups working on the SNA and BOP research agendas—the discussion beyond economic well-being should be taken up by other interested groups.
- SNA45, BOP7 – The description for these items implies they are included because of a rapid rise in the use of cryptocurrencies in transactions. However, cryptocurrencies are volatile speculative instruments that generally do not satisfy the three functions of currency: medium of exchange, unit of account, and store of value. In addition, the blockchain technology that underlies cryptocurrencies has potential for other uses such as smart contracts, but the technology is currently too cumbersome and slow to make cryptocurrencies a feasible alternative to traditional currency. For these reasons, a trivial amount of transactions are currently settled with cryptocurrencies. If there are other reasons besides a “rapid rise” to leave cryptocurrencies on the agenda, then those should be considered as well.

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The list is very comprehensive. All the issues require discussion and further development. It is not so much that issue need to be removed – rather they need to be categorized and prioritized. This categorization and prioritization should consider the impact the issue has on ensuring a comprehensive measure of the economy and economic growth as well as our ability to maintain international comparability.

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No perhaps SNA 3 and SNA 36 could be removed

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No

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n/a

Question 2 – Are there any new items which should be added to the research agenda?
[Please describe the item, and specify for each which area of the research agenda (SNA/BOP/GFS/TI/SEEA) and priority area/other you think it relates to]

SNA 15: The debtor principle should be revisited with view to public debt managers trading heavily on secondary markets (see <https://ec.europa.eu/eurostat/documents/1015035/8683865/Advice-2018-DE-Treatment-of-repurchase-and-subseq-resale-transactions-of-Fed-Bonds-rev.pdf/b7b68d46-c826-4fcc-8d0a-15adab45f9b4>) and <https://ec.europa.eu/eurostat/documents/1015035/8683865/Advice-2018-DE-Ann1-Recording-of-interest-treatment-of-premiums-and-discounts2.pdf/ae8ff1e0-accf-4a42-883e-4b72bb9d193a>).

SNA 33: EPCs and their relationship to PPPs should be reviewed. In particular the issue of partitioning of assets deserves further research (see also the CMFB consultation from October 2018 on this issue).

GFS 1/GFS 2: Operational rules regarding public developments (rerouting, sector classification) should be developed.

SNA 44/BOP 18: Leasing and the issue of control to be analysed; also with view to new/upcoming international accounting standards).

Clarify Definition and treatment of self-employed and employees (labour inputs and sector accounts), also in the context of SNA 40 Digital Economy.

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- Contingent liabilities?
- Infra-structure, business register, classifications (functional, FGPs, etc.), data sources, etc. – use of IES and GSBPM.
- Treatment and valuation of data as an asset?

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No (the list is complete enough).

I would propose an item on sub-national (regional) SNA measurement which is of high interest for some countries, if there were no Canadian or Australian (for example) experience. Thus it is mostly the question of how to implement it from the technical point of view.

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No

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No

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Yes

SNA/BOP glob	Introduction of Functional Classifications in the financial accounts
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SNA/BOP glob	Structure of the core accounts (sector accounts). Level of granularity required.
SNA/BOP glob	Corporate restructuring: Transactions vs. Reclassification of corporates and asset categories across borders
SNA/BOP glob	SPE's and residence of ownership
SNA/BOP glob	Captive Financial Institutions and Institutional Unit Status
SNA/BOP glob	Net versus gross concepts in main aggregates
SNA	Separate chapter on from whom to whom matrices and counterpart debtor and counterpart transactor basis
SNA	Clarify links between IPP valuation and depreciation.
SNA DIGIT	What are the implications of Additive manufacturing (e.g. 3D printing/3DP/CNC etc) <ul style="list-style-type: none"> - Shortening GVC's - Reducing inventories - Reducing trade in final products and intermediaries
SNA/BOP	Borderline Income and holding gains: <ul style="list-style-type: none"> - Output of securities dealers, increase use of electronic platforms require clearer guidance (re BPM6 17.233-235 and SNA17.230) - Issue on debtor and creditor approach (SNA15) - Interest on financial derivatives. Re: changes in values of Derivatives contracts include a time discount element. (Black Scholes model for option pricing)
SNA/BOP	Review of realised holding gains in securities. Currently these are included in transactions realised holding gains are conceptually more similar to income. Compilers have abandoned the idea of collecting transaction data, separate collection of the realised holding gains is required..
GFS	Contingent income financial instruments that do not match the definition of loans as defined in ESA5.113
GFS	Recording of collaterals. Different recording of cash collateral and collateral based on bonds, and their impact on "Maastricht debt" creates issues.
SNA/BOP/GFS	Economic Ownership of assets: risk/rewards criteria and control of the assets Splitting institutional units
SNA/BOP/GFS	Treatment of entitlements: asset boundary and their impact on the ownership of economic assets (guarantees, indemnities, purchasing rights and total return swaps etc.)
SNA/BOP/GFS	Harmonisation and clearer specification of institutional unit criteria (independent of the location of the entity with respect to its parent). Clarification of the autonomy of decision criterion and institutional unit consolidation rules. Autonomy of decision, delegated decision making (e.g. trusts)
SNA/BOP/GFS	Clarification of independent and dependent captive financial institutions
SNA/BOP/GFS	Treatment of subscription rights and share buybacks when 'gift/discounts' are provided: possible recording as a non-financial transaction entry

SNA/BOP/GFS	Delineation between the financial corporations sector and the government sector: clarification of financial intermediation as principal activity
SNA/BOP/GFS	Classification according to principal activity of group enterprises engaged in pass through financing
SNA/BOP/GFS	Delineation within the financial corporations sector between S125 and S127
SNA	Treatment of SPE's in multi-jurisdictional economic territories, direct resident ownership. The issue is not being addressed in the BOP.
SNA/Wellbeing	Review the recommendations of the Stiglitz report and its implications for the SNA.

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1. Economic ownership within MNEs - this is also item SNA 41.3
2. Reflecting sustainability in national accounts:
 - Development of methods for measuring human capital
 - Measuring social capital

In the context of measuring sustainable development there is an increased push that, along with economic capital, frameworks should be developed to measure environmental, social and human capital. The Guide on Measuring Human Capital provides a such a framework consistent with national accounts concepts. There are through several conceptual and measurement challenges to be addressed. The two approaches for estimating the value of human capital – the cost-based approach and the lifetime income approach, provide substantially different results. Research into the reasons and analysing the components that explain this difference is needed. Further work should also cover the role of health and the estimation of non-economic returns to human capital. Work on developing conceptual framework of estimating social capital could be also foreseen in the long-term research agenda.

3. Use of statistical units – much of this is now on the SNA research agenda, but one more general item is needed to reflect on the units that should (or could) be used for the different accounts to produce meaningful data sets. The impact of globalization, the link to IAS and other statistics domains should be considered. All of these issues are currently on the agenda of the ISWGNA on Statistical Units.

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1. (SNA/BOP) **CIF/FOB** recording of imports and exports of goods has become infeasible. A description of the issue can be found in the paper for the 11th AEG meeting in New York and also a paper of Jens Walter:
https://unstats.un.org/unsd/nationalaccount/aeg/2017/M11_9_2_CIF_FOB_Recording.pdf
https://www.bis.org/ifc/events/wsc_isi/sts001_walter_paper.pdf

2. (SNA) **NGP and NNI**; Due to globalisation (cf. the Irish case) and the continuing expansion of the SNA fixed asset class, gross NA aggregates become increasingly meaningless. Net measures are well-defined in the SNA, although (yet?) NDP in volume growth terms requires perhaps further clarification. The question is what can be done to increase the significance and use of net aggregates. Under this issue we may want to deal with communication strategies, enhanced guidance within the SNA framework on capital measurement, the conceptual underpinning of NDP Growth rates etc.?
3. (SNA/BOP[related to BOP13]/GFS) **Recording of rent**; the charge of using non-produced non-financial assets, owned by others, is in the 2008 SNA defined as property income (7.153). The ESA 2010 (3.173-l) seems to classify, at least the charges on intangible non-produced assets, as (import/export of) services. Guidance in the BPM6 is less blunt (10.140) but nevertheless hints in the same direction. A consistent picture on the recording of rent is very welcome.
4. The **residency principle in respect of SPE's** (trusts?) requires further clarification. The ESA 2010 (2.07) explains that "In absence of any physical dimension to an enterprise, its residence is determined according to the economic territory under whose laws the enterprise is incorporated and registered." But it is not necessarily so that SPE's fall under tax laws of the registered country. Also their (brass plate) address may be elsewhere. I strict application of the ESA rule would be assigning capital income to the GDP of countries that are besides registration for tax planning purposes not at all the centre of predominant economic interest (2.19). This 2008 SNA paragraph also explains that residency is not bound by legal criteria. This seems to contrast ESA guidance. As a consequences of insufficient guidance large flows of IP capital income will not be assigned to any GDP at all.
<https://ec.europa.eu/eurostat/documents/3217494/9042238/KS-GP-18-001-EN-N.pdf/6964aace-99de-4558-a2ba-30f3a7b1bc3f>
 This issue could be headed under the overall umbrella of globalisation (SNA41) and is related to (BOP25).
5. **Capitalisation of freely shared knowledge** as recommended in the 2008 SNA should be reconsidered before starting a discussion on broadening the fixed asset class (SNA30).

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- SNA30, SNA40, SNA41: Inclusion of open source software in the asset boundary. The SNA asset boundary includes three types of software: pre-packaged, custom, and own account. Open source software may be a type of own-account software, but it is non-rival and globally available. Thus, open source software lacks ownership and geographic location. In addition, it is not specifically mentioned in the SNA. Should own account software be included in the SNA asset boundary? If so, how should ownership and location be determined?
- SNA30, SNA40, BOP1: Treatment of data in national accounts and in cross-border flows. Data are becoming increasingly important in economic activity and business models, but

the scope of their inclusion is limited in the SNA and BPM. Data are currently treated as capital formation only if they are purchased as part of a database in a market transaction. Data are not treated as capital formation in the measurement of own-account databases. Thus, there is an inconsistency in the treatment of data in capital formation. In addition, there is currently no discussion of data as intermediate consumption, but they are an important input into productive activities such as artificial intelligence. Data also have features of both goods (storable) and services (intangible), which implies a third product category may be useful. Should data be treated as capital formation? How are data used in intermediate consumption? Should cross-border flows of data be recognized? How should data be valued?

- SNA5, SNA19: Return on government fixed assets. The SNA currently excludes a return on government fixed assets. From an economic perspective, the optimality conditions that apply to fixed assets in the private sector should also apply to fixed assets in the government sector if the government intends to pay its debt. If fiscal restraint has merit for the general health of an economy, a return on government fixed assets seems likely. Mathematically, if the price of a fixed asset reflects the discounted present value of future streams of income from the asset, a return of zero implies a government will pay more for the asset than is asked in the market. Is the return on government fixed assets zero? If not, what is an appropriate rate of return?

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As noted above the list is comprehensive. The examples related to widening the asset boundary to include more intellectual property products should include data as one of the examples.

--

SNA 34 - Should this item be extended to include cross border purchases of IPP (r&d related)?

BOP – Alignment of R&D Depreciation charges in calculations of Net operating Surplus and in calculating Reinvested Earnings of Corporations (differences between PIM and Company reported depreciation and its impact on Reinvested Earnings and Operating Surplus)
SNA14??

Should TI2 be under “Digitalization

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No

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SNA – Labour: Despite labour being one of the two factors of production within the SNA production model, and being a fundamental component of the economic system more generally, it is not currently articulated as an account within the System of National

Accounts. Unlike capital, there is no labour account to enable analysis of the stock, utilization, rates of return and so forth of labour within the production process. As the economy evolves (driven mainly by advances in technology) employment outcomes and the future of work have become an increasing concern of governments and societies. Changes in the arrangements of the production process (via globalization, digitalization etc.) have real world impacts on the nature and availability of work and jobs. In turn these changes in the labour market drive changes in incomes, living standards, and wellbeing for many citizens.

SNA – Depletion/degradation: Environmental degradation, and the link between environment and economy, are major concerns for many citizens and governments. It is vital that the SNA community continues to consider how the SNA can better inform these central policy concerns. The research agenda should consider extending the SNA boundary for environmental issues such as depletion.

Question 3 – Are there some items which you feel are so broad that they should be split into several (more specific) items?

[Please list items by identifying code and indicate the split items that you would propose]

Since “globalisation” is a very broad notion, the different aspects connected with it should be identified. In addition, the relationship between them should be reviewed.

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No – quite the opposite, merging, for example, within “other” further groupings could be done.

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No

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Yes.

SNA5. I think that we should break this down into sub-areas of Health, Education, because this seems to suggest that this issue is only considering policy related government output. Quality adjustment issues need to be considered. Is it time to move to towards the impact of outcomes for quality adjusted output.

SNA30. I am not sure whether this should be answered below and linked in with SNA40, digitalisation. Could we also change the title of SNA 40 to Digitisation of the economy.

SNA 40. The very last line in italics talks about the valuation and role of data. This is actually linked to the measure of databases and the ABS would like to see this as a priority. Not so much on the conceptual (is it in or out), but more around the practical guidance of valuation, beyond the sum of costs.

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- *Yes. SNA 40—This item may be split further into: (i) The valuation of digital services’ including free digital services; (ii) Broadening the SNA asset boundary to include consumer durables.*

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SNA41	These are general headers, the sections already provide additional detail.
BOP1	These are general headers, the sections already provide additional detail.
SNA40	These are general headers, the sections already provide additional detail.

--

SNA41. Globalization to be split in sub-items like in the SNA research agenda: 41.1. A typology of global production arrangements, 41.2. Industrial classification of factoryless goods producers and recording of their transactions, 41.3. Economic ownership - theory and practice, 41.4. New data sources needed to measure global production, 41.5. New methods to measure global production, 41.6. Price and volume measurement, 41.7. Analysing trade in value added amplifies the need of high quality statistics on global production

SNA 43. could be split into SNA 43.1 Household production and SNA 43.2 Wellbeing indicators

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No response

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- SNA40 – Priority areas need to be better identified from the emerging work on digital economy.
- SNA41 – The sub-items of SNA 41 should be prioritised separately. A suggestion for priorities is SNA41.3, SNA41.4, SNA41.5, and SNA41.6.
- BOP10 – The sub-items of BOP10 should be prioritised separately.
- SNA41.6, SNA42 – Can we add a reference to quality adjustment and improvements to purchasing power parity calculations?

--

It would be very beneficial if we developed a way to classify each of these issues beyond globalization, digital economy and well-being and sustainability. For example, is the issue a measurement issue where we need to develop new methods or is it a coverage issue where we need to expand core SNA boundaries. For many of these issues the answer may be both. We

also need to be guided by the impact of the potential change. While the issue may need to be addressed, if it will have little impact on our understanding of the economy we may decide that it is not a priority area requiring our attention at this time.

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No

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No the list is in general sufficiently detailed

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na

Question 4 – **Do you agree with the way that items have been allocated to priority area/other?**

[Please list items by identifying code and which priority area/other is suitable]

Yes.

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See (1)

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Yes

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No

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Yes

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No direct comment

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Yes

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No response

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- Could SNA8 be combined with SNA2 under the globalization priority?
- Could SNA4 be combined with SNA30 under the other priority? SNA4 seems a low priority.
- SNA22.1 seems better suited under the economic well-being priority—maybe include SNA22.1 with SNA37?

--

As I mentioned above, I think we can also add additional classifications to these issues. We could think about these in terms of which ones expanding the key production, consumption, asset or income boundaries identified by the SNA. Which of the issues have broad country implications impacting international comparability and which issues are more localized? At some point we will need to communicate any changes we make to our users. We need to ask ourselves what we will want to communicate about the revisions. Are the revisions due to an enhanced view of the production boundary or a refined and improved method? For example, the broadening of the asset boundary to include other intangible goods is not just an issue related to globalization. It really touches on our concept of the asset boundary and what are those capital goods used to produce goods and services. It is also an issue that would have a major impact on cross country comparisons of our key economic indicators.

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yes

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Yes

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n/a

Question 5 – Within the "Other" category do you agree with the sub-division of the items?

[Please list items by identifying code and which sub-division is suitable]

Yes broadly.

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Content with the “bold” sub-headings. Further, tidy as suggested in (1).

--

Yes

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There's not a simple answer to this, as there is lot of crossover between the 3. For example, household production boundary and digitalisation are linked. My question is if the production doesn't make it to market then should it be included. Loads of analogies here, e.g. failed crops, a book written but not published.

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Yes. Efforts should be made to further classify the items in the "'Other'—'Other'" category. The TF may also consider an alternative grouping structure consistent with the 2008 SNA: Accounting rules; units and sectors/sectoring; financial instruments; non-financial transactions and assets.

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No direct comment

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Yes

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No response

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- SNA9, BOP9, and GFS1 seem to fit better under "Other, Statistical Units".

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My comments above apply to this question above. I also think we should not have an 'other' category. The other category gives the perception that these issues are not important. I would like to see some sort of classification system that has categories related to wealth, income, production, consumption, units, ownership – the key concepts within the framework. For example, you could take each issue and classify it by subject (as we are currently doing) but also indicate the potential impact (high, medium, low) and whether the proposed research is related to concepts or whether it relates to our measurement methods. This would also serve to develop a common international language around revisions – something that is currently lacking at the moment.

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Yes

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Yes

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n/a

Question 6 – Within the priority areas (globalization, digitalization, economic wellbeing and sustainability) are there particular issues which you consider to be of higher importance than the others?

[Please specify the identifying codes in the table below; maximum of 4 per priority]

Globalization	BOP 18	BOP 10	BOP 13	SNA 2
Digitalization	BOP1	TI1	TI2	SNA40
Economic wellbeing/sustainability	SNA37	SNA35	SEEA2	SEEA5

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Globalization	TI1	BOP18	SNA41	SNA2
Digitalization	SNA40	T12	SNA45	
Economic wellbeing/sustainability	SNA37	SEEA1		

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Globalization	SNA41 (41.4, 41.5) / BOP10	SNA41 (41.1, 41.2)	SNA2	BOP6
Digitalization	SNA40	BOP1	TI1	TI2
Economic wellbeing/sustainability	SNA43(43.2)	SNA43 (43.1)	SNA35	SEEA1

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Yes IPP and household production, which is not really covered. Valuation of data / databases

Globalization	XX	XX	XX	XX
Digitalization	XX	XX	XX	XX
Economic wellbeing/sustainability	XX	XX	XX	XX

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<i>Globalization</i>	<i>SNA 41</i>	<i>BOP 13</i>		
<i>Digitalization</i>	<i>SNA 40</i>	<i>SNA 45</i>		
<i>Economic wellbeing/sustainability</i>	<i>SNA 37</i>	<i>SNA 43</i>	<i>SNA 35</i>	

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Globalization	BOP6	BOP20	See additions list ECB Corporate restructuring	See additions list XXX Structure of (core) accounts
Digitalization	SNA45,BOP6	TI1		See additions list XXX Structure of (core) accounts
Economic wellbeing/sustainability	SNA35	SNA37	SNA43,BOP27	See additions list XXX Structure of (core) accounts

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Globalization	SNA41.3.	SNA41.1.	SNA41.5.	SNA 41.6
Digitalization	TI1	SNA45		
Economic wellbeing/sustainability	SNA43	2. Human capital		

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As a general principle, we give highest priority to those issues addressing the credibility of national accounts statistics and GDP in the eyes of the users. So we think strengthening the national accounting guidelines with respect to globalization is crucial. More generally, a review of user demands is something to consider.

The current list is quite heterogeneous in terms of combining really big issues (SNA10, 41) with much smaller ones (SNA6, 18). Priority setting and sound presentation of the revision list seems important.

Regarding a research agenda we would like to plea for a good balance between (a) conceptual soundness and (b) feasibility from the measurement point of view.

Finally, the SNA/BOP/GFS/SEEA list is not mutually exclusive (contains overlap) so is therefore hard to prioritize. Also, some are very generic or a bundle of issues (BOP26/SNA41) while others are quite specific.

Globalization	SNA41	BOP6 (also the residency issues)	BOP25	BOP10
Digitalization	SNA40: specifically so-called 'free' services and platform economy			
Economic wellbeing/sustainability	SNA43: extensions of the accounts of household (including inequality measures)	SNA35	SEEA2	SEEA5

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Globalization	SNA41.3- SNA41.6: Economic Ownership, New Data Sources, New Methods, Prices and Volumes	SNA30: Expanded Scope of IPPs in the Asset Boundary	SNA2, SNA8, BOP10, TI4: Consolidation of Enterprises, Treatment of Establishments, Merchanting and Factoryless Producers	BOP6, BOP25: Special Purpose Entities, Nationality Concept
Digitalization	BOP1: Digital Products and Transactions	SNA40: E-Commerce and Digital Media, Prices and Volumes	TI1, TI2: Cross-Border E-Commerce, Digital Trade	
Economic wellbeing/sustainability	SNA37	SNA35	SEEA1	

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lobalization	SNA30	TI2	BOP20	BOP13
Digitalization	SNA40	SNA45	TI2	TI1

Economic wellbeing/sustainability	SNA35	'SNA37	SEEA5	SNA43
Other	INCOME	SNA22	SNA30	

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Globalization	SNA30	SNA2	XX	XX
Digitalization	SNA40	XX	XX	XX
Economic wellbeing/sustainability	SNA35	XX	XX	XX

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Globalization	SNA2	BOP18	T12	BOP10
Digitalization	XX	XX	XX	XX
Economic wellbeing/sustainability	SNA37	SNA43	XX	XX

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Na

Question 7 – Within the "Other" category, are there particular issues which you consider to be of higher importance?

[Please specify the identifying codes; maximum of 6]

Statistical Units (SNA 2, SNA3, SNA 8),

Relationship SNA to IASB (SNA1),

Public-Private Partnerships (SNA33 / GFS7).

Leasing (SNA44 / GFS6.

Harmonisation SNA and BOP (SNA39).

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Statistical units

Asset boundary

Permits, leases and licences

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Other:

1. SNA8 "The treatment of establishments in the SNA"
2. SNA10/SNA14 Clarification of the income concept in the SNA"; "Reinvested earnings"
3. SNA11/SNA12 "GDP at basic prices"; "The role of taxes in the SNA"
4. SNA19 "Income arising from assets"
5. SNA29/GFS11 "Leases to use or exploit natural resources"
6. SEEA4 "Fossil fuel subsidies by industry as part of climate statistics"

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Price and volume measures for digitalisation, and globalisation (Which sort of covers, international trade as well)

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Yes. SNA 1; SNA 19; SNA 20; SNA 44.

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- Statistical units, including underpinning of autonomy of decision criteria (SNA2,3,8)
- BOP/ROW (SNA39)
- Relations to accounting SNA1
- Functional asset classification in SNA, foreign direct investment (ECB)
- Income : reinvested earnings, dividends and super-dividends

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Statistical units including SNA 2, 3 and 8

SNA 10/14 The income concept

SNA1 The relationship of SNA and IASB

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SNA8, SNA33, SNA30 and SNA39.

A general remark; we very much welcome further guidance on how to use the suite of accounting standards (SNA, SEEA, Satellites) in SDI, Beyond GDP, well-being types of

indicator sets. Perhaps this is beyond the realm of the SNA but in XXXX and elsewhere a lot of statistical work is being done driven by policy demand.

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SNA1: SNA and IFRS

SNA10, SNA14, BOP12: Clarification of Income, Reinvested Earnings

SNA13, SNA16, SNA21, SNA22.2, BOP2, BOP8: FISIM, Financial Crisis, Insurance Services, Pensions

SNA20, BOP14, TI3: Informal Sector

SNA33, BOP15, GFS7: Public-Private Partnerships

SNA44: Leasing

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na

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Answer SNA 16, SNA13, SNA30, SNA7, SNA6

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1. SNA 10/14 Clarification of the Income concept in SNA
2. SNA30 Broadening of fixed asset boundary – This point is in 2 places
3. Treatment of IASB and SNA
4. SNA18 Measurement of neutral and real holding gains
5. Sna 34 in line with earlier comments (question 2)
6. BOP 8 Insurance services

Annex 2 - Overview of Research Agenda items

Note: The recent document presented at a side meeting of the UNSC (authored by Brent Moulton) – with links to many existing materials – is a useful background document when analysing the research agenda:
https://unstats.un.org/Unsd/nationalaccount/docs/SNA_Since_2008.pdf

The following tables are a first attempt to group the points from individual research agendas into the three priority areas and an 'other' category. Their order is not intended to imply a prioritization within these categories. Some points may appear more than once if they cross categories.

The references are established as follows, consistent with the documents annexed:

SNA: SNA research agenda

BOP: Balance of Payments (BPM) research agenda

GFS: Government Finance Statistics research agenda

SEEA: System of Environmental Economic Accounts (SEEA) research agenda

TI: Trade and industry issues

1. Globalization

Reference	Title
SNA2	Consolidation of enterprise groups
SNA30	Broadening the fixed asset boundary to include other intellectual property assets
SNA41	Globalization
BOP6	Compilation of data on special purpose entities (SPE) in ESS
BOP10	Merchanting and Factoryless producers
BOP13	Treatment of charges for the use of intellectual property
BOP18	Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts
BOP19	Merchanting services
BOP20	Direct Investment
BOP24	Goods and services account by (trading) enterprise characteristics
BOP25	Nationality concept / Extension of IIP on a nationality basis
BOP26	Measuring economic globalization
TI1	Cross-border e-commerce statistics
TI2	Digital trade on ICT enabled services and platform intermediaries
TI4	Other specific trade in services transactions

2. Digitalization

Reference	Title
SNA40	Digital economy

BOP1	Treatment of digital economy in ESS
SNA45	Cryptocurrencies
BOP7	Recording of cryptocurrencies in external sector statistics
TI1	Cross-border e-commerce statistics
TI2	Digital trade on ICT enabled services and platform intermediaries

3. Economic wellbeing and sustainability

Reference	Title
SNA35	Valuation of natural resources
SNA37	Distributional aspects
SNA43	Reflecting wellbeing in SNA measures
BOP27	From “economic” external accounts”, to “international statistics supporting the analysis of Welfare”
BOP28	Measuring progress towards the Sustainable Development Goals (SDG) targets
SEEA1	Development of consistent valuation techniques
SEEA2	Depletion of natural biological resources
SEEA3	Losses
SEEA5	Ecosystem services

4. Other

Reference	Title
Statistical units	
SNA2	Consolidation of enterprise groups
SNA3	Trusts
SNA8	The treatment of establishments in the SNA
Asset boundary	
SNA30	Broadening the fixed asset boundary to include other intellectual property assets
SNA32	Distinction between current maintenance and capital repairs
Relations to accounting	
SNA1	The relationship of SNA and IASB
SNA9	The inclusion of international organizations in the SNA
SNA24	Provisions
GFS9	Provisions
Financial services	
SNA13	Life insurance
SNA16	Calculation of FISIM
SNA36	Islamic finance
BOP2	FISIM
BOP8	Insurance services
BOP16	Islamic finance
Financial instruments	

SNA15	Accruing interest in the SNA
SNA23	Wider use of fair value for loans
SNA25	Debt concessionality
SNA26	Equity valuation and its implications
SNA27	Reverse transactions
BOP3	Treatment of letter of credit
BOP4	Treatment of currency swap agreements between central banks
BOP5	Classification of reserve position in the IMF
BOP21	Valuation of loans (fair value)
BOP22	Debt concessionality
GFS10	Debt concessionality
Permits, leases and licences	
SNA28	Tradable emission permits
BOP23	Emission permits
SNA29	Leases to use or exploit natural resources
GFS11	Leases to use or exploit natural resources
SNA33	Treatment of Private-Public Partnerships
GFS7	Treatment of Public-Private Partnerships
BOP15	Public-private partnership (PPP) investment
SNA44	Leasing
GFS6	Leases
Income	
SNA10/SNA14	Clarification of the income concept in the SNA; Reinvested earnings
BOP11	Dividends and superdividends
BOP12	Investment income; Reinvested earnings of investment funds
SNA19	Income arising from assets
SNA20	Income arising from activities undertaken on an informal basis
BOP17	Treatment of income on other equities (IOs capital)
Pensions	
SNA22	Recognition of social security entitlements as liabilities
GFS8	Recognizing social security entitlements as liabilities
GFS4	Discount rates used in calculating pension and social security entitlements
Other	
SNA4	Final consumption of corporations
SNA5	Measuring the output of government services
SNA6	The treatment of social transfers in kind to the rest of the world
SNA7	Output of central banks: taxes and subsidies on interest rates applied by central banks
SNA11/SNA12	GDP at basic prices; The role of taxes in the SNA
SNA17	High inflation
SNA18	The measurement of neutral and real holding gains and losses
SNA31	Costs of ownership transfer of valuables and non-produced assets
SNA34	Transfer of ownership of an asset during its life
SNA39	Harmonization of SNA and BOP
BOP9	Sectoral classification of international organizations

GFS1	Delineation of public financial corporations from general government units
GFS2	Application of rerouting
GFS3	Terminal costs
GFS5	Equity of government units
SEEA4	Fossil fuel subsidies by industry as part of climate statistics
SNA45	Cryptocurrencies
TI2	Cross-border informal trade