

Twelfth Meeting of the Advisory Expert Group on National Accounts
27-29 November 2018, Luxembourg
CONCLUSIONS

The Advisory Expert Group on National Accounts:

1. Expressed its appreciation for the work done by the task forces, committees, working groups and expert groups and authors of the issues papers, which allows for a better understanding of the various topics for discussion.
2. Requested that the conclusions of the 12th meeting of the AEG be communicated directly to the Chairs of the various task forces, committees, working groups and expert groups related to macroeconomic accounts and economic statistics by the Chair of the ISWGNA.

I. Report of the ISWGNA Task Force on SNA Research Agenda

3. Reconfirmed the three priority areas for the research agenda: *globalisation*, *digitalisation* and *well-being and sustainability* but recognised that outside the scope of these three topical areas ‘other’ priority issues should also be considered, such as the relation between external sector statistics and the SNA, relations with business statistics and business accounting standards, leasing and statistical units.
4. Recognised that within the three priority areas there are specific issues that need to be addressed, which should be prioritised according to their relevance, urgency and potential impact; and preliminarily identified the following specific issues to address first:
 - a. under *globalisation*: economic ownership and recording of intellectual property products, treatment of multinational enterprises and special purpose entities, intra MNE flows, CIF-FOB valuation of imports/exports, identifying economic presence and residency;
 - b. under *digitalisation*: framework for a satellite account on the digital economy, valuation of free assets and free services, recording of data in the national accounts, cryptocurrencies.
 - c. under *economic wellbeing and sustainability*: unpaid household work, distribution of household income, expenditure and wealth, and environmental-economic accounting.
5. Agreed that the specific issues should be grouped into a limited number of work streams under each of the priority areas; to develop guidance notes for each (group of) specific issue(s); that preferably an AEG member take the lead on working on the specific issues, while the ISWGNA provides support to each work stream and ensures buy-in from all stakeholders.
6. Considered that within the prioritised areas, a distinction would be kept between guidance aiming at clarifying the application of current standards and guidance implying changes to the current methodological framework. Guidance would need to be tested with a comprehensive view as to the impact on the full set of accounts.

7. Recommended that guidance would be accompanied by practical empirical work to ensure its feasibility.
8. Agreed that the Task Force on the SNA Research Agenda should develop a general template for the guidance notes to ensure that all aspects of the full sequence of accounts are addressed; in particular, the guidance notes should clearly identify issues affecting the central system, versus those that would go into supplementary tables or satellite accounts. The guidance notes should also assess implications for a possible SNA update and the opportunities for harmonisation with other domains. They should not only look at the conceptual implications, but also address the feasibility of implementing the proposed conceptual solutions.
9. Stressed the importance of establishing coordination mechanisms between national accountants and experts from other domains, such as balance of payments, government finance statistics, price statistics and business statistics, and requested the ISWGNA to initiate the coordination. The coordination between the NA and BOP research agenda's was considered of particular importance.
10. Highlighted the importance of involving users in the discussion to assess in advance their reactions to the guidance notes and proposed revisions and the need to reflect on the appropriate resource implications and timing and requested that the ISWGNA to initiate a user consultation.

II. Globalization

Economic ownership and intellectual property products (IPPs)

11. Recognized that resolving the allocation of economic ownership of IPPs should be treated with high priority.
12. Considered the “supranational” approach as not viable to allocate economic ownership of IPPs and preferred to explore the possible allocation of economic ownership to the “head office” or the “producer”, although both may require considerable imputations.
13. Noted the importance of distinguishing the asset and service aspects of IPPs when affiliated and non-affiliated units are involved.

Globalization-related granularity in the institutional sector accounts

14. Agreed that the proposed framework, which aims at addressing questions related to breakdowns by sectors, foreign direct investment, global value chains, new indicators, and the expansion of supply and use tables, is a useful contribution and agreed to include the issue of more detailed breakdowns in the research agenda.

Data exchange, sharing and Large Cases Units (LCU) network

15. Supported the ongoing work on data sharing and Large Cases Units as highly relevant for the discussion on globalization; stressed that data sharing is essential to reconcile data across countries; expressed the need for a worldwide statistical network on multinational enterprises to address data asymmetries; and noted that while data sharing can raise confidentiality concerns, not sharing data can have negative effect on the quality of statistics.
16. Emphasized that effective and strategic communication is key for promoting data exchange and supported the organisation of a side event to the 2019 United Nations Statistical Commission on this topic.

Report of the BOPCOM Taskforce on Special Purpose Entities (SPEs)

17. Noted the recent discussion at the 2018 meeting of the IMF Committee on Balance of Payments Statistics on a definition and approach to data collection on SPEs and agreed that more conceptual work needs to be carried out on the recording of SPEs.

18. Agreed that the recording of “pass through” transactions, including the identification of entities (whether SPEs or other) which undertake significant pass through activities, and its possible impact on the residency principle of the SNA, need to be a priority in the research agenda.

Issue of asymmetries in trade and CIF/FOB valuation of imports and exports

19. Agreed that asymmetries in international trade and CIF/FOB valuation of imports and exports need further work and should be included in the research agenda as a priority issue to be resolved in cooperation with balance of payments statistics experts.

III. Digital economy

A proposal for a satellite framework on the digital economy

18. Welcomed the proposed satellite account framework on the digital economy; and supported the separate identification of digital products and industries.

19. Supported the development of various indicators within the framework, rather than proposing a single aggregate such as ‘digital GDP’.

20. Agreed that there is a need to clarify terminology such as digitalisation vs digital economy and emphasised the need to communicate clearly on the purpose and analytical uses of the digital economy satellite account framework.

21. Agreed to extend, in the satellite account, the production boundary by including “free” digital services, as this information is requested by users, although further reflections are needed on how to value them. Methodologies for valuing free services, and the possible recording in the central framework should be considered priority research issues. In addition, further reflection on the recording of data in the satellite account may be needed (see also below).

22. Agreed to use a net recording (intermediation approach) of services provided through online platforms instead of a gross recording, subject to the prevailing legal framework.

23. Recognised the need to reflect on the classification breakdowns and improvements in primary data sources needed to implement the proposed framework and, in this respect, stressed the importance of cooperation with business statisticians and classification experts.

Price and Volume Measures for Service Activities

24. Agreed that price and volume measures for service activities is an important issue. More guidance on price measurement, including aspects of quality changes due to digitalisation and digital intermediation, how to deal with the bundling of services, etc., should be developed in close collaboration with price statisticians.

The role of data and the SNA asset boundary

25. Recognised that measuring data is conceptually a difficult topic and agreed to distinguish between data(bases) and knowledge.

26. Agreed that data can have market value and that the process of structuring data is considered an important step for the potential use of data and that the presented ‘value chain’ of data represents a useful starting point for when data could be considered an asset. Also agreed that barter-type of transactions, i.e. the provision of data in exchange for “free” services, may be a promising way forward.

27. Noted the risk of double counting of data and IT database infrastructure assets and R&D assets.

28. Agreed to address the recording (part of the asset boundary or not, produced versus non-produced assets) and the valuation of data as an issue with high priority.

Cryptocurrencies

29. Recognised that further research is needed on the recording of crypto assets with particular emphasis on their use as medium of exchange or store of value, taking into account the responses of countries to recent discussions at IMF and OECD fora.

30. Considered that any recording guidance currently developed for crypto assets should be considered as interim, pending clearer future developments of crypto assets (e.g. regulatory measures).

IV. Economic well-being and sustainability

Education and training

31. Agreed with the guidance proposed by the UNECE-led Task Force on a satellite account for education and training and welcomed the intention to maintain a close link with the SNA and reconcile (where relevant) between satellite account data and core national accounts data.

Unpaid household activities

32. Revisited the key conceptual and practical issues of the recording of unpaid household services and the importance of developing a standardised framework for the recording of these services for the analysis of household wellbeing without expanding the GDP production boundary and encouraged the compilation of experimental.

33. Proposed to consider the following issues when developing the framework:

- a. The need for improved (possibly alternative) data sources on time use and consumer durables.
- b. The treatment of household volunteer work.
- c. The scope of services and data to be included.
- d. A group of interested countries should be encouraged to compile experimental results.

Statistical information system for capturing well-being and sustainability

34. Agreed that the presentation of well-being and sustainability statistics could be enhanced to improve the (consistent) integration between ‘core’ national accounts and ‘satellite’ accounts under a broader accounting umbrella.

35. Concluded that the SNA should be supplemented with guidance on the measurement of (sustainable) wellbeing, by providing clearer links between material wellbeing, including

for example distributional measures, and broader issues of wellbeing and sustainability. The latter could be further elaborated by developing a broader accounting framework, e.g. by combining the current framework with unpaid household activities, environmental-economic accounts, health and education.

36. Emphasised that appropriate terminology (and branding) should be developed to facilitate the integration of measures of wellbeing and sustainability with the core accounts and cooperation between those developing and preparing accounts in different fields and stressed the need for the optimal use of resources.

Update on environmental accounts

37. Emphasised the importance of continuing close cooperation between national accountants and environmental accountants, especially given the overlap of interest in research agenda items.

38. Identified the development of guidance on the valuation of assets and the generation of electricity by households as of particular importance.

V. SNA and BOP cross cutting issues

SNA and BOP harmonization

39. Welcomed the development of guidance on resolving inconsistencies observed in the compilation of national accounts and balance of payments statistics and agreed to provide comments once the draft is circulated.

Cash collateral

40. Took note of the discussions in BOPCOM on the treatment of cash collateral and agreed that it should be included in the SNA research agenda, and further discussed in collaboration with balance of payments experts to ensure the consistent recording in national accounts and balance of payments.

VI. Financial services

Islamic finance

41. Took note of recent discussions on the treatment of Islamic finance in the SNA, and in particular the progress made on resolving the institutional sector classification of Islamic finance corporations and the calculation of output, whilst further research was needed on the recording of the return on Islamic financial instruments related to loans and deposits.

42. Encouraged further work on the treatment of Islamic finance in the SNA and requested that progress on this work be reported the AEG at its future meeting.

Recording of central bank swap arrangements in macroeconomic statistics

43. Confirmed that it agrees with following two options, proposed by BOPCOM, to record Central Bank swap arrangements:

- a. Record off-market central bank currency swaps as an exchange of deposits with maintenance of value; and
- b. Record standard (market priced) central bank currency swaps as an exchange of deposits with the simultaneous creation of a financial derivative, namely a forward contract.

VII. Task force on SNA capacity building: review of the work program and its progress

44. Welcomed the ongoing work of the Task Force on SNA capacity building and supported the proposal to expand membership to other organisations, including AEG members, and the initiative to expand the ISWGNA National Accounts knowledge database to include capacity development ‘tools’ beyond the current catalogue of handbooks.

45. Emphasised the importance of advocacy by international organisations to national governments on the importance of statistics in light of concerns that a significant number of countries have still not implemented the 2008 SNA.

VIII. Other issues

i) Statistical units: Report of the ISWGNA TF on statistical units

46. Welcomed the ongoing work of the ISWGNA Task Force on statistical units and agreed with the proposed electronic consultation to initiate work on:

- a. The type of information used to make adjustments to the targeted unit, whether this is based on a full set of information or on some indicator(s), either or not directly collected from survey respondents; and
- b. The advantages and disadvantages of an integrated analysis of production, income and finance.

ii) Big data: Review of the Task Teams related to economic statistics

47. Noted the progress of the work of the Task Teams of the Global Working Group on Big Data.

iii) Manuals, handbooks and satellite accounts

Satellite accounts overview

48. Welcomed the ongoing in-depth review of satellite accounting and noted that the initial results of the recent survey showed that the most popular satellite accounts worldwide are tourism and environmental-economic accounts, that a high proportion of accounts was funded by national statistical offices, and that relatively few satellite accounts were motivated by an extension of SNA concepts.

49. Noted that the timeliness of satellite accounts could be a challenge for integrating them more with core national accounts data.

50. Agreed on the potential benefits of developing satellite accounts for improving the relevance of national accounting data.

51. Concluded that some satellite accounts would merit greater international comparability, compiled according to international recommendations, whilst others could be compiled with more flexibility to reflect national interests.

Handbook on backcasting

52. Noted the preparation of a Handbook on backcasting and agreed to provide comments and practical examples.