

**Thirteenth meeting of the Advisory Expert Group on National Accounts  
1-3 October 2019, Washington D.C.  
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 13th meeting of the AEG be communicated directly, by the Chair of the ISWGNA, to the Chairs of the various task forces, committees, working groups and expert groups related to macroeconomic accounts and economic statistics.

**1. Introduction**

3. Took note of the mandate and governance of the ISWGNA and AEG and the working methods of the meeting.

**2. SNA Research Agenda**

**2.1 Overview**

4. Welcomed the consolidated research agenda that provides a description of the issues broken down into priority areas, namely globalization; digitalization; wellbeing and sustainability; cross cutting issues; implementation issues; and issues on the long-term SNA research agenda.
5. Recognised the need to build momentum for progress on the work and to establish a work programme with clear objectives and a concomitant time plan for key milestones.
6. Agreed to finalise the consolidated research agenda, and to establish a set of criteria for inclusion of possible additional items, in close collaboration with the ISWGNA and the three subgroups of the Task Force on the SNA research agenda.
7. Stressed the importance of meeting user demands and having a coherent message on resolving the research issues, for which coordination between the three subgroups of the Task Force on the SNA research agenda is important.
8. Noted the need for conceptually correct solutions, taking into consideration feasibility and practical implementation.
9. Requested the ISWGNA to establish a plan for finalising the research agenda issues which is necessary for the development of a concrete time schedule to address these issues, and to determine the type of update required for the SNA.

## 2.2 Globalization

### *Objectives and progress of the sub-group on globalization*

10. Stressed the need to commence work on testing the new methodologies, taking into account different statistical environments of countries; and highlighted that data sharing is critical to implement some of the solutions in practice.

11. Stressed the value of cooperation across various working groups involved in the setting international statistical standards, given the need for consistency and cost efficiency in providing guidance.

12. Recognized that the treatment of retained earnings could be considered as an additional topic on the SNA research agenda and recommended that the treatment be extended to portfolio management in line with the current treatment in respect of direct investment equity holdings.

### *The valuation of imports and exports*

13. Recognized that the proposed valuation of imports and exports at transaction prices to address practical limitation in cif/fob adjustments may need further consideration, taking into account the various requirements; such as residency; economic interest and legal ownership; availability of source data; and the balance between using the correct conceptual treatment versus practical measurement issues.

### *Treatment of MNEs and SPEs*

14. Agreed that identifying economic ownership, residency, and control is critical for the recording and allocation of activities of MNEs.

15. Recognized the absence of consistent internationally agreed terminologies for SPEs; agreed to conceptualize and measure SPEs taking into account different perspectives and requirements related to domestic and international transactions.

16. Welcomed the efforts of BOPCOM on the delineation and measurement of SPEs in external sector statistics; and agreed that accounting for SPEs requires an internationally coordinated effort between countries and international agencies in understanding the economic activity of firm networks of MNEs.

17. Agreed that collecting information on the global activity and organisation of MNEs, in addition to information at individual country level, is critical for understanding and accounting for the behaviour of MNEs.

### *Update of industry and product classifications*

18. Recognised that the update of the classifications, such as ISIC and CPC, should be considered in the discussion of issues included in the SNA research agenda; and agreed to provide comments in the currently ongoing consultation for the update of ISIC.

### *Guide to sharing economic data, main recommendations*

19. Welcomed the draft guide to sharing economic data and took note of the main recommendations. Encouraged countries to review existing frameworks and take steps to facilitate data exchange.

20. Stressed the importance of data sharing, and the need of effective solutions (e.g., the use of international meetings to share information, within the limits established by the relevant legislation) to keep the relevance and credibility of economic statistics. Underlined the need to involve national accounts balance of payments compilers and business and trade statisticians in this work.

21. Agreed to provide comments during the consultation period of the draft guide.

### **2.3 Digitalization**

#### *Objectives and progress of the sub-group on digitalization*

22. Recognized the need for urgency and agility to resolve issues related to digitalization, as users require coherent and comparable measures of the impact of digitalization on the national accounts.

23. Agreed that issues related to data collection, the use of alternative data sources, and confidentiality need to be considered.

24. Emphasised the need for partnerships in the area of data collection, the sharing of data, and information on practices as a way to move forward and cooperate.

25. Stressed that the solutions considered should be conceptually correct, while their feasibility should also be tested, which may result in second-best options as the preferable practical way forward to address the relevant issue

26. Noted the progress of the work on digital trade and the plan to finalize the related handbook by the end of 2019, which includes practical examples from countries collected by the OECD and the IMF in surveys conducted over the last three years.

27. Stressed the importance of classifications, and the need to be involved in the current work on the update of the ISIC. For each topic, data sources, concepts and classifications should be discussed at the same time. The coordination among the subgroups and other expert groups should ensure that all the relevant questions are addressed.

28. Welcomed the suggestion to produce a paper on digital platforms to summarize the work done so far.

#### *Framework for a satellite account on the digital economy*

29. Welcomed the framework for supply and use tables on the digital economy developed by the Informal Advisory Group on measuring GDP in a digitalized economy.

30. Noted the significant challenge in the compilation of SUTs/satellite accounts for the digital economy, both for developed and less developed statistical systems. The challenges include data collection, limitations of current classifications (e.g., in breaking out digital products and digital industries), coordination among data providers, availability of resources, need of assumptions with impact on the results, and the lack of updated legislation.

31. Recognized the need to quickly respond to user demands for data on the digital economy, by providing (experimental) estimates on high priority indicators.

*Recording of data in the national accounts and valuation of free assets and free services*

32. Agreed that there is a need for a clearer conceptual framework for recording data in the system of national accounts, and to further address questions related to ownership, classification, and institutional units.

33. Recognized the challenge not only in obtaining the information to account for data, free assets, and free services, but also issues related to the information needed to compile price and volume measures for these items.

34. Agreed that the compilation of supplementary tables might be used as an intermediate step to respond to user needs concerning the impact of including data, free assets and free services in the system of national accounts.

*Crypto assets*

35. Welcomed the paper on crypto assets and asked for a second written consultation of the AEG on the proposed definition, classification and recording of crypto assets.

36. Agreed that coordination with BOPCOM on this topic should continue.

*Price and volume measurement of goods and services affected by digitalization*

37. Noted the difficulty in the price and volume measurement of goods and services affected by digitalization, and the need for further research, as the traditional solutions used in national accounts compilation might not be suitable in this case.

## **2.4 Well-being and sustainability**

*Objectives and progress of the sub-group on wellbeing and sustainability*

38. Recognized the interest from users for more comprehensive macroeconomic measures linked to the SDGs and the 2030 Agenda for sustainable development. The importance of communication was highlighted, as well as the need to consider traditional and new users of national accounts. The need for additional data sources, such as annual time use surveys or more modern ways to collect data was also mentioned.

39. Stressed the challenges in defining what should be included in the production boundary and what should be considered in extended or supplementary accounts, for example when addressing the issues such as unpaid household activities and human capital. There should be a clear delineation of what is part of the traditional economic framework and what is to be included in the extended accounts.

40. Welcomed the inclusion of the measurement of health-related issues as a priority, building on the statistical progress made in this area.

41. Concluded that: (i) the word “extended” might be preferable to “satellite”; (ii) the need for rebranding of the SNA while striking a balance between traditional and new users is considered important; (iii) the risk of overburdening the SNA needs to be managed; (iv) the employment aspect of human capital should be considered; (v) gross vs. net measures should be considered, taking into account the quality of the data on depreciation, depletion and degradation; and (vi) it would be helpful from a promotional perspective to show the potential links between the broader framework and the SDGs.

*SEEA EEA revision process*

42. Took note of the latest developments in the SEEA Experimental Ecosystem Accounting (EEA) revision process. It was noted that the SEEA Central Framework and SEEA EEA may be integrated in one volume by 2025.

43. Recognized the importance given by users to the environmental and climate change issues and the need to cover these issues in the system of national accounts. The need for aligning the work of the national accounts community with the environmental-economic accounting communities through close collaboration mechanisms was highlighted to ensure coherence between the SNA and the SEEA.

44. Stressed the challenges posed by the valuation of natural resources and the need of assumptions to obtain estimates such as the treatment of economic ownership and the accounting for externalities (which may lead to differences between the SNA and the SEEA) and the differences in the production and asset boundaries of the SNA and the SEEA.

45. Reiterated the interest of the AEG to contribute to the SEEA research agenda and proposed to review relevant issues in detail at the 2020 AEG meeting.

*Linking the SNA and the System of Environmental-Economic Accounting Experimental Ecosystem Accounting*

46. Recognized the challenges in the valuation of ecosystem services, and the consequences for valuing ecosystem assets in macroeconomic accounting frameworks.

47. Took note that the asset boundary of the 2008 SNA includes cultivated biological resources that are controlled by institutional units, while assets that are not controlled are outside the asset boundary. This delineation of produced vs. non-produced assets is not fully clear, possibly resulting in diverging implementation across countries.

48. Took note of the two options for recording output and use of ecosystem services: (i) allocate output and use to a separate sector “ecosystem”; (ii) allocate output to the economic owner (which may be difficult to identify in some cases), while allocating the services derived from ecosystem assets for which no clear ownership can be established to a collective group of units, i.e. a kind of public sector. Most AEG members expressed support for the first option. However, there are some provisioning services already included in the 2008 SNA and allocated to specific economic units, which would create problems in applying the first option.

49. Concluded that there are several challenges to be addressed for the measurement of ecosystems in the accounts which need further discussion: (i) the distinction between produced vs. non-produced assets; (ii) the ownership of assets; and (iii) the allocation and recording of social transfers in kind.

50. Agreed to share their comments and remarks on the paper in written form after the meeting.

*Accounts for renewable energy assets*

51. Expressed interest in the work on accounts for renewable energy assets and noted that the SNA does not provide guidance on these assets, because the ownership of atmosphere for the generation of energy through wind or solar power was not clearly defined; noted that the

asset boundary could potentially be extended with renewable energy assets, although there was no consensus among AEG members on the latter issue; and also stressed the challenges regarding the volume measurement of renewable energy assets.

52. Noted that clearer guidance is needed on the recording of renewable energy assets and related services and agreed that a written consultation on the proposals in the paper would be conducted after the meeting.

### **3. Update of the 2008 SNA**

#### *Update procedure for the System of National Accounts*

53. Noted the SNA update procedure established by the Statistical Commission in 1999 and agreed that the types of amendments (editorial, clarification, interpretation and change) are still relevant for the discussion of an update of the 2008 SNA.

#### *Summary of emerging issues from globalization, digitalization, well-being and sustainability*

54. Noted that some recommendations may lead to changes in the SNA, while other recommendations could be considered as interpretations or clarifications.

55. Requested the sub-groups of the task force on the research agenda to categorize each issue as to whether recommendations will most likely lead to a clarification, interpretation, or a change of the key concepts and definitions of the SNA.

56. Noted the need to reflect the work done so far in the next report to the Statistical Commission, and requested the ISWGNA to present a high-level planning with key milestones of the outputs of the work of the subgroups, the finalisation of the consolidated research agenda, including the categorization of issues, an overarching strategy towards updating the 2008 SNA; and that a potential SNA update will require substantial resources and contributions, both in kind and in cash, from countries.

57. Stressed the need to formalizing the collaboration arrangements with other working groups to address the harmonization among the several statistical areas and related economic statistics manuals and classifications.

58. Agreed that an incremental update of the SNA poses risks in terms of the SNA coherence and international comparability, but that the provision of further guidance for the various research issues can be made available on an incremental basis. This would also allow countries to experiment with implementing the new guidance, which would make the actual implementation of an updated SNA much smoother.

#### *Options to consult users on a potential SNA update*

59. Noted the need to involve users on a potential SNA update, and the possibility of using different channels for their consultation (e.g. existing meetings, written consultations, national and regional events, and a global user conference).

60. Recognized the challenge in collecting and organizing relevant contributions and agreed that a targeted audience of national accounts and related macroeconomic accounts users should be consulted, focusing on conceptual and practical issues that are relevant to that specific group, and called for a clear communication on what is expected from the users.

61. Stressed the need for using digital channels, such as webinars; other modes of written consultation over the internet; the possibility of using meetings of the user community not

directly related to macro-economic statistics (e.g. meetings on the 2030 Agenda); the need to organise regional meetings for developing countries, recognizing that funding to attend such conferences may be limited; and using national channels to liaise with users.

62. Welcomed the above proposals but viewed a global users conference as not cost effective.

*Friends of the Chair Group on economic statistics*

63. Noted the work of the Friends of the Chair on economic statistics related to the coordination of updating the system of economic statistics, and the statistical infrastructure, institutional arrangements and the governance arrangements for the system of economic statistics.

64. Requested to be informed on the feedback received from the regional consultative meetings with the heads of NSOs and regional agencies on the update of the system of economic statistics.

65. Welcomed the initiative of the Friends the Chair on economic statistics, recognized that coordination and communication between various expert groups on economic statistics could be enhanced using existing mechanisms and agreed to respond to the consultation questionnaire through their respective offices.

*Re-branding the SNA - Some thoughts on how we can use the next update to better communicate the SNA to our users*

66. Recognised that the brand recognition of the SNA is perceived to be strong, although currently less effectively communicated.

67. Stressed the need for a more user-friendly terminology but also recognised the challenges in finding a common terminology which would fit all users.

68. Recommended that a fourth sub-group of the research agenda task force be established to provide guidance on the branding of the SNA and a communication strategy for the update of the SNA

69. Agreed with the proposal to develop a digital version of the SNA, and a need to significantly invest in the enhancement of the current SNA website, which would need to provide a one-stop access to inter alia the international standards for compiling national accounts, guidance on the compilation of national accounts, implementation tools, ongoing research, information on relevant meetings and conferences, a discussion platform, etc. In this respect, reference was made to the SEEA website, while it was also recognized that the development and maintenance of such a portal would require significant (financial) resources.

*Update on classifications (ISIC Rev.4, HS, BEC, business functions, SITC)*

70. Noted the ongoing work related to the family of classifications (ISIC, HS, BEC, and SITC).

71. Stressed the importance of coordination between the SNA update and the updating of the classifications, particularly the ISIC (statistical units to be considered, treatment of FGPs, application of new technologies etc.) and CPC.

72. Requested the ISWGNA to prepare a response to the consultation on the update of ISIC Rev. 4 in consultation with the AEG.

#### **4. Implementation of the 2008 SNA**

##### *Progress with the implementation of the 2008 SNA and a nuanced approach to assess compliance to the 2008 SNA; A framework for recording and communicating revisions*

73. Noted that only about 94 countries have implemented the 2008 SNA, expressed concern about the scope and timeliness of national accounts in quite a number of countries, and stressed the importance of having relatively recent benchmarks or base years, the latter being considered much more important than incorporating SNA concepts that are less relevant for a specific economy.

74. Stressed the need for standardized metadata and guidance on revisions, to increase the transparency for users and the importance of having more objective information on the compliance of countries' national accounts with the international standards (e.g., scoreboard on conceptual adherence), building on the already available frameworks such as the MRDS, SDDS and DQAF.

75. Recognised that the relevance and the practical feasibility of the various parts of the system of national accounts is not the same for all countries, and these differences may need to be reflected in some way when assessing compliance.

76. Noted the need to strengthen collaboration among the international organizations, to explore ways to exchange information on the implementation status of the (2008) SNA, thereby acknowledging the importance of not overburdening countries with requests for metadata.

77. Stressed the need for a better communication on revisions, including the development of strategies for different groups of users, and recognized the importance of terminology in framing revision (e.g., replacing the term revisions with the term updates).

##### *Implementation of Quarterly National Accounts and High Frequency Indicators – a status report*

78. Noted the status of implementation on quarterly national accounts and the work done by international agencies in supporting the implementation of quarterly national accounts and high frequency indicators.

79. Recognized that the development of quarterly national accounts and high frequency indicators depends on the statistical infrastructure and the priorities of users.

##### *Impact of IFRS 16 on leases*

80. Noted the potential impact of IFRS 16 on leases on the data available from financial statements for the monitoring of relevant transactions and positions in the system of national accounts.

81. Requested a written consultation to provide further guidance on this topic.



## **5. Other Issues**

### *Draft guide on thematic satellite accounts*

82. Welcomed the guidance for the development of thematic satellite accounts, and the ten steps in defining thematic supply and use tables.

83. Stressed the lack of resources in national statistical offices to address all the requests to develop satellite accounts and the need to prioritize the development of satellite accounts, but also recognised the importance of satellite accounts in broadening the community of users of national accounts.

84. Recognized the advantages of involving subject matter experts in developing and compiling satellite accounts.

### *Measuring the Informal Economy*

85. Noted that the Seventh IMF Statistical Forum on Measuring the Informal Economy will take place in Washington DC, 14-15 November 2019.

### *Information items*

86. Agreed to provide written responses to the agenda items for which there was not enough time for discussion at the meeting: Developments in business and trade statistics; Briefing on the meeting of the IMF Government Finance Statistics Advisory Committee; Main methodological changes and consultation on the draft Consumer Price Index Manual: Concepts and Methods; Islamic finance; and Manuals, handbooks.