Twenty-fourth Meeting of the Advisory Expert Group on National Accounts

Inter-secretariat Working Group on National Accounts

Paris, France

16 – 18 October 2023

SNA/M3.23/3

Outcome of the global consultation on the consolidated list of changes

Outcome of global consultation on the Consolidated List of Recommendations (Consenters)

A total of 100 respondents contributed to this consultation, 82 of which consented to the publishing of their verbatim responses which are provided below. However, the graphs/tables below reflect the answers of all 100 respondents

Completely anonymous contributions are excluded.

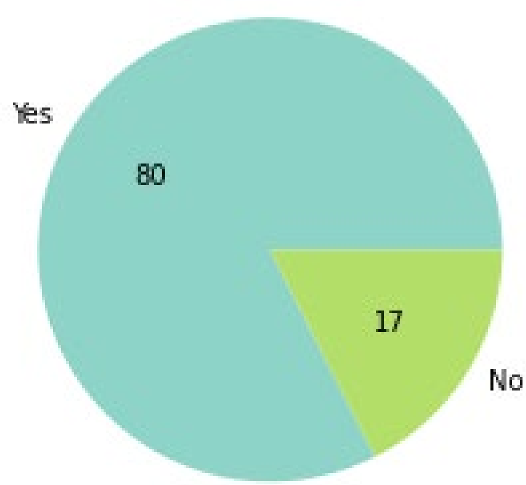
Main findings

	Clarity	Consistency	Other issues
Yes	80	83	40
No	17	14	59
No response	3	3	1
Total	100	100	100

Participation

Region	Number of responses
Africa	17
Asia and Pacific	24
Europe and North America	37
Latin America	10
Middle East	8
International organizations	4
Total	100

Q1A. Are the recommendations clear, straightforward, and unambiguous?



Afghanistan (National Statistics and Information Authority): Yes

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Morocco (High Commission for Planning): Yes

Myanmar (Planning Department): Yes

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Qatar (planning & Statistics Authority): Yes

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Q1B. If no, please state the recommendation(s) regarding which you have concern and provide a brief explanation of your concern.

Denmark (Statistics Denmark): WS6, 8, 10 and 11
Generally we have sympathy for introducing environmental sustainability aspects in the SNA as described in WS6, 8, 10 and 11. However, the combined effect of these recommendations on individual variables and the sequence of the accounts is not completely clear. We therefore think that a note that collects and describes the recommendations, how they interrelate and how they affect the sequence of accounts would be very helpful in order to get an overview and fully understand the implications. Such a note should be developed before a final decision is made.

Estonia (Statistics Estonia): Until now GDP has been a macroeconomic estimate based on hard data sources with direct link to the real economy. However, the updated SNA moves in the direction of adding multiple conceptual items that lack the possibility to rely on hard data and introduce modelling to a significant degree into the GDP. Modelling is based on a variety of assumptions that might harm the international comparability of macroeconomic indicators.

EU (Eurostat_GFS): A number of recommendation are unclear or ambiguous to us. Some main ones are:

1/ To start with, the reader can only be shocked by the statement that WS.6/8/11 would be net worth neutral.
1.1/ First, the Consolidated list refers to "the residual approach", which would probably need to be clearly described, because perhaps we do not understand what it is, which may explain our surprise.

We presume the proposal is (allegedly) following SEEA, so to recognise an asset in the accounts of the extractor/lessee based on the present value of the difference between the "resource rent" (calculated/invented by the statistician, in line with SEEA approach) and the rent/royalties. Thus, the net worth of the economy is obviously increased by this invented asset compared to current SNA (see 1.4 below).

1.2/ Second, the extent of this net worth increase will however depend on whether the "invented asset" in question will occur only for exploitable reserves that are actually exploited (option 1), or would be also extrapolated to exploitable reserves not yet exploited (option 2).

Under option 1, a lease leads to the appearance of the "invented asset" in the economy by an Other Change in Volume (OCV). Under option 2, a lease leads to a change in sector of the asset also by OCV. Thus, the mere reference to OCV in the Consolidated list is not clarifying at all what is proposed.

Option 2 is perhaps more plausible, given that WS.6 first had recommended that the "invented" assets change sector through a capital transfer (i.e. the invented asset was thus already in the government balance sheet) before this recommendation be overturned by AEG to an Other Change in Volume (OCV).

However, Option 2 would considerably increase the net worth of the economy, mostly government net worth (more particularly in some oil/gas/coal rich countries). Option 1 would considerably limit the net worth impact of the SNA change, and would leave government net worth untouched, compared to SNA2008, which of course would be most preferable from our point of view.

It should be noted that WS.11 in contrast already perhaps implies that option 1 is to be followed, because the wind/solar potential cannot as easily be "invented" in the absence of leases. At least this was the position of the WS.11 authors during TT discussions. It is unclear to us what is recommended here.

1.3/ This option 1 versus option 2 needs to be clearly explained, for WS.6 as well as for WS.11, to solve the potential conflict and/or to explain how WS.11 would work out in practice under option 2.

1.4/ It just occurs to us that this vast misunderstanding arises from the numerical example of WS.6 that falsely presented the SNA 2008 recording (example A page 18-19) based on a present value of 'resource rent' following the SEEA. This could explain why the authors erroneously see no change to economy assets, with their proposed valuation/split assets.

But the SNA 2008 assimilates resource rent to rent (D.45) as per the definition of rent in SNA 7.155, such that the present value of resource rent and of rent is the same and WS.6 was erroneous and misleading the reader. In addition, SNA 13.49 indicates that the valuation of subsoil assets is based on the present value of expected net returns, widely viewed as the present value of royalties and assimilated, which of course is radically different from the present value of resource rent according to SEEA. Finally, SNA 13.49 also refers to market price transactions as a reference, though acknowledging these may be rarely available. However, it is clear that the SNA 2008 has noting to do with the present value of resource rent as compiled in SEEA.

2/ We still do not understand what is proposed for biological assets.
It is not clear how the output will be recorded for those Amazon trees not yet exploited.
It is also unclear how regeneration will be GFCF compared to inventories (para 82 first and second sentences, perhaps somewhat contradictory). WS.8 has some defaulting T-accounts that never allowed us to understand what is proposed.

In general, it is not clear whether WS.8 is merely reclassifying land into a new asset or is creating new assets. WS.8 is nonetheless increasing net worth to the extent that it supports the split asset approach, at least for leased forests (See option 1 versus option 2 question, to see if the problem is limited to leased forests).

3/ We are concerned on the proposal for terminal cost, where the Consolidated list proposes to deviate from the SNA 2008 recording, trying to follow IFRS/IPSAS. But this leads to an elementary problem of reconciling the acquisition value (counter-parted with a payable as well as in the producer's accounts) with the balance sheet value, not addressed by the Consolidated list: is there a revaluation or an other change in volume, at inception? Very strange.

Germany (Federal Statistical Office): A.8: Consistency in the Application of the Sum of Costs Approach
- Effect on Government Deficit and Debt

From the German point of view the clarifications in paragraph 19 of the issue note on A.8 regarding the absent impact on the government net borrowing/lending are ambiguous.

Please elaborate further, how an increase in the value of output will be offset by a commensurate increase in collective consumption expenditure.

Hungary (Magyar Nemzeti Bank): The accepted option in D.17 (A.3) states: "exceptional payments recorded as withdrawal of equity in the financial account would only consist of sales of assets". It is a bit ambiguous since the phrase "assets" should be more specified. Assets include fix assets, inventories, valuables and non-financial assets n.i.e. From these categories sales of inventories are usually operating activities so profits from them should not be non-operating and dividends from them also should not be exceptional. The definition of inventories, however, also should be more clarified since it should be made clearer that intangible assets also may be included in inventories if they are produced and held for sale (the category of current assets in IFRS makes it possible). Recent manuals generally discuss intangible assets in the context of fixed assets although they can be also held for sale similarly to tangible assets.

Italy (Istat): a. Many recommendations are too vague for implementation, and their implications are not worked out properly – e.g. meaning, purpose and effects of the changes in production and asset boundaries (AI.1 Valuation principles and methodologies; AI.2 Sum-of-costs method; WS.6 Economic ownership and recording of depletion; WS.7 Emission permits; WS.8 Accounting for biological resources; WS.10 Valuation of mineral energy resources; WS.11 Renewable energy resources; C.2 Atmosphere as an asset).
b. A classification of financial assets is missing. It is not clear whether this should remain unchanged.
c. WS.6: the assignment to general government of the role of owner of natural resources is not a straightforward interpretation of the SNA's concept of economic ownership.
d. WS.7: The proposed recording of cross-border transactions and multi-country schemes is not clear.
e. WS.8: The logical basis for considering all biological resources "produced" is weak. The consequent notion that these resources per se, or the ecosystems to which they belong, are "producers" is at odds with basic SNA principles. Only willing and self-regulating entities (i.e. humans and their institutions) can be "economic units", able to produce and engage in transactions whereby exchange value is revealed.
f. WS.11 It is not straightforward that renewable energy present in nature should be considered an asset to be valued separately and additionally with respect to land and installations for capturing it. Also, it is not clear what energy should be included: only the quantity that will presumably be captured by existing installations? All that which will presumably be captured by future expected installations (identified how?) as well? All that could possibly be captured (based on today's technologies, on projections…)?

México (National Statistics and Geography Institute): Only one concern, in relation to biological resources produced, we suggest to elaborate a bridge table between SNA 2008 and SNA 2025, for example in Table 1, the classification of non-financial assets with the code AN.3131, can be clarified if they correspond to what was previously AN.115 biological resources cultivated in the SNA 2008. It may be confusing that in the 2008 SNA, it was clear that the cultivated biological resources are part of the Gross Fixed Capital Formation (GFCF) and uncultivated biological resources were unproduced (AN.213). On the other hand, according to Table 1, the cultivated biological resources are not part of the GFCF.

Netherlands (Statististics Netherlands / Dutch Central Bank): 44: For head offices it would be useful if it could be indicated whether the subsidiaries over which the control is carried out must be located in the same country/jurisdiction. Currently, the impression is that this should be the case.
Corporate services are now only described in more general terms, it would be useful if it was explained that these types of services can also be included in the financial sector if they are provided for financial institutions (if this would be the right interpretation of course).

In paragraph 50 it is stated that for pragmatic reasons a return to capital for city parks and historical monuments should be excluded when applying the sum-of-cost-method. It is not clear to us why a return to capitol should be excluded. Furthermore it is not feasible for us to exclude a return to capital for city parks and historical monuments and if it were possible it would probably be cost inefficient to do so given the relatively small amounts concerned.

52: make more clear that there are two reference rates: one for domestic transactions and one for external transactions.

In paragraph 59 it is not clear whether this recommendation also applies to domestic super dividends of domestic FDI enterprises. If there is for example an ownership chain from foreign enterprise A to domestic enterprise B to domestic enterprise C to foreign enterprise D, it is clear from the recommendation that it applies to the flow of super dividends between A and B and between C and D. It is however not clear whether it also applies to the flow between B and C.

In paragraph 72 and 73 it is stated that data and marketing assets are valued at sum of cost. It should be made clear that this is not the case when existing assets are sold. In that case, the assets are valued at transaction prices.

74 . Unclear is how liabilities in crypto's should be treated, e.g. (received loans in) cryptocurrencies. At the asset side the treatment of provided loans in cryptocurrency is also unclear.
Further, does the recommendation to treat crypto assets without a corresponding liability designed to act as a medium of exchange as non-produced non-financial assets implies that crypto companies which are providing services for this type of assets should be regarded as non-financial institutions?

76: The concept of resource rent can only be put into practice when there is overwhelming evidence that part of generated income (of mining activities) cannot be assigned to either labour or fixed capital and for that reason must be the income arrived from owning and extracting a natural resource. Ignoring conflict with critical SNA concepts, i.e. the nonexistence of economic ownership in the case of wind and solar radiation, the profitability of wind and solar extraction is in many countries highly influenced by taxes and subsidies (both on fossil and renewable energy production, this in the attempt of steering the economy towards zero CO_2 emissions) which makes robust calculations of resource rents in the case of renewable energy resources, particularly wind and solar, very challenging. The case for hydropower (both in terms of economic ownership of water reservoirs and the likelihood of resource rents) is probably less controversial and therefore more straightforward.

78: Regarding the calculation of resource rents preferably at mining site level, there are a few practicalities which should not be overlooked. For example, a mining site will often generate costs before extraction starts. This period may take several years, sometimes even up to seven years. These costs include, among other things, mineral exploration (CFC). A practical way forward would be recommending in the SNA to start recording CFC as soon as the mining starts operation and an income flow emerges which can be charged with CFC. This will probably lead to better estimates of resource rents and asset values taking into account full costs.

79: The need for recording either a capital transfer or another change in volume will rarely occur as the income sharing arrangement between mining company and government will often already have been settled at the stage of exploration, so before the time the asset value has emerged on a balance sheet.

In paragraph 80, the impact of including depletion as a cost of production for general government is not clear, especially in combination with the split asset approach. As government output is calculated as sum of cost, this would suggest that apart from the actual mining of the natural resources as output, the depletion will also be recorded as government non-market output and final consumption. If this is indeed the intended treatment, this should be stated explicitly.

In paragraph 82 the regeneration is recorded as gross capital formation. Now it states gross fixed capital formation, which excludes inventories.

In paragraph 88 the combination of including expected losses of military assets in service lives and recording the loss as other changes in volume is unclear. How can the loss be treated as other changes is volume if it is already included in depreciation. Perhaps other changes in assets should only be used when the loss is greater than expected in the service lives.

95: The guidance note on more institutional sectors contains a long list of subsectors. Unclear yet is to which extent they should be distinguished in the integrated sectors accounts; according to the document this has to be agreed upon. In addition, the breakdown of OFI (S.125) into - amongst others - subsectors Specialised financial corporations and

Other (of which central clearing counterparties) leads to classification problems because of the vague distinction, e.g. are CCPs not specialized financial corporations as well (?).

The terminology in paragraph 119 is not consistent with the split asset approach. In the split asset approach both legal owner and extractor are economic owners of the natural resources. Rent received by the economic owner implies that only the legal owner is the economic owner of the asset.

In table 2, the impact on GDP and NDP are shown as well as the impact on net worth. The choice of only these indicators as important aggregates implies that the remainder of the current account is not really important. In order to show that the current account does not end with NDP, it would be appreciated if the impact of the recommendation on for example net savings would also be shown.

Norway (Statistics Norway): As a general point, we are concerned that several of the recommendations require estimates to be made indirectly, based on assumptions on how the theoretical concepts relate to observable phenomena. This is in our view problematic, cf. our response under point 3. We also have specific concerns related to certain proposals, as follows:
We find the proposals regarding sustainability (Guidance Note WS.6, 8, 10, 11) ambiguous. We support efforts to measure how natural resources affect economic activity and for well-being, but at present it is unclear how the proposals will play out. In particular, one possible consequence is that non-renewable resources may be valued much higher than renewable resources, if the latter do not give rise to Ricardian resource rents. More analysis is needed to interpret such results, and how they should relate to measurements adopted under the revised SEEA framework.
We also find the proposal for calculations regarding debt concessionality (GN F.15) unnecessarily complicated, and we disagree with the recommendation of using discounting rates to find the "correct" value.
We are in the opinion that the recommendation on unbundling travel services (GN C.7) is unfinished. We stress that it is important to draft a clear and reconciled compilation guide.

Portugal (National Statistics Institute): See below.

Sweden (Statistics Sweden, NSI): F.18 Crypto assets
WS.6 Economic ownership and recording of depletion
WS.7 Emission permits
WS.8 Accounting for biological resources
WS.9 Recording of provisions
WS.10 Valuation of mineral energy resources
WS.11 Renewable energy resources

Many recommendations are currently not in a state of being possible to implement. There are still open issues and uncertainty of the implications of the recommendations listed above.

F.18 Crypto assets, no clear recommendation is made.
WS.6 Recording is unclear. It seems that the role of government balancing the economic interest of units owning land and units who want to exploit natural resources is not reflected in this recommendation. Government acts in the common interest and is allocating the use of natural resources according to national interest. This does not imply that government is an economic owner of the resource it allocates the use of.
WS.7 The recording of cross-border transactions is still an open issue.
WS.8 The implication of this recommendation is unclear. We think this recommendation should be interpreted that other species than humans also contribute to value added (GDP).
WS.9 It is unclear how the IAS37/IPSAS19 recommendation will be implemented in NA. We do not think it is a good idea to include a liability without a corresponding asset.
WS.10 The calculation of a consistent time series is not straightforward.
WS.11 There is uncertainty of what to include. Should only actual installations be included or also probable installations or even all possible installations be included. In relation to WS.10 we think all possible installations is the relevant boundary.

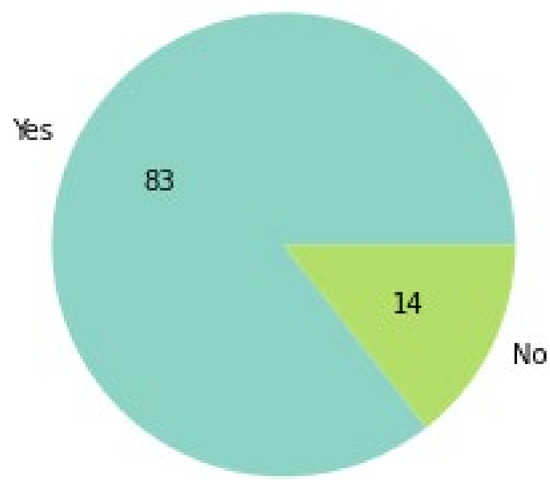
United Kingdom (UK Statistics Authority): The UK would first like to thank the wider UNSD for their consultation approach and co-ordination of the update of the SNA 2008. In result of this, the UK has been able to offer full and comprehensive responses to most, if not all, of the consultations.

In reference to this question, the UK would like to flag the following items, using paragraph numbers as the referencing system. We will use this approach throughout this response.

Para 32: We are understand that the definition of 'domestic product, net of consumption of fixed capital' is to distinguish the inclusion of depletion of natural resources, but the definition is ambiguous about whether the regeneration of natural resources contained within Gross Fixed Capital Formation would be commensurately removed or whether this would introduce an inconsistency.

Para 47: There is an important impact on productivity which is not tackled in this paragraph we wish to particularly flag which is the impact on productivity calculations. Taking the example of a firm with its own IT, a particular capital –labour ratio will be observed which will determine the TFP value. If this firm now purchases cloud services the capital services value will fall, the intermediate consumption value will increase, with GVA changing commensurately, alongside the capital-labour ratio. We would anticipate step-changes in the estimated value of TFP. Clearly the capital is owned by the cloud service provider, but it is utilised by another entity. In terms of economic ownership, therefore the capital in the cloud services should be recorded in the consuming firms capital for productivity calculations, possibly as the service being recognised as a capital service. Due to the potential distortionary nature of this change more detail should be provided of how to address this.

Q2A. Are the recommendations consistent?



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Таджикистан (Агентство по статистике при Президенте Республики Таджикистан) Tajikistan (Statistics Agency under the President of the Republic of Tajikistan): Yes

Q2B. If no, please state the recommendation(s) regarding which you have concern and provide a brief explanation of your concern.
Austria (Statistics Austria): G.4 Treatment of Special Purpose Entities and residency

In Section 4; B.3. the document says:
„ In addition, it is recommended that SPEs incorporated in the same economic territory as their parents are not termed as SPEs, but instead be known by the specific type of activity (e.g., domestic securitization vehicle). Such units are usually not consolidated on account of them being autonomous "

The last sentence does not seem to be consistent with the definition of institutional units. In our opinion, SPEs incorporated in the same economic territory as their parents usually lack the ability to act independently from their parent corporation. They are not autonomous and their level of output as well as the price they receive for it are usually determined by the parent. Therefore, such units should not be not treated as separate institutional units in the SNA 2025. Their accounts should be consolidated with those of the parent company.

We understand that for practical reasons discussed in detail in Guidance Note 4 SPEs incorporated in a different economic territory as their parent corporation should treated as institutional units. Guidance Note 4 paragraph 4 refers to an "exception, born out of necessity for tracking financial transactions, international investment position (IIP) and for monitoring exposure to global financial risks". It also says: "The 2008 SNA by recognizing an institutional unit5 based on legal incorporation for SPEs, has introduced an implicit exception."

Denmark (Statistics Denmark): We are concerned that international comparability is jeopardized if it is decided to include in the revised SNA changes regarding natural resources, data and marketing assets without development and testing of calculation models. This is particularly important in the EU as national accounts are used for Administrative purposes.

Estonia (Statistics Estonia): The recommendations are not necessarily inconsistent. Rather, they contradict the idea and practice of macroeconomic statistics that relies on hard data and economic trends that can be measured and easily understood. Relying heavily on assumptions and modelling due to the lack of hard data only complicates the interpretation of statistic estimates. It is also not a good practice to include items for which the economic value and long-term applications are still in question and the value of which is highly speculative in nature (i.e. various digital and crypto assets, marketing assets).

EU (Eurostat_GFS): Two main recommendations are inconsistent with others: 1/ split assets and 2/ market valuation.

1/ The split asset approach promoted in WS.6/8/11 is inconsistent with other recording in the SNA2008, unless these are changed/qualified:
1.1/ Inconsistency with AN.212 (previously AN.222).
If the exploitation lease is transferable, under current SNA2008, the lessee has an asset for the difference in value between the contract value and the amortised prepayments.
This however would double count with the split asset. As we have always acknowledged, the lessee has an asset, but it is of the AN.22 type (now proposed AN.21).
But if the split asset approach is retained, then also recording an AN.21 is simply double counting.
As such, the Consolidated list should explicitly say that the AN.21 is not applicable where a split asset is implemented. See also 1.4 below.

1.2/ Inconsistency with mobile phone recording or lease of land or other leases of fixed asset.

Here the issue is why an extracting lease or renewable energy lease should lead to a split asset but not the lease of spectrum.
As such the Consolidated list should explicitly say that the split asset is limited by convention to certain leases. See also 1.4 below.

1.3/ Inconsistency with Goodwill.
First the Consolidated list relabels Purchased goodwill of the SNA 2008 into Goodwill. It must be an error of the writers. We suppose that no Goodwill accounting is proposed in the new SNA. It would be otherwise a tectonic shift.

This being said, the erroneous split asset approach is sort of applying a goodwill approach for subsoil assets, though indirectly.
A goodwill approach starts with comparing the own funds of a company with its quoted value and conclude from this that a hidden asset must exist.
The split asset approach consists in compiling a resource rent, deducting the royalties and conclude from this that a captured rent exists, which present value is in turn analysed as a hidden asset that must exist.
The latter approach pretends to close the gap for an imaginary high market value of oil companies. But many oil companies (BP/Shell) trade not far from book value. Certainly, Exxon trades well above book value perhaps for efficiency reasons or because of some AN.222 considerations or because some fixed assets would need to be revalued (IFRS allows historical costs for fixed assets).
As such the Consolidated list could explicitly say that the split asset is implementing some sort of goodwill approach, but by convention circumscribed to certain leases, and based on the “resource rent” approach.

1.4/ The Consolidated list indicates that WS.14 is superseded by the split asset.
But this statement is patently misleading, because the WS.14 is only intending to assert that prepaid mobile phone licences lead to an F.8payable and not to an NP at inception (contrary to SNA 2008 that sees NP at inception in a number of cases), and the AN.222 appears only when market prices change. This issue is thus strictly separated from the split asset recording. The clarification of WS.14 is a pure accrual problem: the licence payment is merely a prepayment for D.45. Back to point 1.2 above.
The Consolidated list should reinstate WS.14, which implements an accrual principle, and agree that there is no conflict with split asset. May be the writers considered that the split asset contradicted WS.14 because they foresaw the contradiction with AN.222 discussed in 1.1 above. However, WS.14 is essentially focusing on mobile phones, which seems excluded from the split asset, as discussed in 1.2 above.

2/ We are concerned with the considerable dilution of the market valuation principle, which contradicts the statement that SNA 2008 valuation is not changed.
2.1/ As mentioned above, the split asset is in clear contraction with the market valuation. The subsoil assets should be valued only for the amounts that could be sold off.

Governments can legitimately claim that they could sell off their oil reserves, such that recording a present value of royalties and assimilated in their balance sheet is plausible. But the extractor cannot sell anything unless the oil price has shifted. Back to AN.222 (point 1.1 above). Note that this departure to market value is limited in case of option 1 mentioned in our answers to Question 1 above, but is considerable in case of option 2.
The Consolidated list should explicitly refer to a deviation from market valuation, and explain that it is limited (option 1) or not (option 2).

2.2/ The Consolidated list promotes own funds at book value for some equity. Valuation at SNA own funds is an acceptable method for other equity, such as for instance international organisations or central banks, or some quasi-corporations or some notional units (e.g. real estates held by non-residents), for instance. But the use of book value is not to be recommended in general. It is recalled that IFRS allows valuing real estate/fixed assets at historical costs as well as some securities portfolios not for trading, such that a big difference may occur between these two valuations.
This is not to say that, in practice, compilers may not use own funds at book value, as a plausible proxy of own funds at SNA value.

As an aside, we flag that "net worth" is used to mean B.90, while in casual speak, net worth means net assets or net wealth, which means "own funds".
It is problematic that the SNA/ESA deviates from normal speak for such an essential balance. It is all the more problematic that the SNA/ESA even occasionally write "net worth" to in fact mean "own funds". In GFS, net worth and own funds are essentially equivalent, such that this mixing of terminology is not important. ESA 20.147 alludes to this.

2.3/ We see the emphasis on "exchange value" proclaimed by the Consolidated list as a boulevard for further undermining the market value principle, for instance by potentially demoting the partitioning principle engrained in the SNA/ESA in case of noncommercially motivated transactions. This is notably the case for defeasance structures.
The Consolidated list rejects the concessional loan GN recommendation to recognise a capital transfer at inception in the core accounts, in line with IPSAS, which got a large majority of those who expressed an opinion in global consultation, which would recognise the market value of the loan (though not done in the SNA 2008). In effect, the Consolidated list does not partition a transaction despite clear existing market valuation, while it partitions subsoil assets outside any market valuation.

2.4/ Another case of deviation from market valuation is the terminal cost case, where the Consolidated list proposes to deviate from the SNA 2008 recording, trying to follow IFRS/IPSAS. This is troubling because this deviates from an interesting innovation of the SNA 2008. This leads to an elementary problem of reconciling the acquisition value (counter-parted with a payable as well as in the producer's accounts) with the balance sheet value, not addressed by the Consolidated list.

Finland (Statistics Finland): Untill we have full SNA text available it is difficult to say whether it is consistent or not.

Hungary (Magyar Nemzeti Bank): The accepted alternative in WS.7 is the option 4 where emission permits are recommended to be recorded as financial assets with taxes on production recorded at surrender, at issuance prices. This option, however, does not seem to be consistent with balance of payments and national accounts themselves since the former recognises these permits as economic (non-financial) assets if they can be bought and sold on markets – and this may be the situation. Even WS.7 itself recognises that option 4 requires more steps in order to be consistent: "All of the options considered in the GN with the exception of option 1 - nonproduced nonfinancial asset (contract, lease and licenses) will have accounting, data and interpretation issues in dealing with multi-country schemes. Option 1 recommends for a sale of an asset (permit) by the government. Hence, only the government's capital account – sale of a NPNF asset will be impacted and any future transactions will be between non-government institutional units. … As a result, additional adjusting entries and data will be needed to accommodate international schemes." In other words, under option 4, without further steps, it is possible that taxes are recorded in other country where the production using the emission permit takes place (if it is a valid argument for the possibility of economic ownership of IPPs for SPEs then it may be used here also). As a result, emission permits should be discussed in SNA also in the context of economic (non-financial) assets. In addition, they may be also inventories since there are firms who trade with these permits similarly to other (tangible or intangible) assets.

Italy (Istat): 1. The conclusions on the impact of the recommendations on major aggregates (table 2) are not always consistent with the proposed changes. E.g., Government net borrowing/lending could be affected by the changes in the sum-of-costs method (paragraph 50, GN AI.2), as output will grow substantially and it is not clear how this will be offset in the accounts.
2. The split asset approach – to which we object, see Q3B – is not applied consistently throughout the assets. It is only considered for subsoil resources, renewable and biological assets, but in principle it may concern all sorts of assets where a resource is used by someone different than the owner.
3. Retaining the current definition of assets while including wind and sunlight among the assets is contradictory. How can the latter flows be "stores of value", to be used to transfer value from one period to another? It clearly is the access to exploitation of wind and sunlight – i.e. the economic ownership of land and/or installations – that is relevant. Similarly, the atmosphere cannot be regarded as an asset.
4. 'Sum of cost' doesn't have a clear boundary as for which costs should be included and which not. E.g., opportunity costs such as return to capital on inventories and depletion of natural resources are included, while other actual costs such as for maintenance of capital are not. Opportunity costs should not feature in the core system of National Accounts, but only actual costs should be recorded.
5. The use of "long-term averages of resource rents (applying the residual value method), to avoid volatility in the value of mineral and energy resources as a result of short-run price

fluctuations of commodity prices" is not consistent with keeping the principles and methodologies for valuing transactions and stocks/positions unchanged.
6. The valuation of mineral resources based on NPV is not consistent with the valuation of produced fixed assets, which remains at transaction value.

Netherlands (Statististics Netherlands / Dutch Central Bank): In reference to paragraph 43, where it is mentioned that recommendations will be added (among others) that real estate investment funds should be classified as non-financial corporations if they own and manage property, we would like to suggest that these recommendations be expanded so as to be complete and consistent. The vast majority of real estate funds do not invest directly in real estate. Therefore, the new recommendations should also include guidelines on the treatment of structures involving equity and debt in real estate management companies. The recommendations should also avoid inconsistencies between the treatment of such structures for real estate and for other types of investment funds that involve investing in non-financial assets, such as private equity (indirectly) and commodities (directly or indirectly). As a last point, the recommendations should also discuss cross-border issues as such structures often involve non-resident entities, which is another source of possible inconsistencies and confusion.

In paragraph 109, for consistency reasons, please note the ECB statistics paper on the 'cash collateral' The statistical classification of cash pooling activities (europa.eu).

Norway (Statistics Norway): C.11/GN C.7: As replied in question 1 we have concerns about the final outcome as this is not known yet. Unbundling package tours in services, tour operators' margin and travel agents' margin will not contribute to more consistent supply/use tables. In the continued discussions we urge that the differences between the purpose of the travel in the BOP and the ones paying in the NA, that makes the current standards incompatible will be addressed.
G.1: The recommendation to not change the cif/fob valuation of exports and imports implies that inconsistencies will remain between valuation of export (fob) vs output (basic value) and between valuation of imports (cif) vs purchasers' value. This is especially problematic for the supply/use tables.

Portugal (National Statistics Institute): See below.

Sweden (Statistics Sweden, NSI): DZ.6 Recording of data
WS.6 Economic ownership and recording of depletion
WS.7 Emission permits
WS.8 Accounting for biological resources
WS.9 Recording of provisions
WS.10 Valuation of mineral energy resources
WS.11 Renewable energy resources
G.1 Valuation of imports and exports
G.9 Marketing assets
AI.2 Sum-of-costs method

F.15 Debt concessionality
C.2 Atmosphere as an asset

The distinction between what can be observed and measured on one side and what only can be inferred on the basis of some theory or convention on the other side is crucial in compiling statistics. Mixing data with what has been inferred by use of theory reduces the credibility of the national accounts. Therefore, it is important to keep these two sets of information separated. The statistical set of information should appear in the core accounts and the analytical set of information in dedicated tables and satellite accounts in the second part of SNA. This is in particular important when the analytical information is not aligned with the macroeconomic principles of the SNA.

In our view large efforts have been made to make recommendations that are internally consistent and also consistent with new recommendations in other statistical standards. The main problem with the recommendations listed above is that they are not entirely consistent with the current SNA. We propose that recommendations supported by strong evidence of user needs are provided in satellite accounts and other recommendations are excluded or revised to be consistent with the principles of the SNA.

We would, in particular, appreciate if recommendations based on microeconomic concepts like opportunity costs, general equilibrium, net present values and the assumed correspondence between future income and assets, are excluded or only appear in satellite accounts. These are examples of when inference is used to create analytical information that are not aligned with the basic principles of SNA and goes beyond the ambitions of a statistical framework. Examples of such recommendations are:

AI.2, DZ.6 and G.9 Include a return on assets in the cost of production approach. Return on assets is an opportunity cost and not an actual cost. Opportunity costs are not consistent with the NA principles of recording current actual costs.
WS.6 Economic ownership. Natural resources are proposed to be split according to the income received and not according to who is using the asset in a productive economic activity and generate the income being split.
WS.7 Recording emission permits as pre-paid taxes is not correct. This is a financial instrument that is traded, and this can be done by anyone, not just those that have emitted or will emit greenhouse gases. The best alternative is to record emission permits as a debenture.
WS.8 The distinction between migrating/non-migrating is proposed to replace that between non-cultivated and cultivated biological resources. This will further disguise one of the main principles of national accounting, that humans are the only producer of value added. In the revised SNA animals and plants will be producers of output.
WS.9 and WS.6 The recording of provisions and depletion are not in line with the concept of current actual costs. Depletion is a kind of opportunity cost, the loss of future opportunity to make money. Our current understanding of IAS37 is that provisions are recorded as

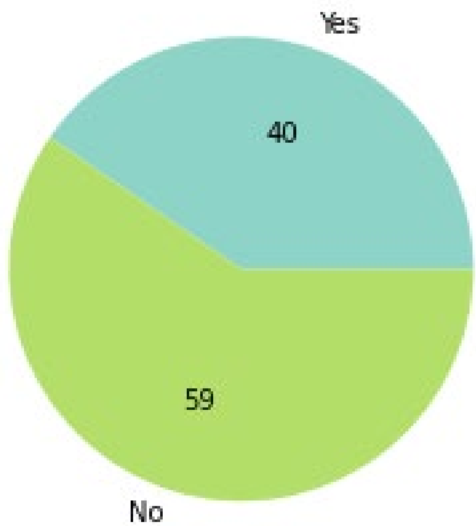
production costs. Provisions recorded as intermediate consumption is an opportunity cost since no action is taken only a future obligation is recognized. This is not in line with NA where only costs for actual activities undertaken are recorded.
Provisions included in the NA should be recorded in the same way as other taxes on production, i.e. as a payment in the generation of income account reducing operating surplus. There must be a counterparty to the provision that receives the payment as income recorded in the allocation of income account. Since there is no payment at the time the provision is recognized, a liability is recorded in the accounts of the unit causing the event giving rise to the obligation recorded as a provision and a finacial asset in the accounts of the unit owning the degraded non-financial asset (land).
WS.10 With the implementation of this recommendation produced fixed assets are valued according to their transaction value and mineral resources according to the potential income they can generate. Why not be consistent and also calculate the value of fixed assets according to their potential income?
WS.10 and WS.11 Net present value of future resource rents is sensitive to the discount rate assumed and the assumed life span of the resource. The general equilibrium (GE) assumption behind the choice of discount rate should be replaced by the rate of return expected by the enterprises using the natural resources. This will counteract GE assumptions that are not realistic, like perfect competition among producers.
WS.11 Assets defined due to income generated by the use of these renewable flows (wind, solar radiation etc.) (not in line with definition of assets in the current SNA)
G.1 Valuation of imports and exports. It is a great disappointment that one of the few recommendations that actually improves the consistency of data is left to be implemented in the future.
G.9 The use of marketing assets is not to produce output in volume. Therefore, marketing assets do not fit the definition of fixed assets, used in transforming inputs into output. The impact of marketing is in the price domain by promoting sale and customer loyalty thus avoiding price discount.
F.15 In the guidance note reference is made to opportunity costs and discounting (net present value) which makes this a proposal for analytical information that should appear in a separate part and not in the core accounts.
C.2 Atmosphere as an asset. There is no ownership relation only a global government responsibility. Should we regard the units benefitting from using the atmosphere as a sink etc. as being the economic owners, split ownership?

United Kingdom (UK Statistics Authority): Please note the comment raised under Para 32 in Q1B.
In relation to paragraphs 72 and 73, detailed guidance will be required to ensure consistency between the methods to calculate the value of R&D, software, databases, Data as an Asset and marketing assets. We would be keen to participate in this work.

In relation to paragraphs 74 and 116, there appears a clear inconsistency between treating crypto-assets without corresponding liability as a non-produced, non-financial asset and treating emissions permits as financial assets. The UK continues to hold strong reservations that the treatment of these crypto-assets can be economically justified.

Para 83: The issue of the treatment of the atmosphere is an essential one which is both policy critical and a natural consequence of other recommendations, such as carbon trading and emissions permits. It is surely unacceptable and inconsistent to leave this pending for the next SNA, particularly as this suggest a diminished priority for this item.

Q3A. Do you have any other concerns about the recommendations?



Afghanistan (National Statistics and Information Authority): No

Angola (NSO): No

Antigua and Barbuda (Minister of finance and corporate governance; statistics Division): No

Armenia (Central Bank of Armenia): Yes

Armenia (Statistical Committee): No

Aruba (CBS): No

Australia (Australian Bureau of Statistics): Yes

Austria (Statistics Austria): Yes

Azerbaijan (State Statistical Committee): No

Azerbaijan (The State Statistical Committee of the Republic of Azerbaijan): No

Bangladesh (Bangladesh Bureau of statistics): No

Belgium (National bank of belgium): Yes

Belgium (National Bank of Belgium): Yes

BOTSWANA (Statistics Botswana): No

Brasil (NSO (IBGE)): Yes

Cabo Verde (Instituto Nacional de Estatística): No

CAMEROON (NATIONAL INSTUTUTE OF STATISTICS): No

Canada (Statistics Canada): Yes

Chile (Central Bank of Chile): No

Chile (ECLAC): No

Chile (ECLAC): No

Chile (ECLAC): No

CÖTE D'IVOIRE (INSTITUT NATIONAL DE LA STATISTIQUE): Yes

Czech Republic (Czech Statistical Office): Yes

Denmark (Statistics Denmark): Yes

Egypt (Ministry of Planning and Economic Development): Yes

Egypt (the Central Agency for Public Mobilization & Statistics): Yes

Estonia (Statistics Estonia): Yes

Ethiopia (Ethiopia Statistics services): No

Ethiopia (Ministry of Planning & Development): No

EU (Eurostat_GFS): Yes

Finland (Statistics Finland): Yes

France (Banque de France): Yes

Georgia (National Statistical Office of Georgia (GEOSTAT)): No

Germany (Deutsche Bundesbank): Yes

Germany (Federal Statistical Office): Yes

Ghana (Statistical service): No

Guinée (Institut National de la Statistique): No

Guinée (Institut National de la Statistique): No

Hungary (Magyar Nemzeti Bank): Yes

Ireland (Central Statistics Office): No

israel (ICBS): Yes

Italy (Istat): Yes

Bahrain (Information and E government authority): No

Latvia (Central Statistical Bureau of Latvia): No

Lebanon (CENTRAL BANK OF LEBANON): No

Lesotho (Bureau of Statistics): No

Lithuania (State Data Agency. Statistics Lithuania): No

Luxembourg (STATEC): No

Malawi (National Statistical Office): No

Malaysia (Department of Statistics Malaysia): No

Malta (National Statistics Office): Yes

México (National Statistics and Geography Institute): Yes

Moldova (National Bank of Moldova): No

Moldova (NBS): No

Morocco (High Commission for Planning): No

Myanmar (Planning Department): No

Netherlands (Statististics Netherlands / Dutch Central Bank): Yes

Nepal (NSO, Nepal): No

Norway (Statistics Norway): Yes

Pakistan (Pakistan Bureau of Statistics): No

PERÚ (INSTITUTO NACIONAL DE ESTADISTICA E INFORMATICA): No

Portugal (National Statistics Institute): Yes

Qatar (planning & Statistics Authority): No

South Korea (Bank of Korea): Yes

Singapore (Department of Statistics): Yes

South Africa (South African Reserve Bank): Yes

SPAIN (INE): Yes

State of Palestine (Palestinian central bureau of statistics): No

Suriname (General Bureau of Statistics): No

Sweden (Statistics Sweden, NSI): Yes

Tajikistan (Agency on Statistics under President of the Tajikistan): No

Tunisia (Statistics Tunisia (National Statistics Institute)): No

Türkiye (Central Bank of Türkiye): Yes

Türkiye (TurkStat): No

Ukraine (State Statistics Service of Ukraine): No

United Kingdom (UK Statistics Authority): Yes

United States (Bureau of Economic Analysis): No

United States (Federal Reserve Board of Governors): No

Uzbekistan (STATISTICS AGENCY UNDER THE PRESIDENT OF THE REPUBLIC OF UZBEKISTAN): No

Vietnam (General Statistics Office): No

Таджикистан (Агентство по статистике при Президенте Республики Таджикистан) Tajikistan (Statistics Agency under the President of the Republic of Tajikistan): No

Q3B. If yes, please state the recommendation(s) regarding which you have concern and provide a brief explanation of your concern.

Australia (Australian Bureau of Statistics): The only reservation could be with the headings proposed for chapters 34 & 35. The changes proposed are not measuring well-being as defined by popular research. I'd encourage a re-think to labelling chapter 34 to

‘Measuring social accounts’ or ‘Measuring social welfare’ and chapter 35 to ‘Measuring sustainability’.

Otherwise, the recommendations, summarised in the note and combined with thhe webinar and previous detailed guidance notes on the topics are clear.

Austria (Statistics Austria): G.9 Payments for “knowledge-based capital” (marketing assets)
We want to express our doubts on the planned treatment of marketing assets as produced assets (IPP) in SNA 2025. We are of the opinion that NSIs do not have the necessary information in order to identify the costs of marketing activities and in order to estimate own account production of marketing assets. Furthermore, the value of marketing assets cannot be attributed only to marketing activities. (See also Guidance Note, paragraph 6 and 9) This is a clear difference to software and R&D, where the output can be attributed clearly to specific activities (programming and doing research).

WS.11 Treatment of renewable energy resources as an asset
We are not sure if treating renewable energy resources (solar, wind, etc.) as an asset is reasonable. For example in the case of a wind park the value of the land as well as the value of the structure that is needed to produce the energy is already captured in the balance sheet. An additional valuation of the wind could lead to double counting, as for example the value of the land is already higher because it's suitable for building a wind farm on it. Furthermore, the wind itself does not have a clear economic owner and per se has no value. Also NDP is not affected as renewable energy ressources are per definition "renewable" and therefore no costs of depletion occur.

WS.8 Accounting for biological resources
Eliminating the distinction between cultivated (produced) and non-cultivated (non-produced) resources, leads to the situation that GFCF occurs if resources that are not actively managed regenerate. This seems to be a break with the current approach, where GFCF is always the result of human activity. Furthermore, it may then be not clear to which institutional sector GFCF should be allocated to.

Belgium (National bank of belgium): §116 regarding WS.7 Emission permits.
The Advisory Expert Group on National Accounts was in favor of recording the schemes as financial assets with taxes on production recorded at surrender. From a BOP point of view, this treatment has significant implications: as they will be recorded in the financial account, price changes will have to be calculated. Additionally, the registration of the correct partner country at surrender poses issues: if an emission permit is purchased by enterprise A from government and sold to another enterprise B, the government is not aware when the permit will be surrendered by enterprise B and enterprise B does not know to which country the tax should be recorded.

Belgium (National Bank of Belgium): In Guidance Note F.9 "Valuation of Loans (Fair Value)", the question of loan valuation is tackled. There it is acknowledged that the valuation of loans at nominal value (the current practice) is a deviation from the general principle of market valuation as recommended by BPM6 and 2008SNA. Therefore, the guidance note considers advantages and disadvantages of changing the valuation practice for these non-market traded loans.

This study is performed in the wake of the 2008 great financial crisis and the new insights it entailed. Therefore, the focus is on the effects that follow from a change in probability of default (PD) on the net present value (NPV, or "fair value"), and how this relates to the current practice. However, in doing so, several other elements that have not been taken into account remain open to us:

- The calculation of NPV has more driving forces than only the credit quality of the debtor. Notably the level of current interest rates (or more exactly, the forward curve of rates cf. Box 5.1) is one that currently has a sizable impact on valuations. Especially on long-maturity fixed-rate loans, changes in interest rate levels can greatly adjust the NPV of these cash flows. Contrary to changes in PD (as laid out in point 4. of the GN), one can argue that taking these adjustments into account does not artificially improve the balance sheet of a debtor through a reduction of liabilities. Rather, it is a reflection of an improved cost of funding vis-à-vis the now prevailing interest rates. Furthermore, in financial corporations and more advanced non-financials, the portfolio of loans needs to be regarded in the context of a wider asset and liability management, where the uptake of a greater proportion of fixed-rate loans (on whichever side of the balance sheet) could fit into a bigger picture of hedging other flows that are, in accordance to more general valuation rules, valued at a fair value (or a market price close to it), such as debt instruments or derivatives (of note, interest rate swaps). When this is the case, the difference in valuation practice will give rise to an artificial inflation or deflation of net worth in an environment of changing interest rates and/or curves, since only a part of the mutually offsetting elements would see a repricing.
- In addition to this, the effects of the valuation options as put forth in this Guidance Note have a wider impact than the valuation of the balance sheet, specifically on FISIM and therefore interests (D.41). FISIM, serving as "financial intermediation value added", is identified as the difference between interests paid/received and a reference rate reflecting current cost-of-funds for the lender (we will focus on loans here, not deposit side FISIM). When market rates increase, an increasing divergence between these cost-of-funds and the (still low) rates being paid on fixed-rate loans can be observed. Because of its construction, this difference is currently absorbed by FISIM, to the extent that FISIM for those institutional sectors that show a preference for borrowing at a fixed rate even become negative over a sustained period after the rate increases (which can last several years by our estimations). See the appendix for a worked stylised example of this phenomenon. This places the risk of fixed rate loans (basically duration risk) fully within the realm of the service value added offered by financial intermediation, which feels very counterintuitive. Not only are the institutional units then receiving FISIM for the credit they owe, the elevated interests 'net of FISIM' are not per se a reflection of the cost-of-funds for a financial

intermediary that does its asset and liability management well (e.g. by hedging with swaps or having counterbalancing duration on the liability side). Note that, to our comprehension, this matter goes beyond the issue of choosing the reference rate between a single rate (mostly short-term, as is the case in ESA2010) or a rate structure (as e.g. covered here), as the onus lies in the difference between the 'historical' rate at the time the loan was concluded, and currently prevailing rates across the yield curve. Also on an intuitive level the true value of the intermediation is embedded in history: at conclusion of the contract, the parties (implicitly) agree upon a service charge that is a spread above the prevailing rates; at no point there is a recognition of a sizably increased service charge to pay (or reduced (even negative!) service valuation to receive, depending on who is on the losing side of the duration risk).

Furthermore, this effect clouds the international comparability of FISIM and its evolution between countries and regions. This because the impact from the argument above heavily depends on the proportion of fixed-rate loans in an economy (this dependence is touched upon in the stylised example below), as well as the average maturity exposure of these loans. These are very heterogeneous (see e.g. here and here for evidence in the euro area), with in Belgium both a big propensity to choose a fixed rate, especially for real estate mortgages, and a maturity exposure of 10years or more. Additionally, this preference is not exogenous but dependent on the rate levels (we have confirmed this for the Belgian market), which made for a "perfect storm"-scenario of a long period of low rates followed by a sudden and drastic increase. It may therefore not come as a surprise that the analysis described above is not purely rooted in fiction, as we are observing already several quarters of negative FISIM for multiple sectors.

While we realize that the timing of these remarks may be a bit late in the context of this consultation, these insights have only recently surfaced following the developments in the global rate markets. However, we have noticed that FISIM is part of the current research agenda of the ISWGNA, perhaps the consideration of alternate valuations in the context of FISIM and interest calculations could be embedded in this workflow. In it, the use of an alternate, more NPV-aligned valuation that is used uniquely for the purpose of FISIM could also be envisaged, as this would allow for the differing concerns to remain balanced within their respective realm.

Appendix: stylised example

Imagine for illustrative purposes the following stylised example: an economy has 2 types of loans: a fixed rate 20y and a floating (annual revision) rate 20y. All loans (for a total of 100 units) are at a bank which charges commercial rates that lie 1 percent point over the relevant government yield, and are entered on the same inception date of 2021Q1. We see the following evolutions in rates (inspired by the BE govt. curve):

	1 year	20 years
2021Q1	-0.5%	0.5%
2022Q1	-0.5%	1%
2023Q1	3%	3%

We assume for now that the reference rate is the 1 year rate.

- If in country A all residents enter into fixed rate loans, FISIM shows the following evolution:

rate
1 year rate
20 years units variable units fixed interest variable interest fixed reference rate
FISIM on variable FISIM on fixed FISIM total
2021Q1 -0.5% 0.5% 0 100 0 1.5 -0.5% 0 2 2
2022Q1 -0.5% 1.0% 0 100 0 1.5 -0.5% 0 2 2
2023Q1 3.0% 3.0% 0 100 0 1.5 3.0% 0 -1.5 -1.5

Even in 2023Q1, when the reference rate has increased by 3.5pp, all residents keep paying the 1.5% agreed upon at inception of the contracts. The comparison with a now heavily increased reference rate however turns the defined FISIM negative, having almost decreased with double of what initially was an economically properly defined added value of the intermediation service rendered. (Note that even with a longer term reference rate such as the 20y, the final FISIM would be as negative, from the flatness of the curve)

- With regards to international comparability, let's take a second country B with a more balanced 50/50 mix of variable and fixed rate contracts. We now observe:

rate
1 year rate
20 years units variable units fixed interest variable interest fixed reference rate
FISIM on variable FISIM on fixed FISIM total
2021Q1 -0.5% 0.5% 50 50 0.25 0.75 -0.5% 0.5 1 1.5
2022Q1 -0.5% 1.0% 50 50 0.25 0.75 -0.5% 0.5 1 1.5
2023Q1 3.0% 3.0% 50 50 2 0.75 3.0% 0.5 -0.75 -0.25

Even though the difference in FISIM between countries A and B could initially be explained by an added service of maturity transformation on the fixed rate loans vs. the bank's funding, this difference suddenly changes sign and increases by 150% in magnitude. We find it difficult to find the rationale behind why current rates suddenly render the valuation of the services by banks in county B significantly more valuable than those in country A.

Brasil (NSO (IBGE)): Data and databases: We would like better clarification on what is the boundary between data and database or whether it will be a single asset. Mainly in a practical way, what costs and occupations would go into each one. Or it would be Just one calculation increasing the list of occupations and intermediate consumption?

Special Purpose Entities: "…. it is recommended that SPEs incorporated in the same economic territory as their parents are not termed as SPEs, but instead be known by their specific type of activity." This definition of SPE is different from the current understanding in Brazil.

Net domestic products: Given that net domestic product is currently known and calculated as GDP net of fixed capital consumption, we would prefer it to remain that way. It would also be created the net domestic product with the depletion of natural resources.

Canada (Statistics Canada): For the DHEA, it might be difficult for some countries to publish deciles as data might not be available to support this level of detail. We might want to mention that quintiles are an acceptable second best alternative.

CÔTE D'IVOIRE (INSTITUT NATIONAL DE LA STATISTIQUE): C'est au suijet de la restauration qui classée en service , Section I de la CITI.
. Pour moi C'est une transformation il se preferable de classér l'actiivé en section C. En effet pour les economies africaines, oû les entreneurs individuels en general les femmes achetent le riz decortiqué, du poission, le charbon etc pour fabriquer des plats, C'est une activite de transformation et les vendent par à l'air libre.

This is about catering, which is classified as service, Section I of ISIC. For me it's a transformation. it would be preferable to classify the activity in section C. Indeed, for African economies, where individual entrepreneurs, generally women, buy husked rice, fish, coal, etc. to make dishes, it is a processing activity and sold in the open air. (Google translate)

Czech Republic (Czech Statistical Office): I would like to point out that proposed changes are quite complex. We analyze changes briefly with regard to available capacities.

Denmark (Statistics Denmark): We find that the implementation of at least some of the recommendations are still experimental:

- The NPV method for valuing natural resources is a model which is rather sensitive to the underlying assumptions. We are therefore concerned about the effect on key economic variables (other than GDP adjusted for depletion), fx adding depletion as a cost when using the sum-of-cost approach. Some of these variables, fx government output and government consumption, are used intensively for policy purposes.

- Valuing data and marketing assets will be based on the sum-of-cost model, which again will rely on assumptions regarding occupations, involvement etc.

We think that reliable estimation models should be developed and tested before concluding whether these recommendations should be included or not.

We are also concerned that international comparability may be jeopardized if guidelines are not developed (see above).

Egypt (Ministry of Planning and Economic Development): Can these recommendations be translated into Arabic so that they can be used in an easier way? If so, what time will we receive these recommendations in Arabic?

Estonia (Statistics Estonia): A.8: Consistency in the Application of the Sum of Costs Approach
It is difficult to understand the equal treatment on market and non-market producers as the basis for their activity can have absolutely contradictory motivations. While market producers are driven by profits and thereby compete for satisfying consumer needs, it is often the case that non-market producers have no such aims. Instead, non-market producers can act out of ideology and political agenda in which case the usual profit-loss view on the good or service does not make any conceptual sense.

DZ.6 Recording of data in the National Accounts
Data is a difficult item to evaluate as it's value is rather related to its use rather than it's dataset itself. This item will need assumptions and modelling and therefore can make the interpretation of estimates murky.

DZ.10/F.18 Recording of Crypto Assets in Macroeconomic Statistics
The recording of crypto assets is understandable and makes sense as long as they have corresponding financial liabilities. However, crypto assets without that counterpart are highly speculative in nature and can cause more confusion than provide benefit. Having such highly volatile components in the GDP would require additional data breakdowns which would exclude them. Even today, analysts and data users are more interested in metainformation that would help to eliminate the impact of unpredictable and volatile components.

G.9 Payments for Nonproduced Knowledge-based capital (Marketing Assets)
Similarly to afrementioned items, brands are speculative in value. While we agree that they have certain purposes as outlineed in the recommendations, they do not necessarily provide much information in regards to analysis of macroeconomic trends. The value of marketing assets and brands is highly dependent on their use and sum-of-cost approach makes little sense in their evaluation. In fast growing and emerging economic activities these the potential of a brand is often much more valuable than their current application. Adding items to the GDP that do not reflect the economic reality makes little sense and only confuses data users.

WS.6/8/11 Sustainability
All these items are based on various assumptions and modelling as well as being speculative in nature. Only natural resources that require regular input and spending make sense to be included in national accounts estimates. Sun and wind that are not scarce as well as physical resources that have no plan or license to be used (for environmental protection or other reasons) provide no inherent value to macroeconomic estimates. A resource that is not used is as useful as if it were not there. Similarly biological resources over which there is no direct control (i.e. animals and birds that travel across borders etc), would also only complicate the interpretation of data. We do not support the inclusion of such resources within the scope of National Accounts.

EU (Eurostat_GFS): We have other primary concerns aside from those listed above.

1/ Related to subsoil asset, the split asset would excessively reduce NNP. We support deducting depletion for NNP, in order to cater for environmental concern and reach a sustainable measure of NNP, though this is a painful choice because additions do not enter GNP, so that NNP is structurally biased downwards, which is not a very good thing.

But also deducting the invented depletion of an invented asset seems to go clearly too far.

We also worry that all this will create inconsistency of treatment across the world, because some countries will rightly consider that no "invented" asset exists, either out of principle (e.g. because the lease has been auctioned) or on a practical basis (e.g. to avoid massively depressing NNP). International comparisons will be at risk.

2/ On biological assets, we think that it is contrary to current environmental concerns that fish under quota be excluded from the cultivated assets, an unwelcomed step backward from the SNA2008. Biodiversity concern would have instead pleaded to extend the fish under quota treatment to all fish (similarly to what is proposed to be done for trees).

3/ We obviously appreciate that the recommendations propose that government SPE abroad, though unfortunately still recognised as institutional units, are now at least subject to full rerouting following D.5 (see paragraph 123) – in line with MGDD 2022.
We are worried however, as mentioned above, that loose wording of paragraph 41 suggests that domestic SPE (i.e. owned by a resident) should not be called SPE and should generally be seen as institutional units. On the procedural front, we do not know which GN or other documents supports this. On the substance, it appears against logic or good practice that two same SPEs be called with two different names only on the basis of the residency of the owner. In addition, SPE are institutional units by convention in the SNA 2008 when abroad but not when domestic, at least in the ESA 2010, as these units have most generally no autonomy of decision, in contrast to what is implied in the text.
In general, we should be very attentive that the SNA is not being perceived as being indirectly complicit of the vast industry around fiscal avoidance and other regulatory avoidance. This can be done by recognising the economic substance of many of these SPE, being legal constructs that have no other function other than this avoidance, and therefore should be ignored by statisticians, as being entirely ancillary to its parent.
It is most regrettable that GDP of a jurisdiction can be seen as increasing by virtue of legally locating some research assets to that jurisdiction with no material activity whatsoever. Users have rightly complained (including recipients of Nobel prices in economics), and the SNA review has missed a golden opportunity of setting the record straight and eliminating an anomaly that can unjustly put globalisation in disrepute.

4/ There is concern that recognising transactions in non-produced assets across the board, while there was an opportunity to reduce these to the maximum, can distort not only the balance sheets but also potentially the B.9 of government.

4.1/ Bitcoins

The case in point is obviously the bitcoin (paragraph 74) which the recommendation suggests is NP NFA, despite the Bitcoin being clearly a type of money, albeit produced, not dissimilarly to gold. The Guidance Note erroneously analysed that bitcoins are not essentially settling transactions but are mainly a store of value. While being non-experts, we believe the guidance note essentially confused the primary market of bitcoins (those that are verified) from the secondary market (transacted for a fee), which would be similar to making the elementary confusion between base money (M0) and boarder aggregates (M1-M3).

While Bitcoins secondary purchase and sales are largely within sectors, cross border flows can be significant and will distort occasionally significantly the net lending of some sectors in some countries.

Although, there is little evidence of government actually transacting in these (although governments have some, notably on seizures), the risk that government transactions start to be significant over the next 10 years appear to us fairly large, in particular given the possibility to hedge exposure through derivatives. At that moment the B.9 of S.13 will become subject to manipulation, and Eurostat_GFS will have no choice but to block this NP recording in the ESA, irrespective of the SNA.

The initial GN had suggested an hybrid nature, which had considerable intellectual merit and got significant support in global consultation, but made the catastrophic error to link this proposal to a new accounts between B.9 and B.9f (despite repeated warnings by Eurostat_GFS Directorate D to not do that), which of course could not be accepted. BOPCOM/AEG thus blocked. But the hybrid did not need the new account. The bitcoin global consultation was thus in our view technically flawed and warrants a rerun.

4.2/ ETS

On the ETS, the recommendations (paragraph 116) is ambiguous and disappointing. Following the global consultation, the financial assets and tax recording at time of surrendering, is satisfactory. However, the AF.8 recording is essentially lazy and not very consistent with the AF.8 definition. This is a missed opportunity to decide on the classification of transferrable AF.8: that should be a kind of AF.3 or AF.22. Note the clear parallel with transferrable tax credits (that have become very important in the US and in Italy) and also with trade bills (bill of exchange, promissory notes). Another missed opportunity to clarify an interesting point and create a new asset class.

The ETS recommendation is also essentially neutralised by footnote 16 that essentially threatens to come back to the partitioning of permits in AF.8 and AN.223, as is now, following the ISWGNA opinion (SNA NN). While we find this solution not completely bad, being, in fact, our second best choice, we note that this option got nearly no support during the global consultation. This again would be a significant concern that a final choice would be so much against what the global consultation and would call for a rerun.

As mentioned many times, the most problematic problems of ETS is how to treat multi-country schemes, which is a core preoccupation in the EU. The guidance note has missed an opportunity to draft guidance on this delicate subject.

5/ We think that showing no government B.9 impact is basically a false statement. We can accept that the B.9 impact may not be the prime target of any given GN, and as such may be limited or indirect. But words have a meaning. A bitcoin trade by government will impact B.9, as an example, and many GN will have such sorts of (little) effects.

6/ on transparency and accountability
Despite the impressive detail of the document, we are nonetheless concerned by the appearance of transparency of the process, due to a combination of the following:
6.1/ Many changes are not actually described (sometimes sending the reader to other long documents on the web or not publicly available that cannot materially be read, assimilated and understood).
6.2/ Many changes that are described are eventually unclear, likely often resulting from the document taking the well-intentioned option of an abbreviated discussion, sometimes however hiding a fault in the reasoning or an error.
6.3/ While the changes are listed in sections that explicitly refer to the annex (thus the relevant GN), in many instances the reader nonetheless wonders from where a given paragraph or sentence within comes from, in terms of guidance notes (referenced in the annex).
6.4/ The annex itself is not presented transparently, as it most often summarizes the (semi) final decision on a guidance note/topic without showing, as it would have been more appropriate, the 4 fundamental steps for each recommendation within a guidance note: (1) the initial GN recommendation, and at least if not eventually followed: (2) the vote in global consultation, (3) the decision in BOPCOM/AEG (including GN authors occasional changes in view), (4) some ISWGNA/editorial committee arbitrations.
The GN description in the annex has at occasions little to do with what was initially proposed or what was supported in the global consultation.
It goes without saying that Eurostat_GFS directorate D considers essential that when the results of a global consultation view/vote is not followed, the rationale for doing so is explained in the clearest way.
6.5/ Many GN have been subject to a rigorous process involving (A) multiple writers with dissenting views, (B) a documented practice of adapting the GN to relevant comments (of course moderated by adding counter-comments), (C) a practice to propose various options to the reader (including a "no change" option), (D) documented votes within the Task Team to show the extent of support/opposition to the GN within the Task Team. Also, considerable pressure was exercised on shortening the GN and having understandable tables, T-accounts and annexes, which helped in the process (E). However, a number of GN have afforded themselves not to follow these A to E basic features to rigorous process, with some having none of them (e.g. WS.6/8/11).
6.6/ The Annex tends to put on par the GN subject to global consultations (or BoP consultations), with other documents flowing from AEG decisions and/or SNA News and Notes in the past or from other sources, all not subject to review in a Task Team and global consultations. It is debatable whether all these documents not subject to global consultation

should be used as they are.
6.7 It is not rare to find problematic sentences where we do not see which document underpins it.
6.8/ Also the accumulation of GN taken in different contexts can give an impression of the SNA review going in a certain direction (e.g. demotion of market value), which was not specifically tested in a global consultation, however.
All that also results in some recommendations that appear at odd between each other.
6.9/While we appreciate that the proposed categories for non-financial assets are shown in table 1, we think showing the proposed categorisation of financial assets is missing.
6.10/Finally, we can only be surprised by the summary appreciation in table 2 on the summary impact of the recommendations on GDP, NDP, government B.9, and net worth. It appears to the reader that this assessment is, in some important instances, radically inconsistent with the text, unless the true intent of the recommendations has not been appropriately described.

7/ We are surprised to read on page 1 of the document that "for the most part, the consultations demonstrated overwhelming support". We think this statement is largely erroneous. First, many Recommendations have not been subject to global consultation. Second, many consultations got 2/3 against 1/3 which we would call strong majorities, but not overwhelming support. Words have a meaning. The split asset was supported by a 2/3 to 1/3 majority, but intriguingly rejected by a 9 to 1 majority in our European EDPSWG consultation (that benefited from the different light brought by a counter-note of Eurostat_GFS, while global consultation respondents did not). It also does not help that the summaries of results have not been released to date for about 60% of the Global consultations. The Consolidated list for instance promotes a recording for ETS that only had a very short relative majority and even contemplates opting for an alternative (footnote 16) that nearly got no support at all. Same for bitcoins, where an option that got significant support was arbitrarily removed from competition, based on an error of presentation.

The document does not mention that global consultation majorities were occasionally overturned, for concessional loans, or (apparently due to a change of mind of one GN author) for factoring. In either case we think that, while a consultation rerun would have been preferable, at least the issue should be properly explained in the Consolidated list and acknowledged in its executive summary.

Finland (Statistics Finland): Because ESA is a law in EU and it should be consistent with SNA it might be a problem in EU countries if there is non-currency items to be valued. National accounts should reflect economic reality and for that reason it needs to be adapted to changes in the world, but at the same time it should keep its integrity to provide information of surrounding economies in a way which can be explained to the policy makers and public at large in a clear manner. So it should be avoided to bring in elements which are based only on modelling and assumptions and which monetary value is difficult to detect in surrounding economic reality. We will have difficulties to defend concepts like GDP if it includes too many components which are based on modelling and theoretical valuation structures.

At the same time we want to recognise importance of wellbeing and environmental issues but those should be brought into national accounts via extended accounts (former satellite accounts) where compilation of accounts can be done in a surrounding where there are no limits or demands of complete set of accounts and methods and their economic meaningfulness can be tested and developed over the years while we are learning more of those issues/concepts and getting hopefully better data to describe those concepts.

To keep national accounts and GDP maybe mostly widely used aggregate concept we should keep it "pure" and limit it to those issues which can be measured and detected in monetary terms. And at the same time, we should develop extended accounts and put efforts that method to compile those would be fit to the purpose and simultaneously would allow more freedom to develop those accounts in a solid way. This is a way to guarantee "legitimacy" of national accounts in the eyes of policy makers and public at large.

France (Banque de France): Our response to questions Q1A and Q2A (yes) only concerns the recommendations in which we are involved and therefore does not cover all the recommendations (in particular the non-financial part, which is more the domain of our NSI).

For some notes (called X.n), there has not been a consultation process as extensive as the other guidance notes, which is regretful and raises the question of whether they receive the same level of support.
On the topics covered by these "X.n" notes, more extensive discussions and consultations should therefore be planned as part of the drafting process, in order to check whether they meet with a sufficient degree of support or even consensus.

Germany (Federal Statistical Office): In a whole, the list of recommendations improves and modernises the current SNA. But there are some recommendations that would significantly weaken GDP as reliable indicator for economic performance and business cycles. Our concern is the necessity for a set of model-based estimations (mentioned below) which could potentially jeopardise GDP in indicating the correct economic development especially in the course of the year. As GDP is the most relevant indicator for economic developments and forecasts, tax forecast, Macro Economic Balance Procedure in Europe and thus important for political decisions, we are especially concerned with recommendations impacting GDP directly. For recommendations concerning the transition from GDP to NDP, the argument is also valid, but in our view at a lesser degree.

Furthermore, regarding GDP and NDP, the model-based estimations (mentioned below) could also jeopardise international comparability. International comparability needs to be ensured by very precise specifications which do not yet exist for some new recommendations.
In our understanding, the implementation of the following recommendations needs to rely

to a large extent on assumptions and modelling and it is not yet clear whether the apparent implementation problems can be resolved by forthcoming practical guidance:

1. A.8 Sum of cost approach: Affects GDP and furthermore, the conceptional changes are not convincing (see below).
2. G.9 Marketing Assets: Affects GDP
3. DZ.6 Recording of data as an asset: Affects GDP
4. WS 6, 8, 10, 11: Highly experimental character.

A.8: Consistency in the Application of the Sum of Costs Approach

• Equal treatment of market and non-market production

We do not agree with the equal treatment of market and non-market producers as they are fundamentally different from each other: While market producers set their supply and prices in order to maximize profits, non-market producers base them on political and social considerations (number 22.2 of SNA 2008) and may be required to provide services to areas of the economy that would not be covered otherwise (number 22.5 of SNA 2008). From our point of view different treatment of market and non-market production is not an inconsistency in the application of the approach but a reflection of reality.

DZ.6 Recording of data in national accounts and G.9 Payments for knowledge-based capital (Marketing Assets)

These two recommendations would further introduce model-based components into GDP. Own-account data production has to be estimated based on a sum-of-costs approach, which heavily relies on assumptions, both on which occupations are concerned and on their involvement rates, as well as on service lives of data.

With respect to marketing assets, data on marketing expenditures are partly available. Own-account marketing, however, needs to be estimated using the sum-of-costs approach. Furthermore, we doubt that capitalized marketing expenditure can truly reflect the brand value/marketing assets of a company. Rather, brand value is created through multiple avenues and is highly complex.

Hence again, exact practical guidance would be needed to ensure international comparability.

WS.6, 8, 10, 11 on Sustainability

We doubt that the net present values approach will produce sufficiently reliable data for official National (Economic) Accounts. In the absence of sound information on current and future quantities, costs, prices and ultimately supply and demand the calculation of NPVs of (net) future resource rents will need many assumptions. In particular, we emphasize the sensitivity of results to the choice of the discount rate, the heterogeneity of extraction costs

across different types of deposits and the impact of short run price fluctuations of commodity prices on the valuation of resources.
We advise against the inclusion of these four aspects of sustainability into the core system of national accounts. Instead, we support the perpetuation and extension of the System of Environmental-Economic Accounts (SEEA). If, however, these four recommendations were to be included in the System of National Accounts (SNA), practical and operational guidance would need to ensure at least international comparability.
Additional comments on WS.6 Economic ownership and depletion of natural resources:
Regarding economic ownership, we are not convinced that the split asset approach is justified. As we have pointed out in earlier statements, we instead favour further elaborating the risks and reward approach.
Additional comment on WS.8 Accounting for biological resources:
We strongly reject to account for regeneration as GFCF, especially if the resources considered are not actively and costly managed.
Additional comments on WS.11 Renewable energy resources
Renewable energy resources like sunlight and wind themselves are not scarce and therefore do not have an economic value, hence they should not enter the NA sphere. Valuable are the land and the facilities/equipment needed to produce energy. Both are already defined assets. As the use of non-scarce resources does not lead to depletion, the inclusion of renewable energy resources has no impact on NDP and hence does not increase its explanatory power. We therefore recommend to rather include it into the SEEA.

Consequently, before we decide that these elements become part of the core system of national (economic) accounts, correspondingly reliable calculation models would have to be developed or even new data sources have to be defined (if necessary surveys).

Hungary (Magyar Nemzeti Bank): The recommendations of G.5 include that “SPEs can be economic owners of IPPs”. This seems to be unambiguous and consistent since the definition of SPEs includes the possibility of non-physical production in the resident country. Moreover, the rerouting of economic ownership of IPPs to non-resident parents of SPEs (i) may prove to be practically difficult and lead to international asymmetries, (ii) has a consequence that the tax is paid by the SPE in the resident economy and the production by IPPs takes place in a non-resident economy. The whole phenomenon of SPEs, however, is generally based on pass-through characteristic of them. It means that the financial liability establishing an SPE passes through the resident economy. The economic ownership of IPPs by SPEs is in contradiction with this characteristic and makes a difference between financial and non-financial assets. This may lead to the situation that FDI liabilities are analysed without SPEs (because the presence of capital in transit) while GDP and productivity are measured together with SPEs. In addition, in the case of non-financial assets, the issue of transfer prices also can arise since transactions of SPEs usually occur inside MNEs. As a result, this topic should be further discussed and analysed.

israel (ICBS): There are sparaome places where the document is not clear enough, for example :

paragraph 41 " In addition, it is recommended that SPEs incorporated in the same economic territory as their parents are not termed as SPEs..." . The definition already says that "SPEs are directly or indirectly controlled by non-residents. ", so its not a recommendation.
paragraph 50 : "(iv) to add, where relevant, depletion of natural resources as a cost to the sum-of-costs approach" what is relevant ? it is open to interpretation.

Italy (Istat): 1. SNA should maintain the characteristics of an observation-based framework: the core system of National accounts should be preserved, modelling, based on assumptions on what will happen in the future should be left to satellite accounts.
2. Transparency of the process: in many cases the changes proposed do not reflect the outcome of task team and global consultations. Even the present consultation, requiring respondents to "focus your comments and suggestions on [...] concerns about clarity and consistency, and not on recommendations with which you may disagree on other grounds", is unbalanced in favor of the acceptance of secretariat-led decisions. The overall acceptance of the combined effects of all changes should be the focus instead. International organizations should not pursue their own agendas, but listen more to countries' experts.
3. Impact of the recommendations on the core of National Accounts: the changes in production boundary and valuation result in a major change in perspective on how the economy is defined:
a. The demotion of the distinction between produced and non-produced biological assets is particularly worrying, as the level of human control on these resources is in many important cases very low.
b. Recommendations in the "environmental accounting" area explicitly or implicitly consider animals and plants and natural phenomena such as wind or sunlight producers of output: this is not consistent with our understanding of the SNA, which should reflect the fact that humans are the only producers of economic value.
c. Besides, actual institutional arrangements matter: not all biological assets and natural resources are subject to ownership rights, and some of them are excluded a-priori from the economic exchange system. Only assets with observable market value should be valued. It is not correct to entrust general government with the role of "trustee" if it does not exert proper ownership on the resources (out-of-market common goods exist).
d. Classification of assets - Natural Capital: this notion, which we strongly reject, is based on the idea that non-produced nature (whether living – ecosystems – or not), is productive (see a and b above). The current distinction between produced and non-produced natural resources should be retained in their classification (table 1) as the main distinction concerning all assets.
4. Impact of the recommendations on National Accounts aggregates: it is in some cases huge. Notably in the case of some natural resources, the NPV of resource rent-residual value method will introduce highly uncertain amounts of new assets value, very high for some countries.
5. Impact of the recommendations on the credibility of National Accounts and official statistics in general: accounts should be as much as possible the summary description, at the macro and sectoral level, of observable phenomena, such as actual transactions.

Inference from models may be acceptable for gap-filling, not as a basis for the definition of aggregates. Concepts belonging to microeconomic theory, such as opportunity cost (see Q2B, no. 4) and net present value, are not aligned with the principles of the SNA.
6. Split asset approach: Natural resources' economic ownership belongs to those who use the asset in production. It is the income that is split, not the responsibility. General government gets an income as payment for the right to exploit the resource given to the user.
7. Recording of depletion of natural resources as a cost of production is not compatible with the non-produced nature of these resources. This has also impact on the soundness in the presentation of net values in national accounts.
8. WS.7 Emission permits. The recording as other accounts receivable/payable is not satisfactory. Emission permits as transferrable financial instruments resemble more debt securities (§11.64 SNA2008).
9. Residual value calculations and NPV are basically modelling, based on assumptions on what will happen in the future (or even on what economic agents think will happen) and should be left – if at all included in official statistics - to satellite accounts, while the SNA should maintain the characteristics of an observation-based framework.
10. Extending the asset boundary for intellectual property products (DZ.6 and G.9). Even though we theoretically agree with importance of estimating data (DZ. 6) and marketing assets (G.9) in practice we have some concerns regarding feasibility of the estimations. On the experience of the estimation of software and database, based on a sum-of-costs approach using information from labour force surveys, we expect to find the same issues. Among witch the most relevant is high variability over time of number of employees engaged in producing data. For what concern the estimation of marketing assets (G.9) we consider the implementation issues quite a challenge, as data on marketing expenditures are partly available and presently there are not harmonized manuals on the model to be used, with possible impact on quality and comparability of estimates among countries.
11. Measuring consumption of fixed capital and capital services (CM.4, X.7 and X.9): the recommendation of using geometric depreciation as the default option for calculating capital stocks and consumption of fixed capital is in contrast with what established by the European Task Force FIXCAP, which recommends to using a convex cohort depreciation function, in accordance with the 2009 OECD Manual Measuring Capital. 2025 SNA should emphasize using a convex cohort depreciation function (geometric depreciation or a combination of age-price and retirement profiles, depending on the availability of information, data and technical capacity).
12. We expect that for many recommendations detailed user guide will be provided.

Malta (National Statistics Office): Malta was one of the countries who did not agree with:
(i) to include return to capital
in all cases, including non-market output. To my knowledge most EU countries in the NAWP were not in agreement on this. How come it is still in the recommendations?

México (National Statistics and Geography Institute): One particular concern is on the proposed invoice valuation of exports instead of FOB valuation. We consider this valuation can have introduce different moments of valuation of a product given the fact that producers and traders can deal with international trade indistinctively. In this case, the invoice valuation can lead to valuate invoices to basic and purchasers prices.

To deal with the subject, we consider is recommendable keep using FOB valuation of exports and left open the development of experimental studies to review the invoice valuation of merchandises and compared it to basic prices.

Netherlands (Statististics Netherlands / Dutch Central Bank): In paragraph 109 the flexible interpretation on 'cash collateral' will possibly lead to asymmetries between countries and is therefore a reason for concern.

127/128: Paragraphs 127 and 128 explain how the SNA 2025 will account for well-being and sustainability. It is also clear that well-being and sustainability will not be measured comprehensively: par. 127 refers to "(aspects of) well-being and sustainability" and par. 128 to "Some of the issues". It is implied that there has been a process of selection and that some aspects or issues will not be accounted for, at least not in this revision. It is not clear to the reader what the basis for this selection was and if, in the future, more aspects or issues will be included in the SNA.

Norway (Statistics Norway): Several of the recommendations deal with important economic phenomena and propose both conceptual changes and methodological changes to the system of national accounts. For some of the recommendations, we believe that the conceptual framework is not yet sufficiently developed. For other, we are concerned that the proposed methodology is too dependent on assumptions needed to impute values for non-observable phenomena. For both of these reasons, we are concerned that the recommendations may end up undermining the usefulness of the national accounts as a tool for analysing the macroeconomy and for formulating economic policy. We therefore take the view that these recommendations should be placed in satellite accounts, with a view to possibly incorporating them in the core accounts in a future SNA.
Our concerns relate to the proposals in the following Guidance Notes/Issue Notes:

- A.8 Further alignment of the sum of costs approach
- DZ.6 Recording of data in the National Accounts
- G.9 Recognising marketing assets as produced
- WS.6, 7, 8, 10 and 11 on sustainability

On A.8, we are not convinced that it is conceptually correct to assume that capital deployed by non-market producers should generate a return in line with capital deployed by market producers. At any rate, this return is only a theoretical measure, and would depend on modelling assumptions.
On DZ.6, we agree that it would be conceptually correct to treat data as fixed assets. However, the valuation is generally not observed, and will depend on assumptions.
On G.9, we do not agree that marketing assets should conceptually be classified as a fixed asset. Moreover, the value of such assets is largely unobservable, and will have to rely on modelling.

On WS.6, 7, 8, 10, 11 on Sustainability we believe that the conceptual framework addresses very important issues but is not yet sufficiently developed. This pertains primarily to the proposed changes to measurement of natural capital, where we are uncertain about the valuation principles, the split asset approach, treatment of emission permits, and the proposal for counting depletion as a cost of production. We do not see the rationale of capitalising renewable energy resources. These resources, like sunlight and wind themselves are not scarce and therefore do not have an economic value, hence they should not enter the NA sphere. Moreover, we are concerned that the recommendations in these GNs will be methodologically challenging. Statistics Norway has long experience with calculations of stocks of natural resources, in particular oil and natural gas, and from these attempts we know that the monetary valuation of stocks and depletion are challenging. The methods proposed rely heavily on assumptions about future prices and costs, discount rates etc. This may lead to large changes in the figures from year to year, and comparability across countries and over time will be hard to achieve.

Portugal (National Statistics Institute): There is wide recognition on the need to better account for issues like environment and well-being in the national accounts. However, the significant number of assumptions and estimations associated to some new topics introduce a high level of uncertainty that will significantly jeopardize international comparability and undermine the credibility of the national accounts. Although the system of National Accounts should provide an enlarged framework for macroeconomic statistics, maintaining the high reliability and comparability of the core accounts and its key indicators should be a priority issue, notably for the international organizations.

The exaggerated use of model-based estimations could potentially jeopardise the reliability of GDP, which is the most relevant indicator for economic developments and forecasts, tax forecast, Macro Economic Balance Procedure in Europe and thus important for political decisions.

Furthermore, we are not convinced that it will be possible to arrive to practical guidance for the implementation of these changes that could ensure international comparability. Before the decision to integrate these elements in the core system of national (economic) accounts, correspondingly reliable calculation models would have to be developed or even new data sources have to be defined (if necessary surveys).

Comments on specific issues / guidance notes:

1) A.8: Consistency in the Application of the Sum of Costs Approach

We do not agree with the equal treatment of market and non-market producers as they are fundamentally different from each other: While market producers set their supply and prices in order to maximize profits, non-market producers base them on political and social considerations and may be required to provide services to areas of the economy that would not be covered otherwise. From our point of view the different treatment of market and non-market production is not an inconsistency in the application of the approach but a reflection of reality.

2) DZ.6 Recording of data in national accounts and G.9 Payments for knowledge-based capital (Marketing Assets)
These two recommendations would further introduce model-based components into GDP. Own-account data production has to be estimated based on a sum-of-costs approach, which heavily relies on assumptions, both on which occupations are concerned and on their involvement rates, as well as on service lives of data.
With respect to marketing assets, data on marketing expenditures are partly available. Own-account marketing, however, needs to be estimated using the sum-of-costs approach. Furthermore, we doubt that capitalized marketing expenditure can truly reflect the brand value/marketing assets of a company. Rather, brand value is created through multiple avenues and is highly complex.
3) Controversial issues related to Natural Resources
i) Splitting the economic ownership of a natural resource between a legal owner and extractor: although the split asset approach may look interesting from a theoretical point of view, we have significant concerns about the reliability and comparability of the proposed approach which relies too much on estimations. The split asset approach may imply the recording of flows between the economic owner (extractor) and the legal owner (government); although it does not affect the net lending/net borrowing, it significantly impacts on net worth. The imputation of a partial sale of an asset counterbalanced by a capital transfer is a step too far.
ii) The recording of depletion of natural resources: we have doubts about the application of the split asset approach to depletion of natural resources; there is no doubt that depletion occurs for the society as a whole. However, which the actual cost incurred by the extractor? What are we trying to capture by imputing depletion to the extractor? With the current 2008 SNA, it is already difficult to ensure internationally comparable results on consumption of fixed capital. In the European Union, there was a recent work evaluating the estimates of CFC and proposing recommendations to further harmonize the calculations. This is certainly not the case outside the EU. By integrating into the core accounts the depletion of natural resources as costs of production without ensuring a sufficient level of reliability and comparability of the estimates, the credibility of the national accounts is jeopardized. This is particularly relevant when, at the same time, we are giving more prominence to net measures.
iii) The use of net present values of natural resource future earnings: the use of the NPV should be limited to very specific situations. The NPV gives results that change very significantly based on the stream of future payments and on the discount rate used. The uncertainty of the method is particularly relevant in the case of assets with extended lifetimes. The valuation at market prices should be preferred.

South Korea (Bank of Korea): It would be desirable to highlight the need for SNA updates to proceed gradually in consideration of the each countries' situation.

Singapore (Department of Statistics): We note that the consolidated list of recommendations may not cover or address directly/fully all the SNA research agenda issues, and that further clarification/guidance will be provided in the 2025 SNA chapters or other issues notes.

For instance, Issues Note A.9: Consistency in Measuring the Output of Central Banks recommends the recording of "transfers from the financial corporations' sector as current transfers to the central bank, and to allocate the collective services to the final consumption expenditure of the central bank". Practical guidance on the recording of the "final consumption expenditure of the central bank" is needed, in view of potential confidentiality issue if the concept of final demand for own use is an exception for the central bank and a new category is created under final demand for this purpose.

South Africa (South African Reserve Bank): We have some questions regarding the following recommendations:

Recommendation F.2. Stability fees (X.11)
Line 117 – Not clear on what "stability fees" is. Will stability fees as well as stability schemes be defined to avoid misinterpretations?

Recommendation B.3. Treatment of certain groups of economic agents (G.4, B.3, X.4, X.39 and X.54)
Regarding line 42 – Not clear on additional guidance. Will the additional guidance provide clarification on the classification of funds where there are one or more beneficiaries and the fund manager is also a beneficiary, meaning the fund manager is also exposed as it also invests on own behalf?

Line 43 – Not sure if recommendation will provide clarification on the classification of hybrid real estate investment funds or a mixture of equity and mortgage REITs?

Recommendation B.9. Delineating individual insurance and social insurance (F.12)
Line 63 indicates that further clarification will be provided on the treatment of life insurance policy bought by employer-independent scheme on behalf of its employees. The life policy can be registered in the name of the employer or the Chief Executive Officer (CEO). It is not clear from the current SNA/guidance if a retirement fund can have a life policy or insurance technical reserves. Will further clarification provide the answer?

Recommendation B.10. Accounting for insurance and pensions (X.5, X.8, X.12, X.35 and X.41)

Will chapter 24 on Insurance and pension funds provide some clarification on the classification and valuation of insurance contracts and related data such as clarity if the valuation must be based on the International Financial Reporting Standards (IFRS17) or Solvency Assessment and Management (Solvency II requirements). Guidance regarding the source data to fit SNA requirements will be helpful.

SPAIN (INE): In our view the complete package of recommendations are an improvent to the current SNA. But we have some concern regarding recommendations that are part of the core accounts and that need some assuptions to be implemented in practice. We are worried about the implications that could have model-based estimations in the international comparabililty of GDP and also in the compliation of quarterly accounts.
In our opinion, the the implementation of the following recommendations relies too much on assumptions and modelling and could hinder the international comparability of national accounts data:

1. A.8 Sum of cost approach (also the conceptional changes are not convincing)
2. G.9 Marketing Assets
3. DZ.6 Recording of data as an asset
4. W6. Accounting for economic ownership and depletion of natural resources

Sweden (Statistics Sweden, NSI): DZ.6 Recording of data
WS.6 Economic ownership and recording of depletion
WS.7 Emission permits
WS.8 Accounting for biological resources
WS.9 Recording of provisions
WS.10 Valuation of mineral energy resources
WS.11 Renewable energy resources
G.9 Marketing assets

There is a need to provide practical guidance on how to implement the recommendations. We understand that some initiatives have already been taken to provide more guidance but since many recommendations still are unclear time will mainly be used to clarify what to implement and not how to implement the recommendations. Furthermore, we think the implementation of these proposals will be a great challenge for most of the countries around the world and we doubt that there in the foreseeable future, if ever, will be very much of comparable information produced. We think the that for these recommedations the international comparability will be even more problematic than what is currently the case for R&D.

Türkiye (Central Bank of Türkiye): First of all, we believe that although it seems doable on paper, during the process of actual data compilation and preparation we will face several problems. For example, it will be a challenge to provide granular data on corporations and households.

United Kingdom (UK Statistics Authority): In relation to para 130, and hence affecting the topics discussed in para 30, we have identified some elements of inconsistency between the methodology currently used to generate human capital stocks and the methodology used to calculate other capital stocks which may impact this element.

Para 81: The delineation of migrating and “straddling” species requires a little more thought. In ecological terms a species migrates between areas or habitats. In large countries a species might migrate long distances and never leave the country. In other examples all of the breeding of a species might happen in one area controlled solely by one nation before moving out across the globe to places where it is less readily harvested. Finally – straddling – might prove a little difficult to define if a few individuals sometimes stray across a border. The definition of a "migrating" species could include almost all species. Furthermore, some distinct populations of a species might move across a border while others do not. The current definition could lead to disparities in interpretation.

The intent seems to be to consider issues where cross border movement significantly reduce management control. Perhaps migration could be defined explicitly or changed to "populations which move into and out of a nation's borders within an accounting period and whose management is not controlled by an international agreement".

Para 82: The inclusion of the regeneration of natural resources into Gross Fixed Capital Formation is an important proposal which received limited mention in consultation documents and feels to be an issue on which many countries will find challenging. Whilst the UK strongly supports the proposition, we would encourage meaningful consultation with countries on this point.

Para 83: We stress again our concerns at parking the treatment of the atmosphere at this time. It would be better to delay the 2025 SNA by a year and get this right then proceed without it.

Para 88: The UK sees little benefit for a default assumption of geometric depreciation. This both appears to be an unnecessary level of detail and to impose a false equivalence on very different asset types. The SNA should encourage countries to undertake research into the most appropriate functional forms for the assets in their economy and leave this decision to countries.

Para 108: Measures which may increase the volume of non-monetary gold are of concern to the UK. As the world's largest market for non-monetary gold, we have repeatedly flagged the deep and fundamental flaws in the current methods and classification of this asset which we have identified through in-depth research. The omission of non-monetary gold from the research agenda for this revision was a substantial flaw in the process, but we could accept that given this no action would be taken. The late imposition of a proposal which may make the current position worse is unacceptable at this juncture, and we would be seeking its removal at this time. Non-monetary gold requires a substantive revision, particularly in the light of para 74.

Para 115: Whilst the UK supports the identification of sustainable finance the current recommendation would be difficult to implement with any consistency without a definition of green or international agreement to ensure some minimum standards in green taxonomies.

Para 136: In relation to free digital products, in line with the guidance note on this topic, we would encourage exploration of bringing this work into the scope of the household unpaid work account, as these products should be views as intermediate consumption in these unpaid outputs. This would simplify the landscape and reduce the need for a further enhanced account.

Para 139: The UK continues to have limited appetite for terminology changes as advocated in this section. We continue to not have clarity on the problem this proposal is looking to address, and find the proposals vague. In general, we view this section over-reaches the ambit of the SNA and is better addressed through supporting guidance outside of the SNA manual.

Para 142: The proposal for a framework for assessing the alignment of national macro-economic statistics with international economic accounting statistical standards is one we continue to oppose as it would place countries who score poorly at a material disadvantage in international financial markets. The disadvantages appear to significantly outweigh benefits and we encourage the removal of this proposal. This is more appropriately treated outside of the SNA manual.