

Towards the
2025 SNA

Progress report on the SNA update

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Meeting of the Advisory Expert Group (AEG) on National Accounts

9 – 10 July 2024

Virtual meeting

UNSC endorsement of proposed changes to the SNA

- A list of **recommendations for proposed changes to the SNA was submitted to the UNSC for its endorsement** at its 54th Session held during 27 February to 1 March 2024
- This was accompanied by a background note that **summarised the feedback from the global consultation** and explained how this feedback had been dealt with
- The UNSC **endorsed all the proposals for change** except for the one relating to treating marketing assets as produced assets
 - It requested that further research on the measurement of marketing assets be undertaken in the post-2025 SNA research agenda
- The UNSC stressed the **importance of continuing to develop implementation guidance** on the new recommendations to facilitate the implementation of the 2025 SNA in an internationally comparable way and welcomed the **initiation of work to develop compilation guidance** for those changes that have a significant impact and/or require significant effort to implement

UNSC endorsement of proposed changes to the SNA

- The UNSC commended the **outreach activities** to keep countries informed of the transparent process and the inclusive approach to seek the views of countries through global consultations on guidance notes, recommendations for the update of the 2008 SNA and draft chapters of the 2025 SNA
- The UNSC commended **the close collaboration between SNA and the Balance of Payments and International Investment Position Manual update teams** to ensure full alignment between the recommendations of SNA and the Manual to the best extent possible

Global consultation on the full draft 2025 SNA

- On 17 June 2024 **global consultation commenced on the complete draft of the 2025 SNA**
 - All chapters except one are currently available – the outstanding chapter is chapter 39 on the Informal economy, and it is expected that it will be available by the end of this week at the latest
 - The chapters that are new or substantially revised are shown in ‘track changes’ compared to the versions previously circulated for global consultation
 - The chapters that are not new or substantially revised are shown in ‘track changes’ compared to the equivalent SNA 2008 chapter
- Global consultation will **conclude on 13 September 2024**
- There will be a **parallel global consultation process for BPM7**
- This achievement would not have been possible without the **hard work of the AEG members** who have reviewed all chapters
 - **The Project Team is extremely thankful** for this excellent work of the AEG

Global consultation on the full draft 2025 SNA (continued)

- As the content of the 2025 SNA has already been subject to extensive review, **the purpose of the global consultation** on the 2025 SNA is to ensure:
 - that the **agreed recommendations for change to the 2008 SNA have been incorporated correctly**
 - that material is presented in a way that can be **clearly understood**
 - that there are **no errors or inconsistencies**
- To ensure that the global consultation runs smoothly, reviewers are asked to:
 - not **re-open debate about recommendations that have been agreed,**
 - not raise issues **regarding the 2008 SNA text that is unaffected by the agreed recommendations**
 - not put forward **minor editorial suggestions**
- While the full draft 2025 SNA is out for global consultation it will be **read from 'cover to cover' by the lead editor** to check for any inconsistencies etc

Finalising the 2025 SNA

- Following the conclusion of the global consultation, the project team will prepare for each chapter a **summary of the feedback from the global consultation and the changes proposed to the draft** resulting from feedback
- These will be **discussed by the AEG at its meeting in 28-30 October 2024** and endorsement for the proposed changes will be sought
- The draft 2025 SNA will be updated accordingly and the ISWGNA will submit the 2025 SNA to the **UNSC for its approval at its 56th Session** to be held during 4 – 7 March 2025
- Throughout this process **harmonisation with BPM7 will be maintained**

Finalising the 2025 SNA (continued)

- There are also **5 annexes** that will be prepared in the coming months:
 - International standards for macro-economic statistics, and the links with the SNA
 - The classification hierarchies of the SNA and associated codes – will be an update of 2008 SNA annex
 - The sequence of accounts – will be an update of the 2008 SNA annex
 - Changes from the 2008 System of National Accounts – the consolidated list of changes will form the basis for this annex
 - Research agenda for the post-2025 SNA – discussions on this have commenced; there will be global consultation on this annex. It has been agreed that there will be a joint BPM/SNA research agenda
- These Annexes will be available for the consideration of the AEG at its October 2024 meeting

Finalising the 2025 SNA (continued)

- The 2025 SNA will be **professionally edited** during 2025 to conform with the United Nations Editing Manual
- Following this, it will be **translated into the official languages** of the United Nations
- The **Glossary** will be finalised later in 2024 to take account of changes resulting from the drafting process, etc.
- The UNSD will arrange **translation** of the glossary
- **Digital version of the SNA**
 - Work on preparing this will ramp up later in 2024
 - It is likely to be similar to the digital version of the ESA

Key outreach activities since last October 2023 AEG meeting

- Peter van de Ven and Peter Harper attended the **UNECE Group of Experts on National Accounts** meeting in Geneva in April 2024
- Peter van de Ven attended the **UNECE Conference of European Statisticians** meeting in Geneva in June 2024, where the update of the SNA was discussed
- Peter van de Ven and Pete Harper attended an **EC Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) workshop** on the review of international standards in Munich in June 2024
- Pete Harper presented on the progress of the SNA Update to the **ECB Working Group on Financial Statistics and Government Finance Statistics** at its meeting in Vilnius in June 2024
- A program of **joint BPM7/SNA2025 regional virtual seminars** has been completed:
 - Seminars were hosted by UNECE, Eurostat/ECB, ESCAP (2) and UNECA
- **Two SNA News and Notes Articles** were prepared – one on progress with the update and the other on the development of compilation guidance

Outreach (continued)

- Consideration is being given to **user outreach events** that could be conducted during the second half of 2024 / first half of 2025 that will focus on the proposed changes to the SNA
- The **2025 UNSC meeting** could also provide an opportunity for outreach events
- **In 2025, a second round of regional outreach events** is planned, following the endorsement of the 2025 SNA and BPM7
 - The target audience will comprise senior officials as well as NA and BOP compilers
 - The sessions will focus on methodological changes and new data breakdowns, and participants will be invited to share their thinking about implementation planning, including timelines and possible capacity development needs
 - The seminars are expected to be in person, although the exact modalities are still under consideration

Resolution of outstanding issues since the February 2024 AEG meeting

- **Sustainable finance definitions**

- An OECD/IMF/ECB Issues Note Was discussed at the 20 February 2024 joint AEG-BOPCOM meeting
- Has now been finalised to take account the decisions of the meeting
- Will be posted on the SNA update website on the Guidance Notes page

- **Recording uncompensated seizures in macroeconomic statistics**

- An IMF Issues Note, prepared in consultation with the SNA update team, dealt with the issue of indirect asset seizures for entities that are only indirectly impacted through their ownership of entities that have had their assets
- It recommended to treat these as valuation changes
- This was agreed to by BOPCOM and AEG via written procedure

Resolution of outstanding issues since the February 2024 AEG meeting (continued)

- **Treatment of negative equity positions**

- An IMF Issues Note was discussed the 20 February 2024 joint AEG-BOPCOM meeting
- The Issues Note recommended Option 4: Do not zero out negative equity, except for specific cases where the shareholder's and its affiliates' liability is strictly limited to the existing equity investment
- At the meeting, the ECB suggested an alternative Option 4*: Zero out negative equity, except for certain legal and economic cases. FDI, Central Banks and public corporations should never be zeroed
- Following the meeting a written consultation was carried out, with the following results:

	Option 4	Option 4*
AEG	7	2
BOPCOM	11	2
Total	18	4

- As agreed at the meeting, the treatment of negative equity positions will remain on the research agenda

Resolution of outstanding issues since the February 2024 AEG meeting (continued)

- **Accrual of interest on bonds issued at a premium/discount with regular coupon payments**
 - An IMF Discussion Note, prepared in consultation with the SNA update team, sought to clarify the recording of interest
 - It was circulated to BOPCOM and AEG members for their views via written feedback
 - Two questions were asked:
 - *Do members agree that the single effective interest rate approach is the standard preferred approach for calculating accrued interest on bonds issued at a premium/discount with regular coupon payments?*
 - *Do members agree that the approach which separates the interest due on the discount and the interest due to the coupon is a method that should be presented as an accepted alternative in BPM7 and 2025 SNA?*
 - The results of the consultation were as follows:

	Question 1		Question 2	
	Yes	No	Yes	No
AEG	8	0	5	2
BOPCOM	11	0	9	2

Transactor vs creditor/debtor approach

- This issue has arisen in the context of drafting **chapter 37 From whom-to-whom (fwtw) tables and related financial indicators**
- Several comments on this issue were received in the global consultation of chapter 37, as well as from AEG members
- It was not possible to fully resolve this issue prior to the global consultation on the full draft 2025 SNA
- To **resolve the issue, the following approach is proposed:**
 - For the purposes of SNA 2025 chapter 37, the transactor approach and the debtor-creditor approach will both be described
 - It will be noted that the transactor approach is consistent with the underlying principles of the SNA
 - However, it will be recognised that in certain circumstances it may be useful to compile fwtw tables (which are analytical tables and not part of the SNA sequence of economic accounts) using the debtor-creditor approach
 - It will be made clear that this alternative analytical approach is only relevant for fwtw tables and does not have any impact on the SNA sequence of economic accounts for the BOP/IIP.
 - The issue will be included on the post SNA2025/BPM7 research agenda

Implementation

- Progress on **issues related to implementation** will be discussed under other agenda items for this meeting:
 - Development of the implementation strategy for the 2025 SNA
 - Progress on developing implementation guidelines
 - data as an asset
 - natural capital
 - crypto assets
 - marketing assets
 - Developing guidelines for estimating return to capital for non-market production

THANK YOU!

