

Minutes

ISWGNA:NA meeting July 17th and 23rd, 2005 Royal Princess Hotel, Bangkok

Participants: C. Aspden, J. Dupuis (OECD), A. Bloem, R. Dippelsman, L. Laliberte (IMF), I. Havinga, V. Vu (UNSD), L. Bratanova (UN-ECE), C. Carson (Project Manager), A. Harrison (Editor), Paul McCarthy (ABS – Rapporteur for the AEG), B. Hexeberg (World Bank)

The final agenda is attached as Annex 1.

Agenda items 1 and 2 were dealt with on July 17th, prior to the AEG meeting, while agenda items 3 through 8 were discussed on July 23rd, after the AEG meeting.

1 Actions from previous meeting

All except the following two actions were completed:

- “Make a proposal to whom AEG comments should be addressed for comments,”—this action has been incorporated into an extended action from this meeting.
- “Inform WTO/OMT that their proposal will be included in the list of clarification,”—the UNSD informed this would be done shortly.

2 Preparation for the AEG meeting

Overview of meeting

To follow up on the issue of globalization and the 1993 SNA raised at the previous AEG meeting, Carol Carson informed that she would arrange a lunch/side-meeting with some of the ISWGNA:NA and AEG members to find out what they mean by “globalization” and discuss what could be included in the 1993 SNA Rev. 1 in this regard.

Ivo Havinga informed that the planned side-meeting to discuss the informal sector in the SNA will be with the staff of UNESCAP to seek their views. Based on their comments and those already received from ILO and Delhi Group, a revised paper will be prepared and circulated to the ISWGNA, the ILO, the Delhi Group, regional commissions and other interested parties for comments well in advance of the February 2006 AEG meeting. It was agreed that given the variety of country practices in defining and measuring the informal sector the paper should present alternative possible coverage and estimation methods.

Papers and issues

The paper summarizing the outcome of the country consultations quoted strong support for all issues with the exception of issue #16 Government and other non-market producers: cost of capital of own assets, for which there was no clear outcome. The ISWGNA:NA noted the difficulty of summarizing the comments of some 50 countries in a few sentences, and acknowledged that the ISWGNA would need to look further into the comments made by the countries on issue #16 Government and other non-market producers: cost of capital of own assets.

The ISWGNA furthermore noted that the use of e-discussions had been successful, and that a clear outcome was reached on all but two issues, # 11 Follow up to Originals and Copies: The treatment of annual licenses to use and # 38b Migrants' transfers (with regards to the question of how to treat corporations that change residence.) Because several reminders had been sent to AEG members informing them about the ongoing e-discussions and the deadline for making contributions to these discussions it was agreed that no further deliberations would be held in the third AEG meeting on those issues which had reached a clear outcome. For the above-mentioned issues where the e-discussions had not led to a clear outcome, however, discussions would be held with the intention of reaching an agreed position.

Some concern was raised with regards to the topic by topic treatment of financial assets and the asset classification in the 1993 SNA update. The group felt confident that individually the proposals made were sound, but would like to see a paper with a holistic treatment of financial assets to ensure that the treatment in the updated SNA is coherent and comprehensive.

Agenda

Because Eurostat could not be present in the AEG meeting, it was agreed that Carol Carson as project manager would chair the sessions previously assigned to Eurostat. The agenda was further revised to reflect that issue # 41 Merchanting should be for information and not decision.

Reports of the meeting

The ISWGNA expressed its appreciation that Paul McCarthy (Australian Bureau of Statistics) had accepted the function of Rapporteur of the meeting, drafting the summary conclusions (short report) in cooperation with the editor and the UNSD, and taking responsibility for drafting the long report of the meeting in cooperation with the editor.

In terms of procedures, it was decided that the summary of conclusions reached each day would be presented the next day to the AEG for its consideration.

For the country consultations on the AEG recommendations, it was decided that the short report should contain three parts: the summary conclusions, the questions/recommendations brought to the AEG and the issue descriptions (currently on the UN web-site). Moreover, to enhance the global participation, the short report along with the cover letter inviting countries to comment on the recommendations, will be translated into French and Spanish.

Next AEG meeting

As the next AEG meeting has been confirmed to take place in Frankfurt, hosted by ECB, beginning the week of January 30, 2006, the ISWGNA:NA agreed to bring this to the attention of the AEG, despite uncertainty about the start and end dates for the meeting.

Closing

It was agreed to meet on the evening of Thursday 23rd to take stock of the overall progress, and agree on what would be said in the wrap-up session.

3 Follow-up and stock taking

The ISWGNA:NA was in general pleased with **the outcome** of the AEG meeting, as the meeting had reached decision on several difficult and controversial issues, such as inclusion of R&D outputs within the asset boundary; measurement of capital services in supplementary accounts and the appropriate treatment of non-performing loans.

The ISWGNA:NA noted that the overall **quality of the issue papers** had been good. Nevertheless, it was agreed that for future it should be required that: (1) all papers include recommendations (rather than new/revised SNA-text) to be considered; (2) these recommendations be linked to clear questions; and (3) these same questions should appear at the end of the presentation. The project manager took on to include these points in a revised version of the note on preparation of issues paper, as well as update the note to reflect what worked particularly well during the AEG meeting. The note (or guide) shall be distributed to all task forces/individuals working on issues for the update.

Due to concerns that some for **clarification** were growing into substantive issues, it was agreed to include a sentence in the above mentioned note that if a clarification evolves into a proposal for change, the ISWGNA:NA, Editor and Manager should be notified immediately. Also, in contrast to the earlier agreed procedures, it was agreed that “clarification” papers which are to go to the AEG should follow the same deadlines and clearance procedures as regular issue papers. (Some clarifications are simple corrections or elaborations which do not need to go to the AEG.)

To improve the ISWGNA **review process for papers** further, the UNSD took on the task to amend the WEB-site so that the final paper (after having being amended in response to comments from the ISWGNA:NA, the Manager and the Editor) goes to a specific ISWGNA:NA web site together with a date noting when the paper will be posted for common access. This will allow the ISWGNA:NA, and the Editor in particular, to make a final evaluation of the paper – bearing in mind the comments already made - before it is released to the AEG.

The **presentations** made at the AEG meeting was reviewed as good, but it was noted that some of them were too long. Chairs should in the future strictly enforce the 15-20 minutes limit. A sentence about the 15 minute rule will also be included in the note (guide) on preparation of issue papers mentioned above. The presenters would also be asked to provide the chair with a copy of the presentation in advance of the meeting.

All members of the ISWGNA:NA found the use of **e-discussions** as a mechanism to make decisions on issues prior to the AEG meeting successful.

Having one person solely devoted to writing the reports was seen as an improvement, as was the use of power point when presenting the **summary of conclusions** for approval. It was mentioned, however, that more time should be allocated for the AEG members to read the summary before the final discussion and approval.

In terms of agenda planning, the practice of allocating more substantive issues for the morning discussions and “lighter” issues for the afternoons was deemed to have worked well. Future meeting agendas should, however, allow for longer lunch breaks and two short breaks in the afternoon.

Substantive issues and follow-up

For the **country consultations** on the set of AEG recommendations of its third meeting, the ISWGNA had previously agreed that the short report should be attached together with a short description of the issues that had been discussed at the meeting (based on the paper posted at the web), making reference in the cover letter to the designated web site where all issue papers as well as power point presentations made at the meeting could be found. The UNSD and the IMF were asked to develop a proposal re. the consultations (e.g., who translates what, to whom should the letter be addressed, coordination of address lists), as well as a proposed timetable. It was asked that a draft version of the letter launching the consultation process would be shared with the manager. Furthermore, it was reiterated that the letter should encourage responses within 60 days, but that the comments would be accepted at a later stage as well. In order to further encourage countries to respond to the consultation, the UN-ECE offered to send a letter reminding and encouraging feedback (including an offer to help putting the countries in contact with resource persons for the individual issues if needed.) The ISWGNA:NA appreciated the offer, and UNSD took on the task to contact the other regional commissions asking if they could arrange for something similar. Last, it was noted that the message should somewhere be given that responses could be given in any official UN language, so as to lower the language barrier as much as possible.

The Manager would follow up on a one-to-one basis the country comments (including on scope) from the **previous consultation round on issue #16** Government and other non-market producers: cost of capital of own assets. Taking into account the outcome of her consultations, the ISWGNA:NA would recommend how to proceed on the issue to the fourth AEG meeting.

A separate discussion took place on how to ensure that the **treatment of life insurance** in the SNA is reviewed as part of the updating process, even though it is not included in any of the accepted issues/clarifications. Several options were explored like to call a consistency meeting bringing together the decisions made on pensions and financial services. A final decision on this aspect was deferred pending the outcome of the treatment of pensions.

With regards to the **follow up list** from the AEG meeting the ISWGNA:NA appreciated the Rapporteur's offer to create an "action list" while finalizing the report of the meeting, and agreed to await the list before agreeing on further actions needed.

Editing of the 1993 SNA Rev. 1

Some of the issues that came up during the discussion were: (i) whether the structure should be kept as similar as possible to the current version to avoid creating the feeling of a complete overhaul of the manual; (ii) whether the classifications should be presented together at the back for the manual as in the current version or integrated into the respective chapters; (iii) whether to include a separate chapter on "measuring capital"; and (iv) whether the text on the informal sector should be included as a separate chapter. No agreement was reached on any of these issues, but the ISWGNA:NA was positive to partitioning the SNA into five parts (not including the annexes), where part 1 would be the introduction to / overview of the system, part 2 would include the chapters dealing with the accounting conventions, part 3 the description of the sequence of the accounts, part 4 the integration and interpretation of the accounts, and part 5 the extensions of the accounts. On the discussion of timing of the editing, the ISWGNA considered

the suggestion of operating with two tranches as a workable solution. This would allow the editor to focus on revising the core of the SNA first (tranche 1), and while the revised text is out for review concentrate on the other parts (tranche 2), which would then go for review at the same time as the editor take a new look at the text included in tranche 1.

The possibility of postponing the “consistency meeting” from summer 2006 to early 2007 and combining it with a review of an extended set of draft chapters was also discussed. No decision was made, and it was noted that this would represent a change in the work programme and would need to be brought to the attention of the ISWGNA:MG. To facilitate further discussion in this regard, the members of the ISWGNA:NA who had advocated a consistency meeting (particularly IMF and UNSD) agreed to describe what was envisioned for the meeting when laying out the work programme (2003.) It was agreed to put the issue on the agenda for the next ISWGNA:NA teleconference to ensure input from Eurostat, as well as to take into account the note setting out the background for the work programme of 2003.

Statistical Commission Report

The UNSD informed that the report to the Statistical Commission (March 2006) would need to be submitted by end October, and agreed to send the outline with regards to the part covering the updating to the ISWGNA:NA for comments by September 7.

4 Next AEG meeting

Due to the considerable number of issues scheduled for the forthcoming AEG meeting, the ISWGNA agreed to use e-discussions where suitable in order to ensure enough time for the discussion on the more substantive issues. Working towards an agenda, it was agreed that each organization would track the issues in which they are responsible - identify which ones will be ready for decision and which ones are suitable for e-discussions, and send a note to the UNSD informing them about the status of the issues and providing an estimate of time needed for discussion/decision at the AEG meeting. The UNSD agreed to produce a first draft agenda for the ISWGNA:NA’s consideration at its September teleconference meeting based on these inputs.

5 New budget context

The meeting was informed that Eurostat had signed the legal documents, and that their contribution to the trust fund is expected this autumn. Furthermore, with reference to the ISWGNA:MG of May 31, it was noted that the international organizations had agreed to cover expenses related to AEG meeting(s) and travel of the project manager in their own budgets. Nevertheless, it was noted that the budget situation will still need to be taken into consideration when planning for consultation, outreach etc.

6 Outreach

The meeting was informed that the ISWGNA:MG at its June 30 teleconference agreed to produce a paper on the SNA update for Chief Statisticians, which would be more policy-oriented, including how the revised SNA would be able of measure the “new economy”. The project manager has agreed to come up with an outline for the paper to be reviewed by the

ISWGNA:MG at their September 13 meeting. When the outline is agreed, the ISWGNA:NA will be asked to contribute to the paper. It is currently unclear where and when the paper will be presented, but suggestions made by the ISWGNA:NA included the meeting of the bureau of the Conference of European Statisticians, Washington DC, October 2005. The ISWGNA:NA appreciated the fact that this paper could help make the approval process at the UN Statistical Commission in 2007 and 2008 easier by setting out the reasons for and the expected gains from the update.

Plans for consultations and outreach

Either the manager or the editor may be invited to attend the Eretes Users Conference in Morocco as part of the outreach programme.

In preparation of the UN-ECLAC meeting on national accounts and the 1993 SNA update in Venezuela 24-28 October, 2005, Mariam Cover, Roberto Ramos and Peter Pariag have taken on an active role, putting forward issues of importance for ECLAC countries for discussion (including the informal sector). UNSD will communicate their suggestions to UN-ECLAC for their consideration when drawing up the agenda of the meeting.

UN-ECE will host a one day meeting in April 2006 for CIS countries and other countries in transition. As the agenda is developing, the UN-ECE would seek advice from the ISWGNA, in particular EU and OECD. This meeting will be followed up by a three days EU/OECD/UN-ECE meeting, where several issues linked to the SNA and the SNA update will be on the agenda.

UN-ECA has confirmed it will host and organize a workshop on national accounts and the 1993 SNA update in Addis Ababa, November 2005 in cooperation with the UNSD. This workshop might be followed-up with a second workshop on national accounts in the first half of 2006.

The ACN meeting in Paris, January 2006, provides an opportunity to reach out to a wide range of francophone national accountants compilers and users.

The IARIW conference in Finland 2006 as well as the ISI meeting coming up in Portugal in 2007, will also be suitable for outreach activities. An IARIW special conference in China is another possibility that the project manager is exploring.

7 Upcoming ISWGNA conference calls and meetings

A conference call is scheduled for September 8, and a meeting for October 14, OECD, Paris.

8 Other business

The ISWGNA:NA considered including a replacement member. The ISWGNA will consider the type of expertise needed to complement that presently embodied in the AEG in particular in respect of the financial accounts and informal sector.

It was agreed that the list of clarifications should be included on the UN web-site for the Update of the SNA, so as to give a more comprehensive picture of the update. The suggestion to start accumulating issues for the research agenda was also supported.

Agenda

**ISWGNA:NA meeting July 17th and 23rd, 2005
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- 1 Actions from previous meeting**
- 2 Preparation for the AEG meeting**
 - Overview of meeting
 - Papers and issues
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 - Reports of the meeting
 - Next AEG meeting
 - Closing
- 3 Follow up and stock taking**
 - Substantive issues and follow-up
 - Editing of the 1993 SNA Rev. 1
 - Statistical commission report
- 4 Next AEG meeting**
- 5 New budget context**
- 6 Outreach**
- 7 Upcoming ISWGNA conference calls and meetings**
- 8 Other business**

Annex 2

Actions agreed upon

| Action | By when | By whom |
|---|---------------------------------|----------------|
| Inform WTO/OMT that their proposal has been included in the list of clarifications | ASAP | UNSD |
| Revise note/guide on issues paper | End September | Manager |
| Amend web-site to allow for posting of final draft (and date for when final paper will be posted) | Mid November | UNSD |
| Proposal, incl. timetable for country consultations | ASAP | IMF, UNSD |
| Send reminder re consultations | 2-3 weeks after letter goes out | UN-ECE |
| Ask Regional Commissions to send reminders re. consultations | ASAP | UNSD |
| Follow up with countries on comments re issue #16 | | Manager |
| Load power point presentations on the web | ASAP | UNSD |
| Suggest further actions needed after the AEG meeting (not included on list attached to the report of the meeting) | ASAP | All |
| Formulate what was envisioned – in particular with regards to consistency meetings - when laying out the WP in 2003 | Sept 7 | IMF, UNSD |
| Circulate outline for UN-SC Report to ISWGNA:NA | Sept 7 | UNSD |
| Inform UNSD about the status of issues, which are suitable for e-discussion and/or how much time should be allocated for discussion at the next AEG meeting | Sept 1 | All |
| Draft agenda for next AEG meeting | Sept 7 | UNSD |
| Include the list of clarifications on the web-site | ASAP | UNSD |

