

## **Minutes**

### **Intersecretariat Working Group on National Accounts Teleconference January 19, 2006**

**Participants:** C. Aspden (OECD); A. Bloem, C. Gorter (IMF); I. Havinga, V. Vu, M. Csizmadia (UNSD); L. Bratanova, T. Dimova (UNECE); A. Harrison (Editor); C. Carson (Project Manager); B. Hexeberg (World Bank)

#### **1 Forthcoming AEG meeting**

(i) The meeting went over the draft agenda distributed by the UNSD previous to the meeting, and suggested some slight changes. The UNSD agreed to take the suggestions on board and distribute the agenda to the AEG by January 20.

In order to finalize the detailed agenda, the ISWGNA:NA was reminded to send name of presenters to the UNSD by cob January 23.

(ii) The meeting noted that the chairs are responsible for being in contact with presenters, to instruct about timing and use of power point. It is suggested that a note prepared by the project manager on the issue be forwarded to all presenters. It was furthermore agreed that presenters should be asked to provide copies of their of the power point presentations two days in advance of presentation, which would allow enough time for each chair to review and if needed suggest changes to the presentation.

(iii) As for participation, it was informed that two AEG members would not be able to attend, and further two would need to leave before the end of the meeting. To assure that all AEG members' voices are being heard, these AEG members will be encouraged to provide written comments on the issues in which they will not be able to present their views in person. The project manager will contact each of the AEG members, and ask that they provide written comments.

#### **2 Structure of the revised SNA**

The ISWGNA:NA made a big leap forward in today's meeting, as the meeting agreed on a number of issues with regards to the "look", or outline, of the revised SNA. Because the updating will bring up a range of new issues not previously discussed in the SNA, as well as revised and extended text on other issues, the ISWGNA:NA took a hard look at the present SNA to decide what materials (if any) were outdated and could be dropped in a revised version, or in which cases it could be more useful to refer to specific manuals rather than having a half-hearted presentation integrated in the SNA. For new material, the question was where it should go, and if new chapters should be introduced.

The meeting (taking into account written comments from Eurostat) discussed and decided on the following:

(i) *Annex I to chapter XIX: ‘The treatment of official multiple exchange rate systems’*

It was noted that although the number of countries with several official exchange rate is diminishing, the annex is still relevant for a handful of countries, and therefore would be worthwhile keeping. No decision was made as to where the annex would fit in the revised SNA.

(ii) *Annex II to chapter XIX: ‘A parallel treatment of interest under significant inflation’*

The ISWGNA agreed that the annex as such should be dropped in a new SNA, but that some text on compiling national accounts under conditions of high inflation should be included. This text should be more general than just focusing on interest, and references should be made to OECD’s manual on inflation accounting as well as to Vanoli’s alternative treatment on interest under high inflation.

(iii) *Chapter XVI: Price and volume measures*

Despite the existence of separate manuals on price and volume measures, the meeting agreed on the usefulness of the chapter and that it should be kept. It was noted, however, that there might be room for slight improvements.

(iv) *Chapter XIX: Application of the integrated framework to various circumstances and needs*

This chapter will be dissolved, as selected sections will be moved into a ‘summary chapter’ or other new chapters. A few sections might also be deleted if no longer relevant to the present situation.

(v) *Chapter XX: Social accounting matrices and Chapter XXI: Satellite analysis and accounts*

The two above mentioned chapters will be merged into a chapter on “extensions of the system”. Furthermore, as there will be references to existing manuals on SAMs and specific satellite accounts, the meeting agreed that the descriptions should be shortened.

(vi) *Chapter XVIII: Functional classifications*

The meeting agreed to keep the material, but would leave it for later to decide on whether it should be a separate chapter or included as an annex somewhere.

(vii) *Para 1.60 re. concept of opportunity cost*

It was mentioned that the concept of opportunity cost did not fit in the SNA. The Editor took on to look into the paragraph when reviewing the text.

(viii) *Separate chapters on “Sectors”*

The ISWGNA:NA had already agreed to include a chapter on government/public sector. As the need for a chapter on the household sector has repeatedly been raised, to facilitate new text on specific areas, as well as to show the usefulness of doing the sector accounts (focus on applications), the meeting agreed to include separate chapters on the household sector, the non-profit institutions, and the corporate sector. The chapters will not coincide directly with the institutional sectors recognized in the SNA – as the chapter on NPIs, for instance, will include

NPI classified in the corporation sector as well as the government sector in addition to NPISH, while the chapter on public sector by definition will include more than general government

It was noted that by creating these new chapters one would need to be very cautious not to duplicate text. Lastly, it was agreed that the Editor would come up with a suggestion for chapter headings.

*(ix) Chapter on capital services*

As capital services will have a more prominent role in the revised SNA and play a part in the production account, the capital account as well as the balance sheets, the meeting agreed that a new chapter should be devoted to the issue.

*(ix) Chapter on informal sector*

Last, due to the importance of the informal sector in many countries, the ISWGNA:NA agreed that the description of the informal sector in the SNA should be strengthened and that a separate chapter should be included. It had been questioned earlier whether the chapter heading should include the word 'sector', as the informal sector is not a separate sector in the SNA.

*(x) Embed definitions in the text*

The ISWGNA was sympathetic to a proposal to embed definitions in the text but was uncertain of its practicality. Accordingly, conditional approval was given to the editor to proceed to embed definitions in the text of the first few chapters and then a final decision would be made whether to fully implement the proposal or abandon it.