

SNA News

Number 18
April 2004

An information service of the Inter-Secretariat
Working Group on National Accounts (ISWGNA)

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SCOPE OF THE SNA UPDATING AND CONCLUSIONS OF THE FIRST MEETING OF THE ADVISORY EXPERT GROUP

By Ivo Havinga, UN-DESA/SD

The statistical community has embarked on a comprehensive review of the *System of National Accounts, 1993* (1993 SNA), to be completed by 2008. The Statistical Commission in 2003 mandated this review (see: Report on the thirty-fourth session, UN document E/CN.3/2003/34) with certain limitations, most noticeably that the review should not lead to fundamental changes and in that light should be considered an update rather than a full-scale revision. The working title *1993 SNA Rev. 1* of the updated version of the 1993 SNA has been chosen to send a signal that a fundamental change is not envisaged.

Limited scope of the SNA update

The need for a comprehensive review, as compared to an incremental updating process, has manifested itself in a growing number of identified issues that had emerged from new economic developments and conceptual consistency perspectives. Meanwhile limitations had to be set on the scope of the review in order to prevent a widening statistical divide between countries at different levels of implementation of the 1993 SNA, and avoid compromising international statistical comparability. Moreover, it is required that the consistency between the SNA and other macroeconomic (financial) statistical standards like the Balance of Payments Manual and Government Finance Statistics Manual be maintained and where possible improved. Also, where feasible, the latest

More complete information on all aspects of the SNA updating, the five-year detailed work programme, the agreed scope of the updating and the accepted recommendations regarding methodological developments, including papers presented to and conclusions of the first meeting of the AEG are available on the web site "Towards 1993 SNA Rev.1" at <http://unstats.un.org/unsd/nationalaccount/snarev1.htm>. The full list of issues accepted by the AEG for review followed by their summary descriptions are presented at the above web site and also in a **special supplement to this newsletter**.

developments in the international business accounting standards have to be taken into account. Additionally, the selection criteria of issues for review demanded that any amendments proposed to the 1993 SNA should not only adhere to conceptual integrity but also take the implementation aspects in countries into account. Finally, the discussion of issues has to be brought to conclusion in a spirit of consensus, with a broad involvement of all countries. In summary, the review process focuses on a limited number of carefully selected issues, while preserving the conceptual framework and the majority of existing recommendations of the SNA. Thus the implementation of the 1993 SNA may, and should proceed in all countries and regions

while the updating of the well-specified issues is in progress.

First meeting and conclusions of the AEG

With the first meeting of the Advisory Expert Group on National Accounts (AEG) at the International Monetary Fund (IMF) from 16 to 20 February in Washington DC, the SNA updating process was set in motion. The AEG is a 25-member body comprising 20 national accounts experts from around the world and representatives from the five members of the ISWGNA. Its job is to determine which issues are to be considered in the update and to make recommendations to the UNSC concerning those issues. At its first meeting, the AEG identified issues to be considered in the update and made recommendations on a number of them. Comments on these decisions are invited from national statistical offices and others. These comments will be then consolidated by the ISWGNA and submitted to the AEG for final deliberation. It has been considered of paramount importance to ensure widespread discussion including national and regional debates with national accountants and other users on the proposed new concepts and standards. (See next article on engagement of stakeholders.)

Accepted list of issues

One of the main objectives of the first meeting was to set the scope of the updating process through the review of the issues identified by the ISWGNA, the IMF Balance of Payments Committee in its revision of the BPM5 and the Taskforce on Harmonisation of Public Sector Accounting (TFHPSA) in its process of harmonisation between the international accounting and statistical standards in the area of public sector accounts. It is worth mentioning that the candidate issues identified by the ISWGNA are part of the deliberations of various existing expert groups like the Canberra II Group on the Measurement of Non-Financial Assets, electronic discussion groups and taskforces, all of which provide inputs for the discussions of the AEG.

At this stage, the AEG recognized a unified and single list of 44 issues in total and identified a responsible agency or expert group and the expected date of completion for each issue. Several are cross-cutting issues; merging

issues that had been identified separately by different expert groups, e.g. *units* which combine the treatment of ancillary units and ancillary corporations. The reasons for the acceptance of the issues are diverse. In some instances, changing economic circumstances require a certain conceptual treatment like the case of *employee stock options*, *residence and definition of units* in the new global environment with multi-territorial presence, and their functioning under specific legal structures and for specific purposes. Other issues are proposed in order to follow symmetric treatments like the case of *unfunded employer retirement pension schemes*, *government transactions with public corporations and retained earnings of mutual funds*, *insurance companies and pension funds*. Some issues pertain to the rewording and adjustments to the classifications such as *classification and terminology of assets* and *financial assets classification*. Again others are accepted to ensure consistency with other macroeconomic standards like BPM for *goods sent abroad for processing and merchandising* and like GFSM for *private, public and government sector delineation*. Finally, some issues have been accepted to follow up developments in the international business accounting standards as the cases of *non-life insurance services* and *financial services*.

However, some issues were rejected like the one on *consumer durables* as it would entail a fundamental change in the production boundary and the asset boundary. Similarly, the issue of *consumer subsidies* was rejected because it had been considered extensively and rejected in the preparation of the 1993 SNA and there are no new convincing arguments to change to present treatment. The AEG decided that some issues require simple rewording in the SNA that can be dealt with during the editing such as the rewording of *cultivated assets* in line with the System of Economic and Environmental Accounting (SEEA) and the recognition of the importance of some macroeconomic aggregates like net domestic product.

In addition to the issues already on the accepted list, a few more issues are under consideration that were proposed by members of the AEG: wages and salaries in cash and in kind; purposes and uses of SNA; multi-country accounts—monitoring economic and monetary unions, developing a special chapter on

financial accounts; financial innovation; SNA as a basis for comprehensive productivity analyses; integrating policy oriented variables; quarterly national accounts; treatment of transport costs in basic prices; regional accounts; and review the SNA terminology for user-friendliness.

Recommended methodological developments

Another main objective of the first AEG meeting was to address the recommendations on methodological topics put forward in issue papers. In the following, the main conclusions of the AEG on the discussed issues are presented.

Treatment on taxes on holding gains

The AEG agreed not to change the SNA regarding the classification of taxes on holding gains: they will continue to be classified as current taxes on income and wealth (D51). However, taxes on holding gains should be shown as a special sub-category within D51. The AEG considered the possibility of discussing in some paragraphs of the SNA alternative concepts of household income. However, the AEG considered that this is not a priority for the present SNA review.

Military weapon systems as fixed assets

Following an intensive discussion, the group voted to include expenditure on military weapon systems as gross fixed capital formation. There was general agreement that defense GFCF should be presented separately from other types of GFCF.

Employee stock options (ESO)

The AEG approved the four main recommendations presented in the issue paper: treatment of ESOs as compensation of employees; spreading the acquisition of ESOs between the grant and vesting dates if possible; valuation at market price, or by using a suitable option pricing model; the recording of the ESOs in the financial accounts not as financial derivatives but as an instrument category entitled “financial derivatives and employee stock options,” with the subcategories of (a) financial derivatives and (b) employee stock options.

Cost of ownership transfers on non-financial assets

It was recommended to preserve the link in the 1993 SNA between the value of an asset to an enterprise and the value of the services to be rendered by the asset over the length of time it is held. This implies maintaining COT as capital formation. However, the AEG considered that rather than depreciate the COT over the lifetime of the underlying asset as recommended by the current SNA, the cost of ownership transfer should be written off over the period during which the acquirer expects to hold the asset. If the expectation is met, this means that the COT will be entirely depreciated when the asset is resold, thus resolving the issue raised of overestimating net operating surplus.

Measurement of production on non-life insurance

The first recommendation sets as a general principle that the production of insurance services does not occur when the risk occurs. The concept of insurance service is the service of covering for the risk. As such, its measurement should not be affected by the volatility of the occurrence of the risk. Neither the volume nor the price of insurance services is directly affected by the volatility of claims. The AEG accepted the recommendation to continue to use a formula based on the difference between premium (plus premium supplements) and claims, but to use adjusted claims and, optionally, adjusted premium supplements in this formula in order to correct for the volatility of observed flows. The recommended formula for the measurement of output of non life insurance in the 1993 SNA Rev. 1 will therefore be: [Actual premiums earned [i.e. premiums receivable less changes in the reserves due to pre-payment of premiums] + Adjusted premiums supplements - Adjusted claims incurred. The recommendation regarding the adjustment of premium supplements remains optional. There are three practical solutions to implement this general recommendation. The expectation approach (which uses statistical smoothing of past data) consists in replicating the ex-ante model used by insurers to price their premiums on the basis of their expectations. The accounting approach would require an extension of technical provisions to include equalization provisions and other special provisions when unexpected risks occur. The

sum of cost plus “normal” profit approach may be a solution for developing countries that do not have up to date and full information on insurance activities.

Measurement of production of (non-insurance) financial services

The AEG reviewed the provisional recommendations of the OECD Task Force. It was noted that the recommendations should be regarded as work-in-progress. Three recommendations were submitted: a new definition of financial corporations; the principle of non-exclusion of own funds in the measurement of output; a reference rate approach for the measurement of FISIM. The following comments were made: the new definition is broader than the present 1993 SNA treatment, which is a good development; and the term “financial intermediation” should not disappear from the definition. The AEG invited the OECD Task Force to produce a comprehensive presentation of all the inter-related issues of sector and industry definition, valuation of output, allocation of output to users, role of own funds, treatment of unincorporated money lenders, and ancillary

units such as companies’ treasury departments, etc. Furthermore, a small group of AEG members will submit a specific proposal to the AEG members on (informal) money lenders in developing countries. For clarification of the treatment of Islamic banks, the IMF agreed to propose the text.

Measurement of output of central banks

The AEG reviewed the recommendation made by the ISWGNA in 1995 on the measurement of the output of central banks. The AEG agreed that, because of the unique functions that may be performed by central banks, the value of their output obtained by the method recommended by the 1993 SNA (the difference between property income receivable less interest payable) may sometimes be exceptionally large or small or even negative. In such cases the output of central banks or at least part of it could be measured at cost. Further work is needed to clarify these cases. This does not imply reclassifying the central bank to the government sector. Clarification is needed of which sectors consume the output of the central bank.

PROACTIVE ENGAGEMENT OF STAKEHOLDERS IN THE UPDATING OF THE SNA – A COUNTRY VIEW

By Robin Lynch and Walter Mkandawire, United Kingdom Office for National Statistics

The debate of issues for the update of the System of National Accounts (1993 SNA) is already under way in city groups, electronic discussion groups and international meetings. The process that will end in the publication of the 1993 SNA Rev.1 in 2008, is part of a coordinated updating of the family of national accounting manuals, which need to be kept consistent.

The issues being considered for revision reflect developments in the economy such as the role of intellectual property in economic output, and developments in economic thinking such as the treatment of military expenditure on military weapon systems as capital rather than current expenditure. The measurement of the economy of the United Kingdom depends critically on these issues, and so the UK Office for National Statistics (ONS) is playing an active role in the updating discussions and decision-making process.

The UK is engaged with the updating process in the following ways:

1. Senior statisticians of the ONS take part in the key discussions for the international manual updating. The UK economic statistics system is integrated so that the Balance of Payments are fully reconciled with the Rest of the World sector of the national accounts, and the associated sector financial accounts. The links with government accounting are well described and government accounts information is a critical input for the national accounts description of the government activities. So the UK is very keen to help deliver a coherent approach to difficult issues across these three different accounting areas. As an illustration of the extent of engagement of UK experts, the contributions of the following can be mentioned: Stuart Brown (Head of Balance of Payments) serves on two

sub-groups of the Balance of Payments Committee. Graham Jenkinson (Head of National Expenditure and Income Division) serves on the Task Force on Harmonisation of Public Sector Accounting. Robin Lynch (Director, National Accounts) serves on the Canberra II group considering intellectual property and capital services, as well as the Advisory Expert Group deciding which recommendations to accept for the SNA.

2. The ONS has set up an internal discussion forum, whereby individual statisticians are nominated as "champions" for issues relevant to their work. It is their job to collect views and brief on the conceptual issues. The statisticians are not confined to the ONS, with Bank of England officials playing an important role in covering financial issues and Treasury officials getting involved in public sector accounting issues.

3. The ONS has set up a project to plan and guide national consultations on the updating issues for the 1993 SNA as well as the Balance of Payments Manual (BPM5) and the links with the public sector accounts. The project has a full-time manager and a board of ONS statisticians. This project is responsible for ensuring that outside opinion is engaged, and the progress of the UK project and the international updating is communicated widely. A web page is under development as part of the ONS web site. A generic e-mail address has been created. The aim is to provide links from this site to the UN, MF, OECD and other relevant web sites so that UK stakeholders have easy internet access to all the relevant papers, committee minutes etc.

4. The ONS has established an Advisory Committee chaired by an Executive Director of the office. The membership includes representatives of government users (Treasury and Bank of England), the business sector, academic and research institutions, the professional accounting body of the UK, and the ONS itself. The Advisory Committee does

not take decisions, or give a UK line or mandate to any of the office "advocates" in the international meetings. But they do give a strong stakeholder input to the briefing that each advocate receives for engagement in the international discussion process.

What benefits does the UK ONS see in devoting these resources to engaging with stakeholders, and playing such a proactive role in the international debates?

1. The measurement of the UK economy may well change substantially as a result of the updating, and so it is important that UK statisticians play a full part in determining the future conceptual standards.

2. These changes will impact on stakeholders in the UK, so the proactive approach to engaging the stakeholders will make sure they understand the process, can contribute to it, and are aware of the implications. They will also spread the news in their circle of colleagues.

3. Any changes to the UK accounts as a result of this updating will cause revisions to existing data sets. Recent media comment on revisions in the UK has been negative, and it is important that these conceptual developments are not misinterpreted as previous errors being corrected. So a transparent process and effective communication plan including briefing the media will be an investment in selling the message in the future.

Finally, there is scope for misunderstanding by stakeholders as to whether there is a genuine opportunity to influence the debate, or whether in fact it is a done deal and the consultations are merely window-dressing. A balance must be struck between the understandable desire to close issues down and take difficult decisions, and the need to engage effectively with important stakeholders who are the ultimate users and wish to influence the debate.

REVISION OF THE FIFTH EDITION OF THE IMF'S BALANCE OF PAYMENTS MANUAL Note by the International Monetary Fund

The IMF's Statistics Department has begun work on revising the fifth edition of the Balance of Payments Manual (BPM5). As a first step, an Annotated Outline (AO) of the new manual has been released. It is also available on the IMF website at:

<http://www.imf.org/external/np/sta/bop/bopman5.htm>

The IMF Committee on Balance of Payments Statistics decided that it would be appropriate to revise BPM5 for a number of reasons:

- the international economic and financial environment has changed significantly since BPM5 was published in 1993;
- there is an increase in the focus on positions statistics;
- a new round of trade negotiations has led, inter alia, to the publication of a manual on statistics of international trade in services;
- there has been development work on the statistical treatment of reverse transactions, accrued interest, financial derivatives, and non-produced, non-financial assets; and
- new frameworks have been developed in other statistical areas, in particular in monetary and financial, government finance, and external debt statistics and the data template for international reserves and foreign currency liquidity.

The Committee has agreed to the target date of 2008 for revising BPM5. This target date fits well with the proposal to complete a review of the System of National Accounts 1993 by 2008; it is important that the two systems remain consistent to the maximum extent possible.

Annotated outline

The AO proposes a structure, and a description of the proposed content, for the new manual, identifies the issues to be resolved, and indicates possible solutions in some cases. It is a discussion document that will provide guidance in the development of the new manual. The AO has been produced by IMF

staff and reviewed by the Committee and by members of the Intersecretariat Working Group on National Accounts (ISWGNA) and other inter-agency groups. The final format and content of the AO was agreed by the Committee at its meeting in December 2003. It has been circulated widely, including to balance of payments compilers, for information and comment. Comments received will be considered during the drafting of the new manual. The AO will be translated into Arabic, Chinese, French, Russian, and Spanish.

Timetable for producing the new manual

A process of development and consultation is now underway in order to produce a draft manual by December 2006. This process will involve the preparation of position papers, discussions by the Committee, technical expert groups, and other interested groups including the ISWGNA, followed by preparation of the draft text for the manual. Three technical expert groups (one to focus on issues related to direct investment, one to focus on issues related to economic and monetary unions, and one to work on all other areas) are being formed to support this work. The Inter-agency Task Force on Statistics of International Trade in Services will advise on services-related parts of the revision. As the work on the development of the manual proceeds, issues papers and other related documents will be placed on the IMF website so that the broader community can have access to the issues being debated.

Specific questions and comments on the revision of BPM5 are welcome and should be sent to bpm5update@imf.org.

THE UNDERGROUND ECONOMY AND AUSTRALIA'S GDP

By Margaret Hausknecht, Australian Bureau of Statistics

The Australian Bureau of Statistics (ABS) has recently reviewed its treatment of the underground economy in the estimation of GDP. The research undertaken did not attempt to measure the size of the underground economy as such or how it changes over time, but only those underground transactions that could potentially escape direct measurement in GDP. This type of review is undertaken periodically as part of an ongoing quality assurance program. However, additional impetus was provided following the release of

the internationally developed framework in *Measuring the Non-Observed Economy: A Handbook* (joint publication of OECD, IMF, ILO, CIS, 2002).

Current adjustment practices

In the compilation of GDP, the ABS currently makes an adjustment for underground transactions that go unreported in the source data. The adjustment relies on indicative information from aggregated income tax audit

information, anecdotal evidence and checks and balances inherent in the national accounting methodology itself. Because of the absence of satisfactory information, no estimates are made for illegal transactions, although they are conceptually part of GDP.

The explicit adjustments applied to the income side of the GDP account add about 1.3% to the level of GDP. Consistent adjustments are also applied to the production based estimates. On the expenditure side, a small adjustment of around 0.4% is made to household final consumption expenditure. The data used to compile the expenditure measure are considered far less susceptible to understatement. The adjustment factors used for each component are not varied from year to year (but are subject to occasional review) and therefore do not impact on GDP growth rates.

Possible upper bounds of underground activity missing from GDP

The underground economy, by its very nature, cannot be directly measured. While some indicative information may be available, estimates of its potential impact on GDP often rely on a variety of indirect methods, all of which can be regarded as contentious. One indirect method involves the systematic analysis of each component of GDP at the most detailed level possible to determine hypothetical upper bounds for underground activity and to test the sensitivity of GDP to changes in the assumptions. The other indirect approach that has been used, especially in academic circles, is to draw conclusions about the size of the underground economy from an analysis of the money supply. The Handbook recommends the former approach but considers the latter approach unreliable.

Using the approach recommended in the Handbook, the ABS assigned hypothetical upper bounds to the detailed components of GDP. The analysis indicated that at least 65% of the goods and services included in GDP are either not subject to underground economy transactions or only to a very limited extent. The remainder of GDP, which includes the production of small businesses and individuals, is potentially affected to a more significant extent. While individual judgements about upper bounds are obviously subject to a large margin of error, when totalled they can provide a reasonable indication of what is plausible in terms of missing GDP. The analysis showed that the largest possible upper bound adjustment

required to the income components of GDP to take account of the underground economy would be in the order of 5% but that more likely it would be considerably less than this.

Estimates derived from monetary models of the economy

Monetary modelling techniques have been used in Australia and overseas to derive estimates of the underground economy. Using these techniques, estimates as high as 15% of GDP have been derived for Australia and some other OECD countries. The ABS examined these models and concluded that they rely on some key assumptions, particularly regarding the velocity of money in the underground economy, that cannot be verified. Analysis was also undertaken to determine the possible implications for the detailed components of GDP if estimates of this magnitude were to be valid. The adjustments required to account for a 15% understatement in the level of published GDP, as suggested by some of the monetary studies, appear highly implausible when examined in this way.

Conclusion

Estimates of underground transactions potentially missing from GDP are always likely to remain contentious. However, statistical agencies should do all they can to ensure that estimates of GDP are as exhaustive as possible. A detailed analysis of the type described in this article can help pinpoint areas of the accounts where quality may be adversely affected because of the high potential for underground transactions that go unobserved in source data. It can also indicate a plausible upper bound for underground transactions potentially missing from GDP. As a result of this analysis, the ABS is confident that its estimates of the level of GDP are highly unlikely to be understated by more than about 2%.

An article outlining the ABS work in this area was published in the October 2003 issue of Australian Economic Indicators (ABS cat. no. 1350.0). A paper is now available which presents more detailed results. It is exploratory in nature and comments are welcome from organizations and researchers who are interested in the topic. The paper "The Underground Economy and Australia's GDP" can be obtained by e-mail: margaret.hausknecht@abs.gov.au.

NATIONAL ACCOUNTS DATABASE ONLINE

Announcement by UNSD

The Economics Statistics Branch of the United Nations Statistics Division has made available the **National Accounts Main Aggregates database** on the Internet. The database contains a complete and consistent set of time series from 1970 onwards of main national accounts aggregates for more than 200 countries and territories. Along with country data, regional and world totals can also be displayed and downloaded.

The database is maintained and updated on the basis of annual collections of national accounts statistics reported to UNSD by the countries, supplemented with estimates of national accounts statistics for those years and countries for which the reported statistics have incomplete information. In addition to the values of national accounts statistics, it contains analytical indicators and ratios derived from the main national accounts aggregates related to economic structure and development.

The online database offers three kinds of data selection options. By choosing the *Quick Data Selection* feature, data of one selected country can be obtained for one series, either for one year or for the five most recent years. The *Basic Data Selection* allows extracting data for multiple countries and years, for any one selected series at a time. For a complete set of all series for any one country for multiple years the *Country Profile* option should be selected.

Metadata and graphical data display are just two of the many other features included in the website not mentioned here. The database can be accessed, free of charge, at: <http://unstats.un.org/unsd/snaama>

NEW CONSUMER PRICE INDEX MANUAL: THEORY AND PRACTICE

Note by the ILO Bureau of Statistics

A new *Consumer Price Index Manual: Theory and Practice* will be available mid-2004. The product of more than five years' collaboration between the International Labour Office (ILO), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the Statistical Office of the European Communities (Eurostat), the United Nations Economic Commission for Europe (UNECE) and the World Bank, as well as experts from national statistical offices and universities, it replaces the 1989 ILO manual *Consumer Price Indices*¹.

This manual is aimed at both national statistical agencies that produce CPIs and users of CPIs. It is organized in two parts: the first explains the methods that are actually used to calculate a CPI, and the second details the underlying economic and statistical theory on which the methods are based. It provides guidelines on recognized good practices for statistical offices and other agencies responsible for constructing CPIs, and helps CPI users to understand the processes involved in CPI calculation and the theory on which this

is based. It draws upon the experience of many statistical offices throughout the world, as well as the wealth of recent research on index number theory.

The 1989 ILO manual provided practical guidance based on the principles set out in the CPI standards adopted by the 14th International Conference of Labour Statisticians (ICLS) in 1987². After a decade, it had become apparent that these CPI methods and guidelines could be improved and strengthened in a number of ways: index number theory and practice as well as technological developments had advanced greatly, and greater precision was needed in CPI calculation.

As a result, the Inter-secretariat Working Group on Price Statistics (IWGPS)³ set up the Technical Expert Group on the Consumer Price Index (TEG-CPI) in 1998 with the objective of facilitating the revision of the ILO manual. The TEG-CPI comprised professionals from national statistical offices and international organizations, and recognized experts in the field of price index

theory, methodology and compilation. The Group developed the outline of the new manual and, along with additional experts, drafted the various chapters, which were reviewed then posted on a special Web site for comments by interested individuals and organizations. Final technical editing was completed in October 2003. Throughout this process, the ILO acted as coordinating agency for the TEG-CPI, and was responsible for final copy editing and printing.

In parallel with the work on the CPI Manual, the ILO Bureau of Statistics developed proposals for revising the 1987 ICLS guidelines on CPI, and a new resolution on this topic was adopted by the 17th ICLS in December 2003; the text⁴ is given in annex to the Manual. Every effort was made to ensure that the two documents would be consistent and mutually supportive. The CPI Manual was also developed in parallel with the Producer Price Index Manual⁵ so that the two would have a consistent structure, terminology, and notation wherever appropriate.

The manual will be available on the TEG-CPI website at www.ilo.org/stat in May 2004. This electronic version will be a “living document”; it will be updated and further developed when necessary.

¹ *Consumer price indices: An ILO manual*, R. Turvey et al. (ILO, Geneva, 1989)

² *Resolution concerning consumer price indices*, adopted by the 14th International Conference of Labour Statisticians, 1987.

³ For information about the IWGPS, see <http://www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm>

⁴ See <http://www.ilo.org/public/english/bureau/stat/standards/index.htm>

⁵ See article *New Producer Price Index Manual Near Completion* in this issue.

NEW PRODUCER PRICE INDEX MANUAL NEAR COMPLETION

By Paul Armknecht, IMF

The UN published the previous *Manual on Producers' Price Indices for Industrial Goods* (United Nations, 1979) over 25 years ago. The methods and procedures presented then are now outdated. Improvements in technology and in index number theory and practice have advanced greatly over the past two decades. Several years ago, it became clear that the outstanding and controversial methodological concerns related to price indices needed further investigation and analysis.

The Technical Expert Group on the Producer Price Index (TEG-PPI) was formed under the aegis of the Inter-secretariat Working Group on Price Statistics (IWGPS) to produce a manual on international best practice in compiling producer price statistics. More background information on the IWGPS can be found at <http://www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm>.

The IWGPS designated the IMF as coordinating agency for the TEG-PPI. The membership of the TEG-PPI comprises professionals from national statistical offices, international organizations, and recognized experts in the field of price index theory, methodology, and compilation. The TEG-PPI

met five times: 2-3 November 1999 (Geneva), 20-22 September 2000 (Madrid), 29-30 October 2001 (Geneva), 19-21 March 2002 (London) and 25-27 February 2003 (Washington, D.C.).

In addition, member organizations of the TEG-PPI have consulted with a large number of potential users of the PPI Manual to get practical input. Comments from other users and practitioners have been received and incorporated in the Manual. The TEG-PPI received a number of comments on the website listed below. The TEG, supported by funding from the government of Japan and the OECD, held an international seminar of prospective users of the Manual in Pretoria, South Africa during 23-27 June 2004 and received a number of substantive comments to improve the Manual's usefulness.

The TEG-PPI developed the PPI Manual in parallel with the Consumer Price Index Manual so that the two would have a consistent structure, terminology, and notation wherever appropriate. Draft documents and commentary on the PPI Manual are available at the TEG-PPI website <http://www.imf.org/external/np/sta/tegpipi/index.htm>

The new *PPI Manual* takes advantage of the wealth of recent research on index number theory. It recommends many new practices instead of just codifying existing statistical agency practices. The developing organizations endorse the principles and recommendations contained in this *Manual* as

good practice for statistical agencies in conducting a PPI program. The printed copy of the *Manual* should be available in July 2004. Final edited proof pages of manual chapters will be available on the TEG-PPI website in late May or early June 2004.

MANUALS AND HANDBOOKS

Non-observed Economy in National Accounts: Survey of National Practices, UNECE, 2003, ST/CES/55, Sales No. E.03.II.E.56

MEETINGS AND SEMINARS

28-30 April 2004: Joint Eurostat/OECD/UNECE meeting on National Accounts, Geneva, Switzerland

11-14 May 2004: OECD/UNESCAP/Asian Development Bank Joint Workshop on Measuring the Non-observed Economy, Bangkok, Thailand

4-5 July 2004: Seminar on statistics of Non-organized Economic Sector, Arab Institute for Training and Research in Statistics, Sana'a, Yemen

19-23 July 2004: Classification workshop in the ESCWA region, Beirut, Lebanon

22-28 August 2004: 28th General Conference of the International Association for Research in Income and Wealth (IARIW), Cork, Ireland

1-3 September 2004: Meeting of the Canberra II group on non-financial assets, London, United Kingdom

19 September – 1 October 2004: UNSD/ECE regional (CIS and Balkan countries) meeting on revision of economic classifications, Geneva, Switzerland

12-15 October 2004: OECD meeting of national accounts and financial accounts experts. Joint meeting with UNECE members on 12-14 October to discuss issues relating to the update of the 1993 SNA, Paris, France

25-29 October 2004: Meeting of the IMF Balance of Payments Committee, Pretoria, South Africa

25 Oct. – 19 Nov. 2004: IMF National Accounts Statistics Course, Washington, D.C., USA

Editorial Note

SNA News and Notes is a bi-annual information service of the ISWGNA prepared by United Nations Statistics Division (UNSD). It does not necessarily express the official position of any of the members of the ISWGNA (European Union, IMF, OECD, United Nations and World Bank).

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The 1993 SNA with search capability, national accounts glossary, handbooks on national accounts and activities and reports of the ISWGNA can be accessed on the internet: <http://unstats.un.org/unsd/sna1993/introduction.asp>

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