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DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS  
STATISTICS DIVISION

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## **Seminar**

### **Addressing Information Gaps in Business and Macro-Economic Accounts to Better Explain Economic Performance**

**New York, 23 – 24 June 2008**  
United Nations, Conference room C

**Opening statement**  
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**Director, Statistics Division**



Dear Colleagues,

It is a great pleasure to welcome you to this seminar on **Addressing information gaps in business and macro-economic accounts to better explain economic performance**. I would like to express my appreciation to the participants and experts for accepting our invitation to discuss this topical issue.

This meeting represents our efforts to reach out to user communities to address common concerns. It brings together statisticians, accountants, academics and leaders of the business community. I would like to mention Mr. Bob Pozen from MFS Investment Management and other colleagues from the business community for finding the time in their busy schedules to join us and to share with us their ideas on the disclosure of business performance. We are also honored to have here with us today representatives from the academia, national statistical offices, international organizations and research institutions who are knowledgeable on this subject. I thank you for your participation.

This seminar has two-fold objectives. First, it focuses, as mentioned in the title, on closing information gaps to assess economic performance. Second, it also forms part of an international coordinating process of sharing information on the latest developments of business practises, accounting standards and statistical standards on macroeconomic accounts like the System of National Accounts (SNA).

Let me start with the monitoring framework. Government, businesses and civil society need to know what progress is being made with specific economic policy or activity. This gives rise to the need, not only to monitor progress, but also to evaluate whether or not goals are being achieved. To obtain an overview of the economic processes, economic data need to be organised in a framework that integrates and reconciles the data.

The United Nations Statistical Commission (UNSC), the apex entity for setting international statistical standards, adopted the System of National Accounts as the international standard

for national accounts statistics. The broad objective of the SNA is to provide a framework for compiling macroeconomic aggregates suitable for policy formulation and analysis; and the analysis and evaluation of economic performance.

Economic changes necessitate regular update of this monitoring framework. Thus the SNA has been updated a few times. The Statistical Commission, at its thirty-ninth session in 2008, approved the latest updated guidelines for the SNA. The new features of the updated SNA draw on research, practical experience, the needs of users and, where appropriate, international standards for business and public accounting.

Despite the advances in updating reporting standards, economic innovation continues to evolve. This leads to information gaps making it increasingly difficult for economic decision makers to explain overall economic growth with available economic data sets. This disconnect between economic activity and reporting needs to be explored to find best practices and infrastructures to measure the activities that support the unexplained contribution to economic growth.

Good progress has been made in closing some information gaps by moving towards the full pricing of assets such as research and development, intellectual property products and natural resources. However, there remain still some outstanding information gaps related to human capital and social capital. In addition, there is a need to assess accounting standards for reporting on a host of new economic practices, including financial arbitrage and derivatives, environmental management and environmental costs.

There is also a need for national and international statistical agencies to stay abreast with the latest conceptual and practical measures of new economic phenomena through consultations with the corporate sector and accounting community. The latest financial and food crises might reveal information gaps that need to be closed, indicating the need for more real time information, the inclusion of off-balance sheet information and an understanding of the latest financial innovations.

I believe that this seminar would contribute to the current debate and research, taking place now all over the world in order to close the gaps in available economic data sets to explain overall economic growth. The challenge is to support the understanding of complex interrelationships with the necessary high quality and timely information and appropriate tools to assess the information. I believe that forums like this seminar have to play a strong role to assess the measurement and monitoring of the driving forces, pressures, impacts and responses related to economic performance. It is our responsibility to review our existing information sets, identify gaps and the needs for improvement and adjustment to better satisfy the requirements of informed policy and decision making.

In 2007 when the UN Statistical Commission celebrated its 60<sup>th</sup> anniversary, we invited Stephen Roach of Morgan Stanley to talk about whether official statistics are measuring up to the private sector demands. He gave us a generous grade of B. While he appreciated the usefulness of macroeconomic data streaming from the SNA, he was of the view that the data from the official statistics community are too slow, too aggregated and very often behind time. He cautioned us by posing the challenge that the private sector is prepared to move in if the official statistics do not move up to the mark quickly.

I hope this meeting will help us to rectify our shortcomings. We must make an effort to measure the effects of new developments in the economy and to set up international guidelines for implementation. It is my expectation that this seminar could further identify strategies for closing information gaps through a joint collaboration between the stakeholders in the various communities present today and tomorrow.

Your deliberations will contribute significantly to the understanding of the information gaps that hamper decision makers to explain overall economic growth. I would like to thank you in advance for your active participation in this seminar on addressing information gaps to better explain economic performance. I wish you success in the deliberations during the next day and a half and I am looking forward to the outcomes of this meeting.

Thank you.