

**Comments on draft SNA chapter:
Chapter 15: The Goods and Services Account and
Supply and Use Tables**

Deadline for comments: 29 November 2007

Send comments to: sna@un.org

Your name:	Pirkko Aulin-Ahmavaara
Your country/organization:	Finland/Statistics Finland
Contact (e.g. email address):	pirkko.aulin-ahmavaara@stat.fi
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This three-part template allows you to record your comments on draft chapter 15 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

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Part I: General comments

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated. Also, you may wish to comment on whether there is enough cross-referencing to earlier chapters for the basic concepts and definitions used in the supply and use tables (30 words or less).

Comment:

Click here and start typing.

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 15, you may wish to devote particular attention to the passages listed below. For ease of reference, we have identified the relevant paragraphs. For each passage, a Word table is provided for you to use in making your comments. In most cases, there is a row for general comments at the top of the table. Thereafter please use a separate row for each paragraph on which you wish to make detailed comments.

Goods and services account

As the foundation of the supply and use tables, the goods and services account is discussed in paragraphs 15.7. This account also serves as a preliminary step to the material on the summary measures of the accounts (now in chapter 14, but to be moved in the next version of the full set of chapters where this chapter on the goods and services account and supply and use table will be chapter 14, prices and volumes will be chapter 15 and part of the existing chapter 14 will be described as “Summarising and integrating the accounts” in place of the present title of “Summarising and presenting the accounts”> and will be chapter 16.).

1. Do you find this discussion useful? Is it clear and sufficient?

General comment	The discussion is both useful and clear, except on the distinction between the concept of an establishment and the concept of a unit of homogeneous production. See below.
15.16	This paragraph claims that the establishment level data are used in the System only in the context of supply and use tables. However, draft chapter 5 describes data that can meaningfully be compiled for an establishment such as items included in the production account and generation of income account. Neither the statement in paragraph 15.12 (“This indeed is the motivation for defining establishment as a unit of producing only one type of product”) nor the one in paragraph 15.16 (“The idea of an establishment as a unit where only one type of product is produced”) is in line with the definition of an establishment in paragraph 5.13. Paragraph 15.16 seems to suggest that the concept of the establishment and the concept of the, often unobservable, unit of homogeneous production (on which the symmetric input-output tables are based) are identical. My understanding is that these are two separate concepts.

Goods for processing

The implications of the new treatment for goods sent abroad for processing (and returned from abroad after processing) for the supply and use tables is described in paragraphs 15.32-15.36.

2. Is the discussion of goods for processing clear and sufficient?

General comment	The discussion is quite clear and sufficient.
15.35	The end of the first sentence: It would be more logical to write "...not be included in exports (or imports)". It is not likely that anybody would think of including goods sent for processing in imports. It might also be useful to mention that the value of processing is included in the imports.

* Insert rows in this Word table for each paragraph on which you wish to comment.

Trade and transport margins

The decision on how to record goods for processing has implications for how to record transport margins on such goods. Further, the principles of how to record trade and transports margins within supply and use tables when valuation is at basic prices as compared with purchaser's prices were not elaborated in the 1993 SNA text. Such a clarification is now provided (paragraphs 15.42-15.66)

3. Is the discussion of trade and transport margins clear and sufficient?

General comment	Trade and transport margins are notoriously difficult to deal with. The discussion of this issue may not be quite sufficient. Since trade margins consist to large extent of the cost of transportation and storage it would helpful if they were discussed simultaneously with transport margins. The example given in table 15.2 represents a very simple case, where the goods are delivered directly from the producer to the user. It could be useful to have an example in which the goods can go through different routes to the final users.
15.40	Does the term "Invoiced transportation charges" mean something else than transport margins and the term "distribution margins" something else than trade margins. If not, then why to introduce new terminology. Also it would useful to mention the basis of valuation of the margins in this case.
15.43	This paragraph says: "if the producer agrees to deliver the product to the purchaser without explicit charge, the cost of delivery, the transportation margin, is included in the basic price." It might be confusing to call transportation cost in this case as margin. In my view margins are never included in the basic price, while cost of transportation can be included. And, in fact, in Table 15.2 transportation costs are not in this case classified as margins. In the original SNA93 "trade and transport margins include trade margins plus any transport charges <u>paid separately</u> by the purchaser..." (para 15.40).
15.44	It might be confusing to label the transportation cost in the last case presented in Table 15.2 as margins, while in fact B buys two separate products.

* Insert rows in this Word table for each paragraph on which you wish to comment.

The supply and use tables in volume terms

Section D.2 provides a general discussion of the supply and use tables in volume terms, covering output, imports and exports, margins, taxes less subsidies on production, and value added.

4. Is the discussion of supply and use tables in volume terms clear and sufficient?

General comment	The main reason for reducing the supply and use tables to common basis of valuation is not necessarily the compilation of the tables in volume terms. Since trade and transport margins as well as taxes and subsidies on products (especially VAT) can be different in different uses, reducing the tables to common basis of valuation considerably improves the accuracy of the data in the margin columns of the supply table. This is at least an equally important reason as the compilation of the tables in volume terms.
15.113	The first sentence claims that transport margins only occur when transport services are not separately invoiced. This is in contradiction with table 15.2. According to it there are no transport margins when transport services are included in basic price.
15.127	This is not very clear. Applying the rate of the reference year means, as far as I understand, that the rate of volume change of the margin is assumed to be identical with that of the goods. Since the rate of the value change of the margin can be different from that of the goods, the implied deflator for the margins is not necessarily the same as the one for the goods. On the other hand applying current period margins to the volumes expressed in reference year's prices means that whole change in the margin is volume effect. I might be wrong, but it is very difficult to figure out the exact message of this paragraph, unless explicit formulas are given.

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Additions and deletions to the draft chapter

The chapter aims to give a more comprehensive view of supply and use tables and how they might be used than is found in the *1993 SNA*. As explained in the Note by the Editor, new material was added on several aspects.

5. Bearing in mind that input-output tables will be described in a later chapter, are there other aspects of supply and use tables that you feel should be added to the chapter?

Comment:

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Table 15.3 of the 1993 SNA shows the cross classification of production account items by industries and institutional sectors. It has been omitted from the draft chapter.

6. Do you see any reason to restore it to the draft?

Comment:

Click here and start typing.

Part III. Other specific comments

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comment directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to sna@un.org requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>