

**Comments on draft SNA chapter:  
Chapter 16: Price and volume measures**

**Deadline for comments: 5 October 2007  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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Submission date:	5 October 2007

This three-part template allows you to record your comments on draft chapter 16 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.

There is no file comparing existing text with draft text for this chapter due to the large amount of new text in this chapter.

Save this template and send it as an attachment to the following e-mail address:  
[sna@un.org](mailto:sna@un.org)

**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 (30 words or less).

*Comment:*

The guidelines given in this chapter are well structured and clear.
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**Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 16, you may wish to devote particular attention to the passages listed below. For ease of reference, we have identified the relevant paragraphs. Please use the space provided to the right of the paragraph number to make your comment.

### Index number theory

Section B presents an overview of index number theory as applied in the System. It has been updated to reflect work during the last decade embodied in the new manuals on consumer price indices, producer price indices, and export and import price indices (available in draft).

1. Paragraphs 16.10 - 16.88 present this overview. Are these paragraphs clear and appropriate to the SNA?

General comment	The elaboration on the compilation method of chain indices is very useful.
16.10	
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\* Insert rows in this Word table for each paragraph on which you wish to comment.

### Derivation of volume measures in the national accounts

Section C is considerably expanded from its counterparts in the *SNA 1993*. The ISWGNA agreed that this expansion was needed and that the new price manuals provided useful input for the expansion.

2. Paragraphs 16.89 - 16.183 cover price deflation vs. quantity revaluation, volume measures of the output estimate of GDP, volume measures of the expenditure estimate of GDP, volumes and prices for stocks of non-financial assets and consumption of fixed capital, components of value added, measures of real income for the total economy, and other aspects of price and volume measurement. Are these paragraphs clear and appropriate to the SNA?

General comment	
16.222	<p>Paragraph 16.222 reads as “If there are good quality data for gross value added at current prices, one alternative to double deflation is to deflate current price value added directly by a price index for gross output. This procedure can be described as “single deflation”. ... Another possible procedure is to extrapolate value added in the base year by a volume index for output. ... the preferred method is single deflation.”</p> <p>We have reservation on highlighting single deflation is the preferred method. This is because single deflation method assumes that the prices of outputs and inputs move in the same magnitude, while in reality relative prices of outputs and inputs can be very volatile in short term. We consider that the single extrapolation method (i.e. to use output volume index to extrapolate base year value added), which assumes that the movement of volume of output is proportional to volume of inputs, is preferable. In particular, the assumption of</p>

	single extrapolation method is considered valid for quarterly GDP compilation as technology changes (which will result in changes in input/output ratio in volume terms) will normally occur over a longer period of time.
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\* Insert rows in this Word table for each paragraph on which you wish to comment.

### International price and volume comparisons

Section D presents the theory and practical aspects of international comparisons of prices and volumes. It draws on the most recent round of the International Comparison Program, which involved 107 countries.

3. Paragraphs 16.184-16.225 present this material. Are these paragraphs clear and appropriate for the SNA?

General comment	The inclusion of a section on the use of PPP is appreciated.
16.184	

### **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](mailto: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>