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29/05/2008 05:04 AM

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Subject Re.comments on the updating of 1993 SNA

Re.Comments on the updating of the System of National Accounts 1993 .

Dear: Mr Ivo Havinga and Mr Robert W. Edwards,

GSO has received the letter by Mr Robert W. Edwards from IMF, sent by State Bank of Viet Nam, asking for comments about Annex to chapter 6 "Seperating storage production from holding gains and losses" and chapter 20 "Capital services and national accounts". After reading thoroughly these chapters, GSO has some comments as belows:

1. It is necessary to realise and separate storage production from holding gains and losses. As we know, beside grow in quantity leading to rise in value of inventories, increase in value of inventories also results from two factors: (I) rise in price of inventories; (II) occurance of storage cost. The first is treated as holding gains and also reflected in revaluation account of SNA; the later is measure of production.

In unusual income of an enterprise, it is essential to identify and separate data on holding gains due to rise in price of inventories, then the holding gain must be deducted from net turnover of non-financial production. Hence national accountants reach more accurate measure of production.

2. Knowledge derived from Annex to chapter 6 "Seperating storage production from holding gains and losses" and chapter 20 "Capital services and national accounts" help understand more deeply and so reach better compilation of balance sheet and calculation of consumption of fixed capital. For chapter 20, we have no comment and agree with the content in this chapter.

* We suggest the proposal that UNSD and IMF should hold many training courses on new issues in SNA 1993 revised.

Thank you very much for your cooperation.

Your sincerely,

Nguyen Van Nong
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GSO of Vietnam