

**Comments on draft SNA chapter:  
Chapter 4: Institutional units and sectors**

**Deadline for comments: 1 September 2007  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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Submission date:	24 <sup>th</sup> July 2007

This three-part template allows you to record your comments on draft chapter 4 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.

Especially when providing comments in Part III of the template, you are encouraged to focus on the new passages of the draft text. To facilitate this process, a file comparing the existing text and the draft text is available on the website under the following link: <http://unstats.un.org/unsd/sna1993/projectmanagement/drafts/Chapter4dv2cdv0.pdf>

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:*

Overall we believe that the Chapter is well written. It is clear, logical, the flow is very good and in general we think that you have covered all your bases in so far as your sub divisions and subsequent definitions are concerned We believe that the diagram provided is clear and very easy to follow. However the 2 <sup>nd</sup> question in the diagram should be : Is it a household or legal or social entity? Here you are trying to differentiate between these two distinct institutional units and that should be made quite clear.
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**Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 4, you may wish to devote particular attention to the passage 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.

1. Section A, paragraphs 4.10 – 4.12:

The definition of ‘residence’ was slightly changed in the 1993 SNA Rev.1 by introducing ‘predominant’ before “economic interest.” Because residence is principally a BOP term, the text in paragraphs 4.10 – 4.12 has been taken from *BPM* 6. Do you consider the definition appropriately described? Is it clear to a national accountant?

4.10	We believe that the concept of residence should be treated very early in the chapter, even before you treated with Institutional Units and Sectors-The operative word being resident institutional units.We note that the residence of the unit determines the output that can be included in a particular economy and what has to be allocated to the rest of the world. In your treatment of this most important concept we believe that there are more questions than answers and we are not very clear on this issue, and we need to be, since the major industry in our economy –Oil and Gas- are dominated by wholly owned foreign units.You said in para #4 that the residence of each institutional unit is “the economic territory with which it has the strongest economic connection in other words its centre of predominant economic interest.Each institutional unit is a resident of one and only one economic territory determined by its centre of predominant economic interest.” In our situation in Trinidad and Tobago, there are several wholly owned foreign entities that operate in the Oil and gas industries, whose Headquarters and centre of predominant economic interest are outside of Trinidad and Tobago. In such a case is the output of these units which combined account for about 40% of our GDP in real terms to be allocated to the rest of the world as shown in the Diagram?
4.11	Click here and start typing.
4.12	Click here and start typing.

2. Section A, paragraph 4.20:

A decision tree allocating units to institutional sectors and sub-sectors has been added as figure 4.1. It is first referred to in paragraph 4.21 to the 1993 SNA Rev.1. Do you think it is useful?

4.21	We think it is very useful. Our only concern is articulated in the General comments
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3. Section B, paragraphs 4.52 – 4.54:

The expression ‘ancillary corporation’ in the 1993 SNA did not fit neatly with the discussion on ancillary activities discussed in draft chapter 5 of the 1993 SNA Rev.1. Therefore the term ‘artificial subsidiary’ has been introduced. Do you agree with this new terminology?

4.52	We believe that the term artificial subsidiary aptly describes the situation.They are sometimes referred to as Paper Companies.
4.53	Click here and start typing.
4.54	Click here and start typing.

4. Section B, paragraphs 4.64 – 4.72 and section C, paragraphs 4.82 – 4.83  
Material from draft chapter 21 (public sector) of the 1993 SNA Rev.1 on control of corporations and of NPIs by government has been brought together. Do you consider this useful?

4.64	We think that it is useful to include all this information under one roof given the fact that in some societies Government controls or seeks to control major industries.In addition it gives one a very good idea of the scope of the Government Sector.
4.65	Click here and start typing.
4.66	Click here and start typing.
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4.72	Click here and start typing.
4.82	Click here and start typing.
4.83	Click here and start typing.

5. Section D, paragraphs 4.89 – 4.90:

NPIs are distinguished as a sub-sector of the non-financial corporate sector in the 1993 SNA Rev. 1. Other units in the sector have been labeled 'For Profit Institutions' (FPIs). Do you agree with the new terminology introduced in paragraph 4.89? Do you agree with the full sub-sectoring introduced in paragraph 4.90 and shown in table 4.1?

4.89	We have no problem with the subsectoring here or in in para 4.94. Instead of for profit institutions, they can also be called market producers for that matter. Does the category FPI include NPI's that are market producers. This should be made quite clear.
4.90	Click here and start typing.

6. Section E, paragraph 4.94:

The new sub-sectoring of the financial corporations sector, including again by NPIs and FPIs, has been introduced in paragraph 4.94. Do you agree with the new classification?

4.94	Click here and start typing.
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7. Section F, paragraphs 4.118 – 4.119:

Do you consider the clarification of the role of social security funds in paragraphs 4.118 – 4.119 consistent with the GFSM? Paragraphs 4.118-4.119 set out the role of social security funds while trying to stay in line with text in the *GFSM* and draft chapter 21 of the 1993 SNA, Rev. 1. Is the text appropriate and clear?

4.118	Click here and start typing.
4.119	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](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>