

**Comments on draft SNA chapter:
Chapter 6: The production account**

**Deadline for comments: 15 April 2007
Send comments to: sna@un.org**

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Submission date:	13 April 2007

This three-part template allows you to record your comments on draft chapter 6 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.

Save this template and send it as an attachment to the following e-mail address:
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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 (30 words or less).

Comment:

The guidelines given in the chapter are clear and well organised.

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 6, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. In section B, the text extends the definition of services to cover margin services explicitly. Is this a useful extension? This section also is more precise about products

capturing knowledge, some of which have many of the characteristics of goods. Is this precision useful?

Comment:

The inclusion of the definition of these products is useful.

2. Section D now discusses GDP as derived from the production account only. The expenditure based estimate and the relationship between this, the income based estimate of GDP and the production based measure are now discussed in chapter 14 after the components of the other estimates have been discussed in the accounts where they occur. Do you agree to this placement of the material on the alternative estimates of GDP?

Comment:

This placement of material on the alternative estimates of GDP is agreeable. It would be useful to mention as a cross-reference in Section D that discussions on the relationship between the production approach and the expenditure and income approaches of GDP are available in Chapter 14.

3. The AEG recommended that goods sent abroad for processing should be recorded without imputing a change of ownership when no change actually happened. They further recommended that the same principle should be adopted for processing of goods by another resident unit. Does the text in section E reflect this recommendation adequately?

Comment:

The adoption of the principle of economic ownership for the processing of goods by another resident unit may have great implications on the data collection process (e.g. need to find out whether an establishment has taken economic ownership of the goods it processes) and compilation procedures. More elaborations on the data requirements and guidelines on the calculation of output and intermediate consumption under different situations would be useful.

Moreover, it would be useful to discuss the treatment of the goods for processing and merchanting specifically for wholesalers (particularly importers/exporters) under the

section “Wholesale and retail distribution” in section F, because nowadays many wholesalers and importers/exporters are engaged in processing trade globally. In particular, it would be useful to include formulas showing the measurement of output of traders engaging in processing trade and merchanting activities.

4. Section E introduces the recommended change in terminology for kinds of production. Market production covers production for sale (short-hand term that includes other deliveries also) and for own use; non-market production relates only to production by general government and NPISHs. Is the resulting text sufficiently clear?

Comment:

Yes, the text is sufficiently clear.

5. The output of the central bank is described in a stand-alone subsection of section F. Is the resulting text sufficiently clear on the proposals for compiling and allocating monetary policy services and financial intermediation services provided by the central bank?

Comment:

The discussion on output of central bank is generally clear. Yet, it would be useful if further elaboration is made regarding the statement “The borderline cases, such as supervisory services may be classified as market or non-market services depending on **how they are paid for.**” Some examples on the kinds or nature of payment methods that are regarded as market services are suggested to be added.

6. In section F, new text has been provided for the financial services. Is this text accurate and clear? This part of the text has been extended to include margins as well as FISIM and insurance charges. Are there any comments on this extension? (Further material will be added when chapter 17 is posted).

Comment:

For the section on “Financial services associated with the acquisition and disposal of financial assets and liabilities in financial markets”, it would be useful to have some discussions on (a) the coverage of counterparties (e.g. whether transactions between financial institutions are to be included) and financial instruments (e.g. whether to include foreign exchange derivatives) and (b) method of allocation of the service charges into various types of users (e.g. non-residents, households).

Moreover, the retention of Annex III of 1993 SNA which gives detail discussion of FISIM would be useful.

7. Section G has a brief discussion of leasing, leaving the main discussion for chapter 17 on cross-cutting issues. Is the discussion here adequate in the context of chapter 6?

Comment:

The discussion is adequate.

8. The discussion of consumption of fixed capital, in section H, is reduced from that in the 1993 SNA. The previous recommendations have been superseded; fuller discussion will appear in chapter 19 on capital services. Is the discussion in chapter 6 adequate in this content?

Comment:

The discussion is adequate.

Part III. Other specific comments

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

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to sna@un.org requesting to receive a version of the draft chapter permitting 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>