10 October 1990
SNA STATISTICAL COMMISION 1991

STATISTICAL COMMISSION AND ECONOMIC COMMISSION FOR EUROPE
CONFERENCE OF EUROPEAN STATISTICIANS

Working Party on National Accounts and Balances
(Geneva, 10-13 September 1990)

REPORT
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PART ONE

I. INTRODUCTION

1. The fifteenth session of the Working Party on National Accounts and Balances was held in Geneva from 10 to 13 September 1990. It was attended by participants from: Austria; Canada; Czech and Slovak Federal Republic; Denmark; Finland; France; German Democratic Republic; Germany, Federal Republic of; Hungary; Italy; Malta; Netherlands; Norway; Poland; Romania; Spain; Sweden; Turkey; United Kingdom; and United States. Representatives from the United Nations Statistical Office, the European Economic Community and the Expert Group on Co-ordination of the SNA as well as consultants of the United Nations Statistical Office were also in attendance.

2. The provisional agenda (CES/Wp.22/105) was adopted.

3. Ms. C.S. Carson (United States) was elected Chairwoman and Mr. B. Szybisz (Poland) was elected Vice-Chairman.

II. REVISION AND UPDATING OF SNA


5. It was also noted that the report of the meeting should consist of two parts: the first part would be structured according to the wishes of the Working Party, and the second part would have a standard structure. The tentative outline for the second part of the report has been recommended by the Working Group of the Statistical Commission.

6. The Working Party was informed by the representative of the United Nations Statistical Office about the work accomplished and of the plans for further work on the ongoing SNA Review.

III. FUTURE WORK

7. The Working Party discussed future work and in conclusion proposed to include the following description in the work programme of the Conference:

Description: Regional contributions through the Working Party on National Accounts and Balances to the further conceptual development of the SNA and its implementation in the region in
Work to be undertaken: (i) Contribute to co-ordination and evaluation of subsequent SNA drafts in the region; (ii) Facilitate implementation of SNA through the development of handbooks and similar materials; (iii) training and workshops carried out through co-operative projects; (iv) consideration of issues regarding co-ordination between the development and implementation of SNA and related systems of statistics; (v) methodological work for establishing retrospective statistical information according to SNA in transition countries; (vi) development of methods for the inclusion in SNA of existing financial statistics in transition economies; (vii) development of methods for the inclusion of the results of "hidden" and "informal" economic activities in national accounting aggregates.

Duration: Continuing.

IV. ADOPTION OF THE REPORT

8. The Working Party adopted the present report at its closing session, on 13 September 1990
I. GENERAL ORIENTATION OF THE DRAFT OF THE REVISED SNA

I.0.0.1 The group was invited to comment in general on the structure and presentation of the draft chapters of the revised SNA.

I.0.0.2 A large number of participants felt that some restructuring of the chapters might be beneficial, in order to make the relationship to the sequence of accounts more transparent. A proposal which received support was to begin with a general overview of the system and then follow with chapters on: institutional units, sectors and sub-sector flows of goods and services; production accounts for sectors; primary distribution of income; secondary distribution of income; use of income account; capital and financial account; balance sheets; production accounts for industries and input-output, price and volume measures.

I.0.0.3 It was pointed out that the SNA serves different purposes - a reference manual for experienced national accountants; an introduction to those just starting to compile accounts according to SNA and an explanation to users. Many participants felt that for many of these uses the present draft could advantageously be supplemented by a presentation similar to that in the existing ESA.

I.0.0.4 Participants welcomed the fact that the draft of the SNA explains the rationale behind the various treatments adopted, but recommended this should be accompanied by a bibliography of background and supporting references.

I.0.0.5 It was recognized that countries in transition have an urgent need for a handbook explaining the implementation of the revised SNA given their particular organizational and institutional arrangements.

II. MAIN CONCEPTS AND CLASSIFICATIONS OF THE REVISED SNA

II.A. INTEGRATED ANALYSIS OF PRODUCTION, INCOME GENERATION AND INCOME DISTRIBUTION

II.A.1 Statistical units

II.A.1.0.1 In introducing the topic it was pointed out that dual sectoring is retained but the institutional unit receives more emphasis. All accounts including the production account will be presented for institutional sectors. In addition a cross classification of value added and its components by institutional
II.A.1.0.2 Several participation expressed considerable concern that legal form alone may not always be a suitable basis for defining units given the increasing tendency to adopt legal structures solely in response to administrative or fiscal regulations. It was noted that the concept of "ancillary corporations" has been introduced into a revised Chapter III to deal with this problem in a manner consistent with the introduction to ISIC. Similar issues need to be addressed in the definition of establishment in the relevant chapters of the revised SNA.

II.A.1.0.3 Some participants questioned the usefulness of production accounts for institutional sectors while others reported that they already compile these and do find them useful. There was more agreement on the desirability of cross classifying value added by institutional sectors and industries.

II.A.1.0.4 The definition of statistical units is important not just for national accounts but economic statistics generally and influences the picture of the economic processes which the data provides.

II.A.2 Alternative income concepts related to production

II.A.2.0.1 In the revised SNA it was proposed to include two new income concepts, i.e primary income and entrepreneurial income. Primary income results from the allocation of value added and taxes net of products, to labour, capital and government, and eventually in both directions to the rest of the world. Primary income thus would be the sectoral equivalent of national income for the national economy. Entrepreneurial income would be an intermediate concept between operating surplus and primary income. For corporations it would be obtained by deducting from operating surplus, property income paid and adding property income received, and for households it would be derived by adding only property income paid in the context running an unincorporated private enterprise. In both cases, entrepreneurial income would be close to profits before taxes. In the household sector no property income was added in the derivation of entrepreneurial income, because it was assumed at that all receipts of property income by households would be received by them in their capacity of households and not as owners of unincorporated enterprises.

II.A.2.0.2 The group welcomed the introduction of additional income concepts and their elaboration in the accounting structure. However doubts were expressed about the concept of entrepreneurial income in the household sector since this entails splitting interest between that relating to the household's production and
II.A.3 Market and non-market production

II.A.4 It has been proposed by the expert groups to distinguish between market and non-market producers and market and non-market products. Typically market producers would cover 50% or more of their cost through sales and non-market producers less than 50%. The price of market products should be determined on the basis of a market price, while non-market products should be valued on the basis of cost. There are still open questions about whether or not to classify all corporations as market producers or also to apply in this case the 50% criterion. The other outstanding issue is whether to allocate quasi-corporations which do not meet the 50% criterion in the government sector or in the corporate sector and when the latter option is taken, whether to value their output at prices actually paid with subsidy to cover the shortfall, or whether to value their output at cost and treat the cost not covered by sales as government consumption.

II.A.4.0.1 The majority of the group felt that for an institutional unit to be included in the corporate sector legal form alone is not sufficient but that the unit should be created for the purpose of generating a profit.

II.A.4.0.2 When government makes payments to producers so that they will supply goods and services at reduced prices, most participants felt these payments should be treated as subsidies, with output valued at the prices actually paid. Other participants preferred that such government payments should be treated as government final consumption expenditure with output valued at total cost.

II.A.4.0.3 This problem is particularly relevant for countries in transition, where subsidies are currently being rapidly reduced.

II.A.5 Financial intermediaries: bank and insurance services

II.A.5.0.1 A number of changes have been suggested with regard to the output and distribution of output of financial intermediaries, i.e. banks and insurance companies. In the case of banks it has been proposed that bank output is a real output, whose value is approximated by adding to actual bank service charges, imputed charges based on the difference between property income received and paid. It has been furthermore recommended that the imputed charges be allocated to users together with the actual bank service charges. The imputed service charge to be allocated to each sector would be the difference between interest received or paid on the one hand, and a reference interest rate on the other.
imputed service paid by each user would be deducted from the interest paid by bank borrowers and added to the interest received by depositors in order to arrive at a pure interest rate. The latter would be recorded as property income received and paid in the Appropriation of Primary Income Account.

II.A.5.0.2 In the case of insurance service charges, the expert groups recommended that property income on technical reserves be added in calculating the service charge. This recommendation was based on the recognition that premiums of insurance companies have been reduced in recent years, as those companies draw part of their revenues from investments of their technical reserves. As this is the case for life insurance as well as casualty insurance, it is recommended that this amendment be applied to both types of insurance service charges.

II.A.5.0.3 There was no disagreement over the proposal for insurance service charge. Some participants welcomed the proposals about the allocation of bank service charges among uses. But more had strong reservations arguing that the full range of problems had not yet been studied and resolved. It was not clear how payments by households would be split between their production and consumption activities; it was felt that the method of financing should not affect an industry's value added; the question of how to deflate the service charge to constant price was still unresolved; the treatment adds imputed income to lenders. The number and importance of the assumptions that would be necessary to implement the proposed treatment at present would cast doubt on the validity of the resulting estimates. A number of participants urged that the way of recording bank service charges in the present SNA should not be altered for the moment, until further supplementary analyses have been developed attempting to analyze bank activity.

II.A.6 Employment, production and income distribution

II.A.6.0.1 The new SNA will include a set of recommendations for population and employment aggregates consistent with the main aggregates of the system, to permit integrated analysis of the labour market and the economy. In particular greater stress will be laid on actual hours worked as a measure of labour input. The definitions will as far as possible be consistent with those of the ILO.

II.A.6.0.2 Participants welcomed the proposals and hoped they would be accorded adequate importance in the Blue Book.
II.B.1 Valuation of value added, output and intermediate and final demand

II.B.1.0.1 Participants were informed about the valuation alternatives that were proposed to be used in valuing the product flows and value added included in the supply and use tables and the production and income generation accounts of the sequence of accounts of the revised SNA. These included three valuation alternatives for output —i.e. (a) basic prices, (b) producers prices in the absence of VAT and (c) producers prices in the presence of VAT —. Corresponding to the three valuation alternatives of output there would be three alternatives for value added: i.e. (i) value added excluding all product taxes, (ii) value added excluding import duties only, and (iii) value added excluding import duties and VAT type taxes. The product taxes not included in value added of each industry under the three valuation alternatives would be added globally in order to arrive at GDP at market prices.

II.B.1.0.2 The group felt the SNA should give specific recommendations on valuation rather than a range of options. The interrelationships between different valuations need to be adequately explained.

II.B.1.0.3 The group recommended that in the institutional sector accounts, output should be valued at basic prices and all uses of goods and services at purchasers' prices (net of deductible VAT-type taxes). In make and use and input-output tables, more flexibility was appropriate for valuing uses.

II.0 INTEGRATION OF STOCK ANALYSIS WITH THE TRADITIONAL FLOW ANALYSIS OF THE NATIONAL ACCOUNTS

II.C.0.0.1 In introducing the various topics concerning the valuation, classification and coverage of assets, it was pointed out that the asset question as a whole was still an unresolved issue. All statements made by those introducing the topics reflected tentative views which may be altered after the discussion in the December Expert Group Meeting on SNA Coordination. In view of this, participants in the present meeting were urged to present their views so that they could be taken into account in recommendations by the Expert Group.

II.C.1 Coverage and classification of produced assets

II.C.1.0.1 In the 1968 SNA, services are treated as being consumed immediately on delivery. It has been argued that some types of services serve similar purposes to tangible fixed capital in that they yield benefits over annual periods beyond the period in which
II.C.1.1 R & D

II.C.1.1.1 There is already an international recommendation defining R & D expenditure (the OECD Frascati Manual) which served as the background to the discussion of the SNA expert group. EGIOT recommended that 'at least some' of this R & D could be treated as fixed capital in the new SNA. They recognized that there were problems with the identification of the resulting assets, the overlap between these and patents and estimating the appropriate rate of depreciation. Though these problems are difficult they are not felt to be intractable. Discussion in later expert groups led to the conclusion that it was very difficult to decide how to divide R & D expenditure into two parts, one part to be treated as capital expenditure and the other to be treated as intermediate consumption as at present. The recommendation is therefore that all R & D expenditure as defined according to the Frascati Manual should be treated as capital expenditure.

II.C.1.1.2 In discussion one participant rejected outright the proposition that services would be treated as capital and therefore felt in principle no R & D should be so treated. Only one participant spoke wholly in favour of the recommendation that (almost) all R & D be treated as capital. Most participants had some sympathy with the idea that some R & D might eventually be treated as capital. However, serious reservations were expressed about whether R & D should be included since much R & D has a closer parallel with human capital rather than fixed capital. Practical problems were also recognized in the measurement of R & D and separation by type.

II.C.1.1.3 In conclusion, most participants were not in favor of changing the SNA now to include R & D expenditure as capital formation. It was suggested that identification of R & D expenditure was important and for this and other purposes it was felt it would be useful if the work that had been started on classifying industries outlays by purpose (COIP) should be revived. Several participants expressed their intention to develop satellite accounts on R & D and felt this was the appropriate way to proceed at present, rather than changing the SNA.

II.C.1.2 Mineral exploration

II.C.1.2.1 At present the SNA suggests mineral exploration costs should be treated as intermediate costs, in parallel with its recommendations on R & D. It was noted that nonetheless several countries do treat at least some mineral exploration costs as
II.C.1.2.2 In discussion, several participants said they felt that there was no need to preserve a parallel treatment for mineral exploration and R&D. There was considerable support for treating some mineral exploration costs as capital, though not necessarily all. The possibility of using commercial accounting guidelines on how much expenditure to treat as capital was also mentioned.

II.C.1.3 **Intellectual property**

II.C.1.3.1 The recommendation in this area is that some intellectual property, specifically literary-artistic works, should also be candidates for treatment as fixed capital. This implies two sets of changes in the 1968 SNA. At present such activities when undertaken on own account are excluded from the production boundary and give rise not to primary income but to property income. It is now proposed that such activities be included within the production account. Further, it is suggested that the literary-artistic work be recognized as the asset that gives rise to future income, which would be treated as fixed capital in place of the copyrights which at present are included in non-financial intangible assets.

II.C.1.3.2 Discussion on this item was limited. Participants were urged to write with further comments to the inter-secretariat group, care of the United Nations Statistical Office.

II.C.1.4 **Software**

II.C.1.4.1 The group agreed with the proposals to treat major software purchase and development as capital formation.

II.C.2 **Depreciation of roads, dams and other government assets**

II.C.2.0.1 The expert groups recommended introducing consumption of fixed capital on all government fixed assets including not only government buildings but also roads, dams and similar structures. The 1968 SNA assumed that maintenance of roads and similar structures would result in infinite service lives of those assets. It was thought that this assumption was inappropriate and indeed major deterioration over time of roads and similar structures does take place. In such instances the difference between gross and net product and gross and net capital formation is understated, sometimes seriously. It is therefore proposed that the assumption of infinite service life for these assets should not be automatic, and where appropriate estimates of consumption of fixed capital be included in the accounts.
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II.C.2.0.2 One participant reported that such estimates are already made in his country, another participant expressed reservations. While recognizing that difficulties may arise in making the estimates, the group agreed with the proposal.

II.C.3  Environmental assets, incl. natural growth

II.C.3.0.1 Environmental assets consist of three main groups, i.e. natural cultivated assets which are included under produced fixed assets, and furthermore land and subsoil assets which are both included under tangible non-produced assets. The natural cultivated assets include all products including animals, for breeding, dairy, draught, etc.; timber tracts and cultivated forests; plantations (orchards, vineyards, etc.); fisheries. It is proposed that all such products of controlled or cultivated natural growth be recorded as output at the moment of growth. Output of such controlled natural growth processes is considered as work-in-progress which adds to changes in stocks and in some instances to gross fixed capital formation such as in the case of the growth of animals for breeding, dairy and draught.

II.C.3.0.2 The proposals on the treatment of natural growth are related to the wider field of environmental accounting. The meeting was informed about a joint UNSO–World Bank program to develop environmental accounts as satellite accounts to the revised SNA. A general presentation was given of the links between the environmental satellite accounts and the central framework of the revised SNA and about the differences in the concepts of income, intermediate cost and value added and capital between the two systems of accounts.

II.C.3.0.3 The meeting recognized there is some lack of conceptual homogeneity in the 1968 SNA, which records growth of animals as production but not growth of crops or trees.

II.C.3.0.4 As regards annual crop products, many participants saw difficulties in the proposal to value output as the sum of costs - in particular with regard to the labour input of self-employed farmers. Severe data problems were also noted.

II.C.3.0.5 At the same time, several other participants strongly favoured recording natural growth of forests as output. It was suggested consideration should be given to showing natural growth as output - both for animals and crops - only when the normal growth period exceeds one year.

II.C.3.0.6 The meeting expressed considerable interest in the development of environmental accounting. However, they felt unable to comment
adequately on specific issues until work in this area (including a draft of the Handbook) has progressed further.

II.C.3.0.7 Several countries reiterated their preference for environmental concerns to be dealt with in satellite accounts, not through changes of the main aggregates of SNA, at least at this stage. It was felt desirable, however, to amend the classifications to identify environmental expenditure and regroup activities to highlight those related to the environment.

II.D FINANCIAL INSTRUMENTS, FINANCIAL SECTOR AND FINANCIAL ACCOUNTS

II.D.1 The financial sector: financial intermediaries and financial auxiliaries

II.D.1.0.1 The revised SNA recommends that the financial corporate sector in the SNA be expanded as compared to the 1968 SNA, to include auxiliary enterprises that facilitate financial intermediation in addition to enterprises which are primarily engaged in financial transactions in the market consisting of both incurring financial liabilities and acquiring financial assets. The main reasons for this change are the increased provision of financial services by units other than financial intermediaries, the inappropriateness of placing a growing group of financial service enterprises in the non-financial corporate sector, the difficulty of drawing the line between auxiliaries and intermediaries, and the likelihood that further innovations in the financial industry would continue to blur the line between financial intermediaries and auxiliaries.

II.D.1.0.2 In the discussion, some participants argued that financial units which work exclusively for their parent companies should be classified to the same sector as the parent company. However, this case appears to be catered for by the creation in the draft SNA (and ISIC) of the concept of ancillary corporations. Given this clarification, the group accepted the inclusion of other financial auxiliaries in the financial corporate sector.

II.D.2 Financial instruments, specific issues

II.D.2.1 Gold

II.D.2.1.1 The SNA expert groups reached a decision that only two categories of gold be recognized, i.e. monetary and commodity gold. Monetary gold held by the monetary authorities is treated as a financial asset. Any other gold held by the authorities and by financial institutions other than the central bank is treated like any other commodity.
II.D.2.1.2 One participant argued strongly in favour of retaining the broader concept of financial gold to be found in the 1968 SNA, rather than recognizing gold as a financial asset only when held by monetary authorities (monetary gold) as in the balance of payments. A note from the IMF recognized the usefulness of the points raised and recommended this should be reconsidered at the next SNA expert meeting on the basis of IMF paper.

II.D.2.2 Other issues regarding financial instruments

II.D.2.2.1 In the discussion, doubts were raised about the absence of a recognized debtor for SDR's about the classification of options as non-financial intangible assets and the adequacy of the notion of conditionality in defining contingent assets. One participant suggested that direct investment should be brought into the main instrument. Classification guidance should be given on how to treat capitalized income from mutual funds depending on whether this income comes from creation of new units or increased value of existing ones.

II.E TRANSFER OF RESOURCES BETWEEN COUNTRIES

II.E.1 Reinvested earnings on direct investment

II.E.1.0.1 The proposed introduction of reinvested earnings in the SNA harmonizes the SNA with the present treatment of the BPM. The reinvested earnings would be introduced as part of property income paid/received in the external sector and at the same time would be reflected as an increase in foreign assets/liabilities.

II.E.1.0.2 Several participants were opposed to the proposed treatment for a variety of reasons, including unclear definition of direct investment enterprises and absence of necessary data. One participant felt it would be more useful to develop accounts for a sub-sector of foreign-controlled enterprises.

II.E.1.0.3 Several other participants strongly endorsed the proposal in the draft SNA and, indeed, have already adopted this treatment in their own accounts.

II.E.1.0.4 Both groups recommended that consideration should be given as to whether an analogous treatment should be extended to relationships between domestic sectors in the future.

II.F ANALYSIS OF INFLATION

II.F.1 Chain indices
II.F.1.0.1 The question discussed by the expert groups was whether fixed base Laspeyere volume indices would need to be replaced or supplemented by chain indices with moving weights which would change from year to year. The expert groups had suggested that the annually chained indices be presented as supplements to the fixed base volume indicators.

II.F.1.0.2 The revised SNA suggests that Laspeyres-type volume measures should be adopted and rebased at frequent intervals, such as every five years, and that these five-year spans should be chain-linked to obtain long time series.

II.F.1.0.3 Strong support was expressed for annual chaining of indices, others favoured chaining but not necessarily annual. Whether chaining is annual or five-yearly, discrepancies due to non-additivity arise and the SNA should indicate how to deal with this problem.
II.F.2 Trading gains and losses from changes in the terms of trade

II.F.2.0.1 The expert groups have proposed that trading gains and losses from changes in terms of trade be included as an integral part of the revised SNA. These gains and losses would be added to GDP at constant prices in order to derive a new income concept to be referred to as Real Gross Domestic Income.

II.F.2.0.2 Many participants called for SNA to recommend only one formula for deriving this concept. However, several different methods were advocated.

II.F.3 Revaluation of changes in stocks

II.F.3.0.1 Changes in stocks should be calculated as the difference between incoming flows and outgoing flows valued at the prices at the time they occur. Under non-inflationary conditions, this may be approximated by calculating the difference between the opening and closing stocks in volume terms and applying an average price to arrive at the changes in stocks in current prices. In situations of high inflation, the two methods give different results.

II.F.3.0.2 The group welcomed the fact that the revised SNA makes explicit the conceptual treatment of change in stocks in the context of the general treatment of the revaluation of assets. This exposition is an advance over the previous SNA. Some participants felt, however, that more attention should be devoted to the non-inflationary case and to practical considerations, in particular that most source data related not to physical units but money values from company records.

II.F.4 Inflation Accounting

II.F.4.0.1 The group endorsed the recommendations to separate nominal holding gains into neutral and real elements and to record nominal as opposed to real interest in the Distribution and Use of Income Accounts.

II.G ROLE OF THE HOUSEHOLD SECTOR IN THE ECONOMIC PROCESS

II.G.1 Consumption expenditure, actual consumption and disposable income

II.G.1.0.1 In presenting the sequence of accounts, it was explained that the revised SNA was proposed to include two consumption concepts for households and government. One concept called final consumption expenditure would refer to payments made by households
The second concept called actual final consumption, would include with households those expenditures made by government that could be individualized, such as education, health and so on, while other final consumption expenditures by government of a collective nature such as for defence and police, would remain in actual final consumption of the government sector. The distinction between individualized consumption and collective consumption paid for by government would be made on the basis of COFOG categories. To the two consumption concepts for the two sectors, correspond two alternative income concepts, called disposable income and adjusted disposable income; the difference between the two would be transfers in kind from government to households that would constitute the difference between actual final consumption and final consumption expenditure of households. The total of final consumption expenditure and actual final consumption of households and government together would be the same. Also, disposable income minus consumption expenditure and adjusted disposable income minus actual final consumption for households and government would give the same savings for each sector.

II.G.1.0.2 The group welcomed very warmly the introduction of the twin concepts of consumption expenditure and actual consumption. It was noted that changes would be needed to both the classification of household goods and services (CHGS) and COFOG to facilitate this.

III. ACCOUNTING FRAMEWORK

III..0.0.1 It is proposed that the revised SNA include a central framework of accounts and tables and supplementary accounts and tables linked to the central framework. The central framework will include a hierarchical classification of transactions, transactors and assets, a sequence of account for institutional sectors and a supply and use table. In addition ten central framework will include simplified accounts for the nation, integrated T-accounts for the nation economy, an alternative matrix presentation of the system, and finally sector accounts, input-output tables, and three-dimensional balance sheets and flow of funds tables which identify assets and liabilities and changes therein by type of asset, debtor and creditor sectors. The supplementary accounts and tables will include applications of the system for special circumstances and analyses, satellite accounts and tables, and accounts and tables related to the links between SNA and other statistical systems such as GFS, BPM and MBS.

III..0.0.2 In the discussion a number of points were made, as follows. In response to a question, it was confirmed that the supply and use table is an integral part of the central framework.
Participants felt the simplified accounts are useful. In these simplified accounts it would be preferable to disaggregate the Distribution and Use of Income Account so that a sub-account corresponds to each major aggregate. Some participants queried the need to integrate the goods and services account with the institutional sector accounts in precisely the way it is done in the tables. In relation to the full sequence of accounts it would be desirable to indicate clearly how totals and sub-totals are derived. Some participants felt that the Integrated Economic Accounts for the Nation are a good presentation; some participants had trouble with this presentation.

III.0.0.3 Some participants felt that the present draft did not adequately highlight the advantages to be gained from developing a social accounting matrix (SAM). A SAM allows different classifications to be used for different aspects of the accounts and could form the basis for broader based modelling than that associated with input-output analysis. At the same time, it was noted that a SAM should be seen as a particular manifestation of the SNA and not an alternative system.

IV. IMPLEMENTATION OF THE REVISED SNA, AND TOPICS OF SPECIAL CONCERN TO THE REGION

IV.0.0.1 For convenience these two items were taken together in the discussion, which focused mainly on the problems of countries in transition to a market economy. It was noted, first, that although there are very many problems which are similar they also differ in some respects.

IV.0.0.2 Countries present reported that they are advancing rapidly to calculate national accounts on an SNA basis. Most countries preferred to adopt directly the recommendations of the revised SNA. An obvious problem is the period of overlap between MPS and SNA and how to construct historical time series on a consistent basis. The easiest part to develop, because it is largely treated in the MPS, relates to the production account. Greater difficulty will be experienced with the income flows, financial assets and the financial sector generally.

IV.0.0.3 Another major common problem flows from the enormously increased number of producer units from which data needs to be collected as a consequence of privatization and the dismemberment of the state enterprises. This brings with it problems of sampling and non-response previously not encountered. The quality and availability of the statistics depends on adoption of good, standardized company accounting methods.
Countries in transition indicated they would welcome assistance in carrying through the major changes in their statistics and accounts that the profound changes in their economies implied. For this, handbooks and methodological papers are useful but not alone sufficient. More direct technical assistance and advice is needed and in this connection the meeting noted that several bilateral co-operation projects have already begun.