

Economic Commission for Latin America and the Caribbean

**SUMMARY RESULTS OF THE REGIONAL SEMINAR
ON NATIONAL ACCOUNTS**

(Rio de Janeiro, 18-28 September 1990)

List of Headings: Rio

	Page
Accounts and tables.....	11
Alternative income concepts.....	3
Assets and changes in assets: coverage, classification, moment	3
Capital consumption on roads, dams, etc.....	10
Circumstances.....	12
Classification of taxes, transfers, etc.....	11
Consumption expenditure, actual consumption and disposable income.....	9
Environmental assets, including natural growth.....	4
Financial instruments, including gold.....	5
Financial intermediaries.....	4
Financial sector.....	5
Formal and informal.....	8
Households: sub-sectoring.....	9
Inflation accounting.....	8
Market and non-market production.....	2
Mineral exploration.....	4
Non-profit institutions, including community activities.....	9
Price and volume measures.....	7
Production boundary.....	2
Public enterprises, etc.....	10
Reinvested earnings.....	6
Rent- on government buildings.....	10
Research and development.....	3
Residence.....	5
Revaluation of changes in stocks, including work-in-progress	7
Software.....	4
Statistical units.....	1
Terms-of-trade measures.....	7
Text.....	12
Valuation of external transactions.....	6
Valuation of output, input and final demand	1
Write-off of bad debts, etc.....	6

Rio

valuation of output, input and final demand,

3. Where basic prices were used, (the **reconciliation** between] the values of taxes on products to be deducted from producer-price values and the corresponding taxes collected by the **Government** is difficult to achieve, particularly for value added tax (VAT), in situations where tax and deduction regimes existed. In practice, net VAT recording was used in preparing **national accounts** and that **tax was not** a cost for **the** production unit.

4. **Participants** in favour of the gross VAT treatment remarked that, in their countries, VAT existed **alongside other taxes** on products and that, in some of those countries, VAT had **gradually** replaced several other types of taxes on products. As a result the **proposal** not to include VAT in the producers' price **would generate non-comparable data over time**. By not including **VAT-type taxes** in the **producers' price** of output, the greater part of the taxes **would be eliminated** from **the production** value. **Many** taxes could be legally deducted and therefore considered **VAT-type** taxes. If the VAT category was expanded by including all VAT-type taxes, the result could be a producers' price unstable over time, because the legal possibilities of deduction varied for the different types of tax on products.

5. Conclusion: There was no agreement in the region on the gross or net VAT treatment of **valuation**. Agreement was reached on the use of mixed prices, although the use of producers' prices was also favoured.

Rio

Statistical units

business-accounting

6. ...and more clearly expressed: establishments and institutional units. Reference was made to the difficulty that might arise in linking, by kind of activity and by institutional sectors, the **production** accounts recommended by the expert groups. It seemed difficult to reconcile the **information on production and intermediate consumption because the enterprises' information was consolidated and** the establishments' information included product flows between establishments of the same enterprise. It was also difficult to reconcile **value-added data and to** classify them by establishment activities and institutional sectors because of the problems that arose in relating the establishments' basic information to their parent **company**. Emphasis was laid on the need to continue using the SNA **approach** based on the **method of production by establishment**, because the establishment was the **base of all basic information by economic activity**.

7. Some members favoured the institutional **classification** approach of the revised SNA because that approach showed properly how the institutionally organized economy worked. It was mentioned that reconciliation did not present serious problems because there was no need for reconciliation at the individual unit level but at the institutional sectors level. Reconciliation might be possible at the units level for some groups of enterprises, but only for **base years**. There were no difficulties for some sectors, such as financial **corporations or** public enterprises, and that depended on the use made of statistical sources. It was remarked that, by applying the institutional **approach**, new sources of information, not previously used in preparing national accounts, would be incorporated.

Rio

8. Conclusion: It was agreed to incorporate a complete set of accounts by institutional sector in the revised SNA although, for the purpose of calculating the domestic product, preference should continue to be given to the establishment unit. As a consequence, the value of production and intermediate consumption in institutional accounts should be recorded in gross terms. The importance of accounts by institutional sector was mentioned; in the case of practical problems, accounting should be carried out progressively on the basis of accounting data. The items in the rest of the private sector would be set by differential.

Rio

Production boundary

services agriculture informal

10. It was doubtful whether the distinction between goods and services was sufficiently developed for that highly important boundary of the system to be defined. Criteria were necessary to justify clearly the classification of activities, such as the supplying of water or the storage of goods for own use, within or outside the production boundaries. Moreover, in the case of water, a distinction would have to be made between the production of water, which constituted a good, and its conveyance by boat, truck and the like, which constituted a service.

11. Some participants remarked that the production boundary did not have to include own-produced inputs. The need to distinguish between the definition of production boundary and its measurement was made clear. The revised SNA proposed that the part of production which was used within the establishment itself should not be measured, and it was made clear that a special problem existed in the case of agriculture where the concept "national farm" was used, for that required the inclusion of production for the sector as a whole in net terms.

12. Conclusion: In principle, agreement was reached on the recommendation, but attention was drawn to the need to define the scope of the illegal activities of the underground and informal economy. It was also stated that the measurement of goods production would not include own-produced inputs and that, in the case of services production, services for own-use which were related to capital formation, such as repairs, would be included. The majority rejected the suggestion that part of the housewife's work should be included. It was made clear that storage in the agricultural sector by the same production units was part of that establishment's production.

Rio

Market and non-market production

classifications subsidies

14. Examples of public enterprises not covering 50 per cent of their costs were mentioned: railways, mining enterprises, electricity generating plants and development banks not covering their costs with the interest they received. It was suggested that, for the purpose of identifying market units, the rigid criterion of covering 50 per cent of their costs should not be emphasized and that priority should be given to the objective or function of the production unit. Other participants suggested that non-market units, such as community and social services, should be identified only in terms of the specific activities in the International Standard Industrial Classification of All Economic Activities (ISIC). It was also stated that the 50 per cent

criterion did not clearly distinguish between the **various** external influences, which could create deficits in **production** units.

F5. Several **participants** suggested that the **use of** subsidies should be **maintained so as to deal** with the differences between costs and prices, because treatment of those differences as government consumption expenditures was not advisable in that it would eliminate almost all GDP subsidies.

16. Conclusion: The **participants** considered that the 50 per cent criterion **suggested** for establishing the division **between** market **and** non-market production **was inadequate and** very rigid **and that** deeper study of the topic was necessary.

Rio

Alternative income conce^Pts

informal

18. One participant pointed out that the operating surplus concept was sufficiently identified in a separate sector - households - without needing to be renamed. Another participant remarked that the new concept would serve as a point of departure for distinguishing between incomes generated in the formal and informal sectors. Another participant, who had supported the new concept, suggested that another term should be used to identify it.

19. Conclusion: There was agreement on the primary income and entrepreneurial income concepts. So far as the new concept of mixed income was concerned, most of the participants said that that would be neither useful nor meaningful because, by definition, in all unincorporated units the surplus always included the work done by the owner. Although the term "mixed income" was not the most appropriate, some countries maintained that the concept was necessary for analysing, at the aggregate level, the measured part of the informal sector.

Rio

Assets and changes in assets: coverage, classification, moment...

22. As for the recommendation to include residential and non-residential buildings in fixed capital formation only at the moment when they had a buyer, reference was made to the case of the treatment given when the Government was the agent that initiated the construction of dwellings before allocating them to tenants; the problems involved in identifying the moment of transfer of the goods to users; the treatment where prepayments were made which did not necessarily coincide with the progress of the work; the treatment of "time sharing" in apartment purchases. Questions were also raised on the rules for recording the operating surplus of construction works: whether it should be recorded while work was in progress or when it had been completed.

Rio

Research and development

*

24. In the discussion on the coverage of costs with respect to intangible assets, the question was asked whether the costs of publications for disseminating the results of research and development activities and the costs involved in training employees in the use of new technologies were included. The reply was that, although the expert groups had not discussed

those aspects in depth, caution must be exercised in incorporating costs related to human capital in intangible capital. Other questions were raised on the coverage of government expenditures on research and development generating intangible assets, and on the economic activity to which the production of the intangible asset pertained in the case of mineral exploration.

[see also para. 27]

Rio
Software
*

25. In reply to the question ... [about] expenditures on the maintenance of computer programmes one would be treated as fixed assets, it was stated that the same distinction was made between current and capital maintenance, whereby current maintenance was intermediate consumption and capital maintenance was fixed capital formation... It was explained that the coverage of property income should be revised in relation to the treatment of income generated by intangible assets. In that case, the payments were clearly different from land rent payments.

[see also para. 27]

Rio
Mineral exploration
*

27. Conclusion: Agreement was reached on the proposal in general and, in particular, on the inclusion of intangible assets in capital formation. So far as those intangible assets were concerned, the study would be continued in order to determine more precisely, in the various constituent categories, the scope and treatment of the income they generated, as well as aspects of their depreciation.

Rio
Environmental assets, includin4 natural growth
environmental-accounting satellite

31. Conclusion: Agreement was reached on the treatment of natural growth, but no specific position was taken on the valuation of standing crops. The participants agreed that environmental accounting should be developed as a satellite system of the revised SNA, although they had some misgivings about the data required for implementing such a system over the short term.

Rio
Financial intermediaries

banks insurance imputations holding-gains

33. On the subject of bank imputations, questions were raised concerning the treatment for exchange-rate fluctuations affecting the interest received and paid by banks and for taking into account offsettings for capital losses which were reflected in high interest rates. An exact definition of the interest rate of reference was requested and alternative suggestions were made for distributing bank imputation by sectors based on the loans and deposits which those sectors had with the banks.

34. Conclusion: In principle, agreement was reached on the valuation of services related to the imputed charges of financial intermediation

services and to the insurance service charges. Note was taken of the progress made in the study for defining more precisely the criteria on the allocation of banking services by different uses.

Rio

Financial sector

banks

35. The role and corresponding treatment of central banks were discussed because, in many countries, they engaged in dealings which went beyond regular central bank practice and they had therefore to be differentiated from other banks. When reserves of the central bank were deposited abroad, there were difficulties in the way of assessing the bank's production because of exchange-rate fluctuations and also because many external debt payments were channelled through the central bank. Finally, mention was made of the problem of assigning the production of central banks to specific sectors because they actually served the whole country.

36. Conclusion: Clarification of the financial intermediaries concept was requested, as was a more precise definition of the treatment of central banks, bearing in mind the special role which they fulfilled in the region, the placement of their reserves abroad and the special government investment funds.

Rio

Financial instruments, includin^g sold

38. Questions were asked about the compatibility of the moment of recording zero coupon bonds between SNA (on an accrual basis) and the balance of payments (on a cash basis). One participant suggested that two subcategories should be differentiated in the category of shares and other equities at the second level of financial asset classification. It was also suggested that the classification of financial instruments should be expanded so that specific financial instruments, such as bank acceptances, repurchase agreements and zero coupon bonds, could be clearly identified.

40. Conclusion: Agreement was reached on the proposal to classify financial instruments, and it was made clear that the treatment of interest on zero coupon bonds was consistent with the new general criterion to record interest on an accrual basis.

Rio

Residence

banks

42. The expert groups had discussed the treatment of the residence of banks and non-financial enterprises established in countries with extraterritorial status. Special mention was made of "off-shore" banks, oil-company branches and non-financial enterprises whose operations and finances were outside the control of the Government of the country in which they were situated. According to some participants, the recommendation to incorporate them as residents of such countries created insuperable problems with regard to obtaining information and, in addition, it would increase the GDP of those countries to an unrealistic level.

43. Conclusion: Agreement was reached on the treatment of the residence 'concept and on transactions related to the external sector; emphasis was laid on the special status of "off-shore" banks and free zones and on the treatment proposed in the case of reinvestment of profits from direct investments.

Rio

Reinvested earnings

imputations

45. The incorporation, within the appropriation of the primary income account, of reinvested earnings on foreign direct investment, as well as of private unincorporated units included in the household sector, which could have direct investment shares in non-resident enterprises, was questioned: it was stated that the inclusion of imputations for reinvested earnings from direct investments would change the country's savings concept in an unacceptable form. It was also remarked that savings resulting from such imputation was the correct savings concept.

Rio

Write-off of bad debts. etc.

valuation

46. The problem of whether the external debt was valued at the moment of write-off at nominal value or at a lower value was raised. Reference was also made to the problem of valuation of bonds issued by the Government to non-residents and residents at values below the nominal value of the external debt as financing such debt.

47. Conclusion: The participants requested that account should be taken of the recommendations on the treatment and valuation of capitalization of the external debt.

Rio

Valuation of external transactions

exchange banks subsidies

48. There were several questions and comments concerning aspects of the multiple exchange-rate treatment, which have not been responded to so far. Reference was made to the problem of valuing external transactions which were made exclusively in foreign-currency prices. The problem of how to treat income from private banks obtained through exchange differentials resulting from official multiple exchange rates was raised. Questions were also asked about ways of reconciling the income, based on official multiple exchange rates, from transactions carried out in the external sector, with the income received by the central bank or Government.

49. With regard to the recommendation to make global adjustments in the external sector accounts for official exchange-rate differentials, questions were raised about how such differentials would be treated when measurements at constant prices were used and in the calculation of the terms of trade. In principle, agreement was reached on the treatment of exchange-rate differentials as taxes (on products, income or capital), even though such income was received by the central bank. It was noted that those exchange-rate differentials received by the central bank on the basis of an official multiple exchange-rate system had replaced the taxes/subsidies on products which had been taxed in previous periods.

50. There was no agreement on ways of dealing with the parallel market vis-a-vis the official exchange market. As the parallel market had to be completely separate from the official market, it must be treated in a different way without making global adjustments in the external accounts. Other participants viewed the parallel market as an extension of the official exchange market and were of the opinion that interrelated treatment of transactions in the two types of market was therefore necessary. Enterprises and individuals in a given country could, within the limits of the law, choose to purchase or sell their currencies on the official market or in private banks. Examples of some not very obvious aspects of multiple exchange rates were given. In one country, for example, the external debt of an enterprise had been index-linked basically at a rate lower than the rate of inflation.

51. Conclusion: The topic of multiple exchange rates for the standard valuation of external transactions as an adjustment to the overall level of the nation's consolidated accounts was considered important, although it was considered convenient to complete the guidelines for its practical implementation, including the treatment of the parallel market.

Rio

Price and volume measures

services

53. The participants discussed the distinction between identical goods sold at different prices, which should be considered as different goods sold at different prices so as to reflect different quality, and goods that should be treated as identical goods in the strict sense, for which weighted prices should be used. Examples mentioned included electric power, telephone rates and petroleum products, which are usually sold in separate markets. The view was expressed that if these goods were sold in separate markets and hence were not transferrable from one market to another, they should be treated as different goods. That applied specifically to services, the importance of which had increased substantially in recent years.

55. Conclusion: There was agreement with regard to the treatment of constant price estimates, as outlined in the discussion paper. With regard to the treatment of identical goods for different categories of consumers, participants favoured an approach which considered them as different goods.

Rio

Terms-of-trade measures

57. Conclusion: With respect to the item on the terms of trade, the seminar took note of the recommendation on the importance of estimates of real national income, in spite of the fact that it was not possible to propose single indices for deflating the different components or standard indices that could be applied to all countries.

Rio

Revaluation of changes in stocks. includin^a work-in-progress

60. Conclusion: There was agreement with the general treatment proposed, whereby income resulting from capital gains or losses would be separated from the value of changes in stocks. For practical purposes, a proposal was made to adjust the suggested calculation **in** order to approximate

more closely the ideal estimate that was sought. In addition, a request was made for clarification of the treatment of storage costs in determining producers' prices.

Rio

Inflationaccounting

inflation-accounting holding-gains

63. It was suggested that the **revaluation** account should be calculated residually, so that capital gains would approximate gains obtained during the year. It was pointed out, in reply, that in periods of high inflation, such an approximation could be very different from the calculation of the proposed revaluation, since it did not include changes in the price of assets appearing or disappearing during the period.

64. Conclusion: With regard to the proposal regarding the treatment of nominal, neutral and real gains, attention was drawn to the inconsistency in reflecting capital gains or losses between opening and closing balance sheets and not doing likewise for gains realized during the accounting period.

66. In the discussion of real national **disposable** income, participants stated that real net factor income from abroad should include real rather than nominal interest on the external debt, reflecting adjustments for the revaluation of the external debt in local currency. One participant stated that real interest should be deflated. The participants who supported the inclusion of real interest in the primary distribution of income account indicated that in periods of high inflation the distribution of disposable income was distorted: the **disposable income** of debtors was low, while that of creditors was high. The result was a concept of saving of enterprises that was not very meaningful and that distorted the relationship between the consumption of households and households' disposable income.

67. ... With respect to the treatment of indexed-linked securities, some participants indicated that there were discrepancies between the expert groups' recommendations concerning indexed-linked securities and other indexed securities which adjusted the redemption price. The expert groups had suggested that all interest paid should be treated as nominal interest, including the indexed portion, whereas in the case of the latter it recommended that only interest should be treated as nominal interest and that the additional amount paid upon redemption should be treated as a capital revaluation.

68. Conclusion: The majority of participants emphasized the necessity of recording real interest in the primary distribution income account since that was useful for economic analysis. Nominal interest should be shown together with the items of adjustments which are made owing to gains or losses resulting from inflation. The remaining participants stressed that the issue deserved more detailed study, given its importance, complexity and similarity with other transactions. Consequently, the countries which supported the inclusion of real interest favoured equal treatment in this case.

Rio

Formal and informal

informal

69. Most participants agreed that the distinction between formal and informal activities was important for analysis in the region. However, there was concern over the definition of informal activities, which might result in

a very large sector that was not very meaningful for analysis. Mention was made of informal activities that were extensions of the production activities of large enterprises clearly belonging to the formal sector, such as the activities of peddlers who sold the goods of such companies but were not their employees. One participant suggested that, as a starting point, the notion of mixed household income should be taken as an approximation of the contribution made by the informal sector to GDP so as to avoid the erroneous conclusion that the role played by labour in production had declined in comparison with that of capital; in fact, as a consequence of the increase of the mixed income of the informal sector, there was a decrease of participation of labour. Other participants did not, however, agree, because that position implicitly assumed that the distinction between formal and informal was the same as the distinction between corporations and quasi-corporations on the one hand and unincorporated enterprises on the other.

Rio

Households: sub-sectoring

informal environmental-accounting satellite

70. Participants commented on the criteria used to distinguish between non-profit institutions included in the household sector and those which were part of the Government. The view was expressed that the criteria of financing and sector served should be given equal weight in deciding how to classify such institutions. It was stated that the informal sector could be dealt with in satellite accounts which would be as important for the region as the satellite accounts for the environment.

72. Conclusion: ... Participants agreed with the inclusion of private non-profit institutions (PNPIS) with households in a single sector, or to the proposed classification for the household sub-sector. With respect to the distinction between formal and informal activities, participants recognized the difficulties involved in drawing an appropriate boundary between them and in applying the distinction systematically in practice to all household sub-sectors. Notwithstanding the foregoing, the participants stressed the importance of continuing the studies needed for effective application of the distinction.

Rio

Non-profit institutions. including community activities
imputations

71. Clarification was requested concerning the treatment of volunteer work for the maintenance of public streets: whether the value of the labour should be imputed and the output of such activity treated as a transfer in kind between households and the Government.

Rio

Consumption expenditure. actual consumption and disposable income

75. ... Some participants asked whether any collective final consumption expenditures were included in the final consumption of PNPIS serving only households.

77. ... Mention was also made of the case of expenditures which some mining companies were required by law to make for the provision of hospital services and schools for the entire community. Although the expert groups had

not considered that kind of expenditure, it could, owing to its legal character, be treated as taxes and not as transfers to households.

79. Conclusion: The seminar agreed to the inclusion in the system of the new concepts of actual final consumption and adjusted disposable income, in view of their importance for analysis, and it agreed not to introduce a new category of final consumption expenditures of enterprises.

Rio

Rent on government buildings

imputations

80. ... In general, there was no support for the inclusion of imputed rent for government buildings. One reason mentioned was that an imputation of that kind would result in a disproportionate increase in the contribution of the government sector to the GDP. Another was the problem of obtaining information. While not supporting the proposal, one participant was of the view that such treatment was justified when several property transfers between the private and government sectors took place.

82 (part). Conclusion: The participants did not support the inclusion of an imputation for the net operating surplus in respect of buildings used by the Government for its own purposes, primarily on practical grounds.

Rio

Capital consumption on roads, dams, etc.

81. With regard to the deterioration of roads as a result of inadequate current expenditures on maintenance, it was stated that, while maintenance expenditure was exclusively current, it affected the pace of obsolescence and there was therefore justification for the introduction of a calculation for the consumption of fixed capital.

82 (part). Conclusion: There was, however, agreement to calculate the consumption of fixed capital on roads and other public infrastructure.

Rio

Public enterprises, etc.

ownership-control

84. It was suggested that the criterion of 50 per cent ownership should not be rigidly applied. Rather, account should be taken in many cases of the criterion of control through the appointment of directors or the number of votes controlled. Other participants expressed doubts about the identification of public corporations and quasi-corporations solely on the basis of the existence of separate accounts. Comments were also made on enterprises whose goods were sold primarily to the Government at cost prices bearing no relationship to market prices.

85. Conclusion: No objection was raised to the criterion of corporations and unincorporated enterprises or to the distinction between public and private enterprises.

Rio

.Classification of taxes. transfers. etc..

88. Conclusion: The participants raised no objections to the aspects of classification and coverage of taxes or to the changes in the relevant terminology in the revised SNA.

Rio

Accounts and tables

subsidies inflation-accounting satellite

89. The proposed accounting framework was explained in detail and commented upon during the first three days of the seminar. During the discussion, one participant stated that the supply and demand [sic] table should be constructed on the basis of producers' and purchasers' prices. On the basis of those alternative valuations it would be possible to construct a matrix of trade and transport margins.

90. In discussing the links between the classification of the production accounts according to activity and institutional sector, it was suggested that illustrative data should be included in the tables in order to provide a better understanding of the relationship between the two kinds of classification.

.92. Various suggestions and observations were made concerning the integrated economic accounts for the nation: (1) separate columns should be included for taxes on products not included in value added (in order to avoid the confusion which existed as a result of the inclusion of those taxes only in the national economy column; (2) the category of net taxes on products should be separated into taxes and subsidies on products; (3) a clearer method should be devised for recording consumption of fixed capital; (4) additional columns should be included in the balance of payments (in order to make it possible to present the external sector alternately from the point of view of both the national economy and of the rest of the world).

95. Clarification was requested concerning the treatment and classification of the destruction of assets by insurable risks, which was not identified separately in the classification of capital transactions or in the categories of the "other changes in the volume of assets" account.

96. Although the system included a revaluation account, that account was placed at the end of the real accounts. That constituted a problem for high-inflation economies. There was a need to develop combined analysis of the real process and the inflationary aspect.

97. ... It was pointed out that [the supply and use] table could be called an input-output table. That view did not gain acceptance, since an input-output table had very different features in terms of the categories of classification and valuation of flows of goods.

98. One participant advocated including a matrix in the system along the lines of table 2.1 of the 1968 SNA. Another suggested that the revised SNA should provide a more coherent elaboration of codes for transactions, transactors and accounts than that given to the 1968 SNA. Support was expressed for the inclusion of satellite accounts and other applications of the system since they provided a clearer picture of the relationship between the system and other kinds of analyses.

99. Conclusion: ... Participants considered that the presentation of the accounting structure was useful for specialists in national accounts in

explaining and understanding the full integrated system, but they felt it advisable to codify transactions in order to facilitate exchanges involving computer programmes and present a simplified handbook and accounting structure for users.

Rio
Text
*

101. Comments were made on the need to ensure compatibility between SNA and the IMF system of government finance statistics as regards the consolidation rules of the government sector.

102. Conclusion: The participants took note of the general principles to be included in the chapter on accounting rules, which was in the final drafting stages.

Rio

Circumstances

quarterly regional inflation-accounting

104. Conclusion: With regard to the proposed revision of the SNA, there was a general consensus to stress the progress made in the conceptual framework, highlighting, among other outstanding general aspects, the integration of flows in the balances, the presentation of integrated accounts by institutional sectors, the introduction of accounting adjustments for the analysis of inflation and the harmonization achieved with other statistical systems.

105. It was pointed out that in countries experiencing high inflation, there was a need to compile national accounts more frequently than on a quarterly basis. Regional accounts were also very important for the countries of the region. The Statistical Office of the United Nations Secretariat and other international bodies must assist the countries of the region in compiling quarterly and regional accounts.

106. Reference was made to the necessity of bringing pressure to bear on national statistical authorities to produce the kind of statistics needed for the development of the new system, as had been done by one country which had introduced changes in its economic census in 1985 so as to include information on institutional types of units. It was recommended that a handbook be prepared establishing priorities for statistical information systems.

107. Several participants referred to the substantial theoretical and conceptual progress which the new system of national accounts represented, although they believed the new system would be difficult to apply. It was argued that, for analytical reasons, there was a great need for users and those responsible for compiling national accounts in the countries of the region to alter their views concerning the role of national accounts and to make an effort to replace the traditional approach, which emphasized production accounts, with a much broader implementation of the system. Several participants said that they had no objections to the integrated approach of the new system, but emphasized the need for technical, financial and training assistance for the practical implementation of the fourth revision of SNA.

109. Conclusion: In the concluding discussion of the seminar, serious concern was expressed about the real possibility of applying the new system in

the short and medium term. The most important factors, which had also affected the implementation of the existing version, included (a) the difficulties which were still being encountered in the area of basic statistics; (b) the constant turnover of technical personnel, which required continuing efforts in the area of staff training and adversely affected specialization by staff; (c) the growing need to concentrate efforts on short-term analysis - instead of maintaining, improving or expanding the system itself - and, at the same time, the difficulty in implementing instruments for such analysis, a difficulty aggravated by the inflationary process taking place in most countries of the region. Lastly, it was emphasized that the region would have increased needs for technical co-operation and training in the area of national accounts and basic statistics. The international organizations attending the seminar were called upon to give consideration to those needs in their programmes of activity and budgets.