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STATISTICAL OFFICE

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Expert Group Meeting on
SNA Co-ordination
New York, 13-22 September 1989

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7. ESA/STAT/AC.35/7 Chapter VII Revised SNA: Production Accounts for Industries and the Input-Output Tables (Peter Hill - Consultant)
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9. ESA/STAT/AC.35/9 Chapter IX Revised SNA: Factor Incomes and Property Incomes (Peter Hill - Consultant)
10. ESA/STAT/AC.35/10 Chapter X Revised SNA: The Capital and Financial Accounts (Peter Hill- Consultant)
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12. ESA/STAT/AC.35/12 Chapter XII Revised SNA: Price and Volume Changes
13. ESA/STAT/AC.35/13 Chapter XIII Revised SNA: Adaptation of the Integrated Framework to Various Circumstances and Needs (André Vanoli - Consultant)

14. ESA/STAT/AC.35/14 Chapter XIV Revised SNA: Satellite Accounts (André Vanoli - Consultant)
15. ESA/STAT/AC.35/15 Annex 5 Revised SNA: Changes in Stocks and Holdings (Peter Hill - Consultant)
16. ESA/STAT/AC.35/16 Annex 6 Revised SNA: The Leasing of Equipment and the Renting of Buildings (Peter Hill - Consultant)
17. ESA/STAT/AC.35/17 Classifications, Accounts and Tables of the Revised SNA, Rev. 1
ESA/STAT/AC.35/17 Add.1
18. ESA/STAT/AC.35/18 Recommendations made by sub-groups on: Market and non-market producers; Direct Investment Corporations; Household sub-sectoring
ESA/STAT/AC.35/18 Add.1 Recommendation concerning the distinction between market and non-market in the SNA (Heinrich Lutz, Statisches Bundesamt, Fed. Republic of Germany)
19. ESA/STAT/AC.35/19 Income from Production versus Property Income: Some issues related to "Intellectual Property" (Ms. Carol S. Carson, Department of Commerce, USA)
20. ESA/STAT/AC.35/20 Environmental Accounting and the SNA (Jan Van Tongeren, United Nations Statistical Office)
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22. ESA/STAT/AC.35/22 Comments from participants on chapters of revised SNA
23. ESA/STAT/AC.35/23 Service Output as Capital: A Review of the Issued (Ms. Carol Carson, Department of Commerce, USA and Anne Harrison - Consultant)
24. ESA/STAT/AC.35/24 Classification of Taxes and Transfers (Anne Harrison - Consultant)
25. ESA/STAT/AC.35/25 Imputations and Reroutings in the Accounts for Institutional Sectors (A. Bloem, Central Bureau of Statistics, Netherlands)

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DRAFT SCHEDULE FOR DISCUSSIONS

Draft Schedule for discussion 13-22 September 1989

Monday 18 September

Chapter IX Factor income and property income

Distinction between market and non-market

Intellectual property

Tuesday 19 September

Chapter X Capital and Financial Accounts

Chapter XI Balance sheets and Net Worth

Natural Growth

Wednesday 20 September

Chapter XII Price and Volume Changes

Foreign Direct Investment Corporations

Thursday 21 September

Chapter XIII Adaptation of the integrated framework to various
circumstances and needs

Chapter IV Satellite accounts

Friday, 22 September

Future program of SNA Review

-Suggested issues for discussion-

CHAPTER VI

MULTIPLE EXCHANGE RATES

[Chapter 6 - Final expenditures, paras. 217-223]

Should the black market rate be included in the calculation of the unitary rate and if so, should the difference between the black market and the unitary rate be treated as a tax/subsidy? If the answer to either one of the two questions is negative, should the difference be treated as a capital gain or loss, or entirely as the production of a service?

CHAPTER VI

TREATMENT OF NATURAL GROWTH

[Chapter 6 - Final expenditures, paras. 120-125,
doc. Environmental Accounting and the SNA (UNSO)]

What part of natural growth products are to be treated as part of gross output in the SNA; Controlled growth i.e. agricultural production, growth of livestock, growth of timber of controlled timber tracts, fish from fish ponds; versus non-controlled growth: lumber from forests, fish from oceans, lakes and rivers?

[Chapter 11 - Balance sheets and net worth, paras. 44, 45;
doc. Environmental Accounting and the SNA (UNSO)]

Are the criteria elaborated in paras. concerning the moment that environmental assets are considered to form part of tangible assets, sufficiently clear: transfer of land from public domain to human settlement, land utilized for forest exploitation through government permits; mineral resources discovered, etc?

[Chapter 10 - The capital and financial accounts para.17, 19]

How should major improvements and extensions of assets such as land, timber tracts, etc. which are used in production, be treated in the balance sheets? Should they be presented separately or included within the value of the non-reproducible assets themselves?

CHAPTER VI

INTELLECTUAL PROPERTY

[Document: Income from Production versus Property Income:
Some issues related to "Intellectual Property" (C. Carson);

Document: Service Output as Capital: A Review of the
Issues (C. Carson/A. Harrison);

Chapter 6 - Final expenditures, paras. 117-125

Chapter 11 - Balance Sheets and Net Worth, para. 31, 44(c)]

Copyrights, patents, trademarks. For points of discussion, see page 10 of document "Service Output".

CHAPTER III

FOREIGN DIRECT INVESTMENT CORPORATIONS

[doc. Recommendations made by the subgroup on Direct Investment Corporations; Chapter 3 Institutional units and residence, paras. 49-55, 68-71; Chapter 4 Sectors and sub-sectors, para. 25]

In the document are included some suggestions for change in paras. of Chapters 3 and 4, which are aimed at making more precise the coverage of direct foreign investment corporations? Do the experts agree?

[Chapter 10 - Capital and Financial Accounts, para. 4;
Chapter 11 Balance Sheets and Net Worth, paras. 39-40]

Is there domestic saving of foreign direct investment enterprises (Chapter 10, para. 4)?

Do you agree with the coverage of net worth of a foreign subsidiary and quasi-corporation (Chapter 11, paras. 39-40)?

CHAPTER II

DISTINCTION BETWEEN MARKET AND NON-MARKET

[doc. Recommendations of the subgroup on Market and Non-Market Producers]

Do the experts agree with the criteria to distinguish market producers from non-market producers, as well as with the practical coverage of both groups of producers?

[Chapter 7 - Production accounts and input-output tables
(see paras. of reference in Vanoli note)]

How should the distinction between market and non-market producers and between market and non-market products be introduced in the supply and use table and in the input-output table? Should the distinction be a further subdivision of some of the ISIC and CPC categories, or should ISIC and CPC be applied to both categories of producers and products?

CURRENT VERSUS CAPITAL TRANSFERS

[Chapter 9 - Factor Income and property income, paras. 125-126
Chapter 8 - Taxes and other transfers, paras. 40-88]

Capital transfers in cash are described and "usually linked to the acquisition or disposal of a tangible assets by one or both parties". Does this provide an appropriate guideline for distinguishing current vs. capital? (CH.9, paras. 125-126)

Does the itemized coverage of current and capital transfers reflect the criteria developed by the expert groups? Attention may be particularly given to those transfers that are considered capital by one party and current by another and to international transfers to finance projects which are often considered of a capital nature, but are not strictly used for the purchase of capital goods? (CH. 8, paras. 40-88)

CHAPTER IX

OPERATING SURPLUS

[Chapter 9 - Factor incomes and property incomes, paras. 40-52]

Is it correct to treat operating surplus, being a balancing item, as factor income? Would it be better to call compensation of employees and operating surplus income from production?

Is it correct to avoid entirely the concept of operating surplus in the production of government services?

COMPENSATION OF EMPLOYEES

[Chapter 9 - Factor incomes and property incomes, para. 26]

Is it correct to treat interest subsidies imputed in connection with low interest loans by employers as compensation of employees?

PROPERTY INCOME VS. SERVICES

[Chapter 9 - Factor incomes and property incomes, paras. 55-57]

Are the characteristics given for distinguishing between property income and income from services (mainly rentals) appropriate?

CHAPTER X

FLOW OF FUNDS ANALYSIS

[Chapter 10 - Capital and Financial Accounts]

[Chapter 11 - Balance Sheets and Net Worth]

Should this chapter include a presentation and description of the attached flow-of-funds tables and the sectoral financial accounts?

Should the chapter on capital and financial accounts deal more specially with the concept of flow-of-funds and its role in the SNA?

Should the chapter discuss the relative roles within the system of the sectoral financial accounts and the matrix?

Should there be a description of the flow-of-funds matrix explaining its place within the system and the debtor/creditor/instrument relationships that it contains?

Does the flow-of-funds matrix as presented in document ESA/STAT/AC.35/17 under chapter 10 satisfy the essential requirements of flow-of-funds analysis that are to be incorporated in the SNA?

Does the integrated financial accounts for the national economy and individual sectors incorporate all features of sectoral financial accounts that are to be discussed in this chapter?

CHAPTER XI

BALANCE SHEET PRINCIPLES

[Chapter 11 - Balance Sheets and Net Worth]

Do you agree with the general principles for valuation and asset inclusion as described? Would these not result in unacceptable discrepancies between balance sheets as drawn up by enterprises and other economic units, and SNA balance sheets?

CHAPTER XII

[Chapter 12 - Price and Volume Changes]

INTERNATIONAL PRICE AND VOLUME MEASURES (paras. 85-88)

The chapter notes that most of the discussion is relevant to inter-spatial as well as inter-temporal comparisons, but virtually all the discussion refers to inter-temporal comparisons. Should there be a more detailed discussion on inter-spatial comparisons than presently given in paras. 85-88?

MEASUREMENT OF QUALITY CHANGES (paras. 30-44)

In practice, the most common method of quantifying quality changes is to compare the prices of new and old models when both types are available on the market. Should this be mentioned in this section?

UNIQUE PRODUCTS (paras. 41-42)

For unique products (buildings, ships, heavy machinery, etc.) the Expert Group considered that it is also acceptable to price standard components such as foundations, reinforced concrete beams, electric motors, etc. Should this be added as an acceptable method?

CHANGES IN PRODUCTIVITY IN GOVERNMENT (para. 59)

It is proposed that when labour inputs have to be used as proxies for output measures for non-market services, an explicit assumption should be made for changes in labour productivity. Plus one or zero per cent per year are mentioned as possible assumptions. Is this acceptable?

MEASUREMENT OF TRADING GAMES (paras. 94-100)

Para. 99 recommends that trading gains and losses for changes in the terms of trade should be measured using the Geary method (arithmetic mean of import and export price indices), unless the authorities believe they have good grounds for using some other average. Should a single method be recommended? Should the Courbis-Kurabayashi method (trade-weighted mean of import and export price indices) be recommended instead of the Geary method because it is more balanced in a global setting?

REAL NET NATIONAL DISPOSABLE INCOME (paras. 101-106)

The Expert Group could not agree on whether RNNDI should be obtained by deflation using a single deflator (for national expenditure) or by summing its components with each being deflated by the most appropriate index. In this section, the second of these methods is recommended. Is this acceptable?

HYPER-INFLATION

The problems of compiling constant and especially current price data under conditions of hyper-inflation are not mentioned. Is there anything that can be usefully said on the subject?

CHAPTER XIII

ADAPTATIONS OF SNA

[Chapter 13 - Adaptation of the integrated framework to various circumstances and needs

Do the experts agree with the general aims of the chapter as expressed in paras. 1-5?

Do experts agree with the examples given of adaptations of the SNA framework to special circumstances, i.e. to analyze specifically the effects of (i) public and/or foreign control; (ii) key sectors on the economy; (iii) balance of payments and external accounts problems; (iv) high inflation? Should other important examples be added for example, adaptations of the SNA for use in countries with centrally planned economies. Should references be made to social accounting matrices? Are adaptations of the SNA described in paras. 6-34 and 58-70 clear from the descriptions given? Should the descriptions be supplemented by tables illustrating the adaptations?

Do the experts agree with concept of key sector as described in paras. 18-28?

Do experts agree with the special analysis of the household sector suggested in paras. 35-57, in which alternative concepts for micro analysis of households are introduced?

Are adaptations of the system for quarterly and regional analysis adequately reflected in paras. 71-82?

CHAPTER XIV

SATELLITE ACCOUNTS

[Chapter 14 - Satellite Accounts]

Should satellite accounts be presented as a separate chapter or be included as a special case of SNA adaptations, where not only classification detail is adapted, but also concepts are altered for special analysis?

Do the characteristics of satellite as distinct from simple adaptations of 10 system become clear from section 1 on satellite analysis?

Do the examples presented in section 2 on satellite accounts cover all the relevant fields to which satellite analysis could be effectively applied? Should the features of environmental accounts be more prominently displayed in the present chapter?

May satellite accounts be used to introduce an alternative accounting framework with concepts that only include market transactions and/or identifies imputations and reroutings in the accounts for institutional sectors separately [See document ESA/STAT/AC.35/25, Imputations and Reroutings in the Accounts for Institutional Sectors, A. Bloem].