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Report of the Ulaanbaatar Group on Statistics for Economies Based on Natural Resources

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its forty-third session (see E/2012/24, chap. I.A), the Secretary-General has the honour to transmit the report of the Ulaanbaatar Group on Statistics for Economies Based on Natural Resources. The report summarizes the first meeting of the Ulaanbaatar Group and presents information on the proposed terms of reference, the proposed work programme and the proposed organizational structure of this city group, as requested by the Commission at its forty-third session. The Commission is invited to take note of the report.

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* E/CN.3/2013/1.

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Report of the Ulaanbaatar Group on Statistics for Economies Based on Natural Resources

I. Introduction

1.   The joint initiative of Mongolia and Australia to establish the Ulaanbaatar Group on Statistics for Economies Based on Natural Resources was discussed and endorsed by the Statistical Commission at its forty-third session, held in New York from 28 February to 2 March 2012 (see E/2012/24, chap. I.B, decision 43/108).

2.   The primary goals of the Ulaanbaatar city group are to develop methodological and practical guidelines on statistical measurement for economies based on natural resources.[1] The Ulaanbaatar Group will also make recommendations by establishing best practices in concepts and methods in order to track mining industry activities, and investment in mining, and accurately measure the industry's contribution to the economy and assess the impacts of mining on other social and economic sectors within the framework of the System of National Accounts. In addition, in its work, the Group aims to collaborate with those countries that have economies based on natural resources. The Group will also develop practical recommendations on measuring the impacts of mining on the environment and on ensuring comprehensiveness, reliability, accuracy, timeliness and comparability of relevant statistical data.

II. Progress report

3.   A total of 21 representatives from 13 countries and international organizations attended the first meeting of the Ulaanbaatar Group on Statistics for Economies Based on Natural Resources, held in Ulaanbaatar from 20 to 22 August 2012.

4.   The current membership of the Ulaanbaatar Group comprises representatives from the following countries: Australia, Azerbaijan, Brazil, China, India, Iran (Islamic Republic of), Kazakhstan, Lesotho, Madagascar, Mexico, Mongolia, the Russian Federation and Viet Nam. The following international organizations are also members of the Group: the Inter-State Statistical Committee of the Commonwealth of Independent States (CIS) and the United Nations Industrial Development Organization (UNIDO).

5.   At its first meeting, the Ulaanbaatar Group discussed the terms of reference and topics to be considered under the work programme. The Group also established a Steering Committee and an Expert Group to manage and conduct the work programme. In addition, it was decided that the Group would hold face-to-face meetings and an electronic discussion forum to advance the work programme.

6.   The first meeting of the Steering Committee of the Ulaanbaatar Group will be held in the Russian Federation in September 2013.

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[1] Further information on the Ulaanbaatar Group is available from http://web.nso.mn/ub_city_group/.

III. Workplan for 2013

A. Background

7.   There is a significant need to develop guidelines on how mining and mining-related activities can best be measured and presented in published statistics. The Ulaanbaatar Group will address this need as part of its work programme. The work programme of the Ulaanbaatar Group will be conducted by the established Expert Group and will be under the guidance of the Steering Committee.

8.   In undertaking its work, the Ulaanbaatar Group will be guided by relevant international standards, including the System of National Accounts,[2] the International Standard Industrial Classification of All Economic Activities,[3] the Balance of Payments and International Investment Position Manual,[4] the Government Finance Statistics Manual,[5] the System of Environmental-Economic Accounting,[6] the International Recommendations on Energy Statistics and the Consumer Price Index Manual[7] and the Producer Price Index Manual.[8]

9.   While the role of the Ulaanbaatar Group does not entail revisiting the conceptual underpinnings of these standards, the Group may suggest elaboration in order to ensure that mining and mining-related activities are effectively measured. Furthermore, these standards are generally concerned with conceptual issues rather than practical measurement.

10.   The Ulaanbaatar Group envisages that the members of the Group would work together to produce a handbook on measuring mining and mining-related activities from an economic, social and environmental perspective. This manual would carry the endorsement of the international statistical community on what constitutes "best practice" in measuring resources-related activities.

B. Work programme

11.   The Ulaanbaatar Group established four broad work streams, encompassing:

(a)   Development of a harmonized system of standard indicators for data collection;

(b)   Assessment of the impact of the mining industry on economies and development of methodological and practical recommendations on how to demonstrate that impact through official statistics;

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[2] *System of National Accounts 2008* (United Nations publication, Sales No. E.08.XVII.29).

[3] *International Standard Industrial Classification of All Economic Activities (ISIC), Rev. 4*, Statistical Papers, Series M, No. 4, Rev. 4 (United Nations publication, Sales No. E.08.XVII.25).

[4] *Balance of Payments and International Investment Position Manual: Sixth Edition (BPM 6)* (Washington, D.C., International Monetary Fund, 2009).

[5] *Government Finance Statistics Manual 2001* (Washington, D.C., International Monetary Fund, 2001).

[6] *System of Environmental-Economic Accounting: Central Framework* (United Nations publication, forthcoming).

[7] *Consumer Price Index Manual: Theory and Practice* (Geneva, International Labour Office, 2004).

[8] *Producer Price Index Manual: Theory and Practice* (Washington, D.C., International Monetary Fund, 2004).

(c)   Development of methodologies and indicators for assessing the impact of the mining industry on the social sector;

(d)   Development of practical recommendations for measuring the impact of the mining industry on the environment.

12.   Most of the activities in these work streams will be conducted in parallel with each other, with the exception of the development of standard indicators for data collection. This work stream will require consultation with users and policymakers so as to ensure that the data will be of relevance to them. The work streams are discussed in greater detail in section D below.

13.   A broad outline of the work involved is presented below. As the most critical step is to develop an appropriate set of standard indicators, this work will provide feedback to the Steering Committee at the meeting in 2013 and will constitute a solid starting point for activities within the three other work streams. However, while it is expected that the Expert Group will report on its initial findings, it is also expected that work in the other streams will be able to serve as a source of further feedback on the indicators.

14.   As indicated earlier, the output of this work will form the basis for a manual for national statistical agencies and other users. The structure of this manual should be developed as early as possible, with a view to presenting it for discussion at the Steering Committee meeting in 2013.

C.   Workplan for 2013

15.   The Expert Group will deliver biannual reports on progress to the Steering Committee. The Ulaanbaatar Group will produce a final report on outcomes, including a manual, which would be submitted to the Statistical Commission in 2017. Once a decision is taken on who will be responsible for which particular topics and streams, a more detailed timetable will be established.

16.   The following work will be conducted in 2013:

(a)   Circulation of relevant papers that are currently in the public domain;

(b)   Commencement of the discussion on harmonized indicators (via the electronic forum);

(c)   Development of a set of questions to be used in discussions with users;

(d)   Discussion of indicators with policymakers and other users;

(e)   Reporting back to the Ulaanbaatar Group on findings;

(f)   Preparation of a report on a harmonized system of standard indicators for data collection, for submission to the Steering Committee;

(g)   Preparation of the draft outline of the manual for discussion at the Steering Committee meeting;

(h)   Establishment of responsibility for the particular work streams;

(i)   Before the 2013 Steering Committee meeting, assignment to members by the Expert Group, through e-mail, of work in particular work streams;

(j)   Arrangement of the agenda for the meeting in September 2013;

(k)   Establishment of a detailed schedule for 2014 of future work of the Ulaanbaatar Group in each of the work streams.

D.   Detailed description of the activities of each work stream

17.   Stream 1: Development of a harmonized system of standard indicators for data collection:

(a)   Development of an understanding of the issues faced by policymakers in economies with significant natural resources-based activity;

(b)   Establishment of a list of the economic, social and environmental indicators that are to inform policymakers and the broader community on these issues, inter alia, encompassing assistance in achieving international comparability;

(c)   Identification of ways in which economic, social and environmental information relating to mining can be best presented so as to facilitate understanding and analysis;

(d)   Identification of ways in which information on mining and mining-related activities can be best disseminated;

(e)   Inclusion of related issues that emerge during discussion of issues already under consideration, or as requested by the Steering Committee.

18.   Stream 2: Assessment of the impact of the mining industry on economies and development of methodological and practical recommendations on how to demonstrate that impact through official statistics:

(a)   Measurement of mining production in terms of quantity and value;

(b)   Measurement of prices of mineral commodities and the impact of mineral prices on the terms of trade, as well as mining-induced terms-of-trade impacts on the rest of the economy;

(c)   Measurement of intermediate consumption in the mining industry, including energy inputs;

(d)   Measurement of mining gross operating surplus;

(e)   Measurement of mining inventories;

(f)   Measurement of mining fixed capital investment (for example, current and expected expenditure, capital stock, capital services, and consumption of fixed capital expenditure);

(g)   Measurement of financial investment (including foreign investment, both direct and portfolio) and associated incomes, including retained earnings;

(h)   Measurement of the impact of mining on trade statistics, including coherency with production statistics;

(i)   Measurement of mineral exploration, discoveries and subsoil reserves;

(j)   Measurement of the impact of mining on government finances, including measurement of taxes on mining;

(k)   Measurement of productivity in the mining industry;

(l)   Measurement of construction activity associated with the mining industry;

(m)   Measurement of the impact of mining on transportation;

(n)   Measurement of other economic activity supporting the mining industry, including the role of input-output analysis;

(o)   Measurement of "downstream" economic impacts of mining, including the manufacturing of mineral products;

(p)   Measurement of infrastructure supporting mining activity;

(q)   Measurement of the impact of mining on national income, including balance-of-payments incomes associated with mining, and measures of real gross domestic income and real net national disposable income;

(r)   Measurement of national wealth;

(s)   Measurement of the impact of mining on regional economies (including regional prices and regional housing markets);

(t)   General measurement issues, including dealing with multinational enterprises, confidentiality issues, correction of "off year" reporting, achieving coherence of information from different sources and the consistency thereof through development of a coordinated approach to large mining projects, and measuring informal mining activity;

(u)   Measurement of the procurement of nationally produced goods and services;

(v)   Standardization of units of measure;

(w)   Inclusion of related issues that emerge during discussions of issues already under consideration, or as requested by the Steering Committee.

19.   Stream 3: Development of methodologies and indicators for assessing the impact of the mining industry on the social sector. This stream is divided into the following five categories to enable engagement of the appropriate expertise:

(a)   Labour force:

(i)   Measuring employment in the mining industry;

(ii)   Measuring the demographic characteristics of mining labour;

(iii)   Measuring employment in mining-related activities;

(iv)   Measuring the impact of the supply of labour on other parts of the economy arising from changes in the demand for labour from the mining industry;

(b)   Income:

(i)   Measuring mining wages and salaries, total and averages;

(ii)   Measuring the distribution of mining incomes, including by gender;

(c)   Health and productivity:

(i)   Measuring conditions of workers and industrial relations in the mining industry;

(ii)   Measuring mining skills and capabilities, including job vacancies and skill shortages;

(iii)   Measuring the impact of mining on workers' health and the health of the community generally;

(d)   Measurement of the impact of mining on social issues:

(i)   Measuring fly-in/fly-out and drive-in/drive-out workers, including impacts on demands for social services;

(ii)   Measuring internal and international migration flows associated with mining (including remittances);

(iii)   Measuring the impact of mining on poverty;

(iv)   Measuring social impacts of the dislocation of population associated with mining activity;

(v)   Measuring the impact of mining on education and training;

(e)   Inclusion of related issues that emerge during discussion of issues already under consideration, or as requested by the Steering Committee.

20.   Stream 4: Development of practical recommendations for measuring the impact of the mining industry on the environment:

(a)   Measurement of the direct and indirect demand from the mining industry for environmental inputs, both market and non-market, incorporating measurement in terms of value;

(b)   Harmonization of definitions for indicators reflecting internal and international needs;

(c)   Measurement of emissions (air and water) and waste products from the mining industry;

(d)   Measurement of damage to land (including agricultural land) and ecosystems from mining activity and any subsequent rectification activity;

(e)   Measurement of the sustainability of mining activity;

(f)   Measurement of the environmental impact of economic activity downstream from the mining industry;

(g)   Measurement of the impact of mining on green growth and the green economy;

(h)   Inclusion of related issues that emerge during discussion of issues already under consideration, or as requested by the Steering Committee.

IV.   Action to be taken by the Commission

21.   The Commission may wish to take note of the above work programme and the terms of reference of the Ulaanbaatar Group, as presented in the annex to the present report.

Annex

Terms of reference of the Ulaanbaatar Group on Statistics for Economies Based on Natural Resources

1. The Ulaanbaatar Group on Statistics for Economies Based on Natural Resources will play a leadership role in defining international best practices in statistical measurement for economies based on natural resources. The role of the Ulaanbaatar Group will encompass the following objectives:

(a) To play a leading role in developing methodological and practical guidelines and recommendations by pooling theoretical and methodological best practices, in order to rationally track mining industry activities and accurately measure and assess the industry's contribution to the economy and its impact on social sectors and the environment, within the framework of the System of National Accounts;

(b) To serve as a forum for sharing the expertise of national and international statistical organizations and other interested parties;

(c) To collaborate with the United Nations and other organizations on developing and improving statistical methodologies and standards for statistics on natural resources and to provide support in this area;

(d) To develop practical manuals and recommendations that ensure the coverage and the reliability, accuracy and relevance of statistical data and that are based on best practices, so as to support the efforts made by countries with large mining sectors to implement the System of National Accounts, and the System of Environmental-Economic Accounting and the revised Framework for the Development of Environmental Statistics. This would include implementing the latest version of the International Standard Industrial Classification of All Economic Activities as the appropriate industry classification for the mining industry.

2. The Ulaanbaatar Group will also consider the following issues:

(a) Confidentiality;

(b) Appropriate outcomes, such as implementation of best practices, as described in any manuals produced;

(c) Data-collection strategies.

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