



Republika ng Pilipinas  
**PAMBANSANG LUPON SA UGNAYANG PANG-ESTADISTIKA**  
**(NATIONAL STATISTICAL COORDINATION BOARD)**  
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403 Sen. Gil J. Puyat Avenue, Makati City 1200

05 February 2009

**MR. PAUL CHEUNG**

Director  
Statistics Division/DESA  
United Nations Plaza  
New York, N.Y., USA

**Re: NSCB Comments on Volume 2 of the 2008 SNA**

Dear **Mr. Cheung**,

This refers to your letter dated 24 December 2008 requesting for participation in the global review of Volume 2 of the 2008 System of National Accounts.

Please find attached, our comments to the following chapters:

1. Chapter 18 – Elaborating and Presenting the Accounts
2. Chapter 21 – Measuring Corporate Activity
3. Chapter 22 – the General Government and Public Sectors
4. Chapter 23 – The Non-Profit Institutions
5. Chapter 24 – The Household Sector
6. Chapter 25 – Informal Aspects of the Economy
7. Chapter 26 – The Rest of the World Accounts and Links to the BOP
8. Chapter 27 – Links to Monetary Statistics and the FOF
9. Chapter 28 – Input-Output and Other Matrix-Based Analyses
10. Chapter 29 – Satellite Accounts and Other Extensions

Should you have any further inquiries, you may contact **Mr. Raymundo J. Talento**, Director of the Economic Statistics Office with telefax numbered (63)-2 895-24-81 and e-mail address [rj.talento@nscb.gov.ph](mailto:rj.talento@nscb.gov.ph).

Thank you and best regards.

Very truly yours,

**ROMULO A. VIROLA**  
Secretary-General

## Comments on Volume II of the 2008 SNA

### 1. CHAPTER 18: ELABORATING AND PRESENTING THE ACCOUNTS

#### *Comments:*

It may be worthwhile to mention in Paragraph 18.11 or 18.12 the need to: a) come up with a revision policy on the national accounts estimates and to properly inform the public about this. In the Philippines, a copy of the Resolution approving the policy on updating the national accounts is included in the quarterly publication; and b) include a table on the sources of revisions as part of the quarterly publication to inform national accounts users on the reasons for the revisions made on the estimates. We believe that users of the national accounts estimates appreciate **compilers'** efforts such as these to enhance transparency of the accounts.

### 2. CHAPTER 19: POPULATION AND LABOUR INPUTS

No further comment

### 3. CHAPTER 20: CAPITAL SERVICES AND THE NATIONAL ACCOUNTS

No further comment

### 4. CHAPTER 21 – MEASURING CORPORATE ACTIVITY

#### *Comments:*

The chapter is very helpful in the sense that it attempts to establish the links of the activities of corporations in the national accounts and other economic frameworks.

In section c- sub-sectors, the definition of publicly controlled corporations should be included for clearer understanding of the compiler.

Similarly, in section d – relations between corporations in different economies, FDI should be well defined in paragraph 21.29 rather than implied in the latter part of the section. In paragraph 21.45, there should be an explicit recommendation and example in the adjustment for transfer pricing. Simply stating that it should be valued at “arm’s length prices” may not be very useful to the compilers.

Section g – links to commercial accounting standards with the SNA should be elaborated further. The commonalities and divergence of the two (if any) should be explicitly discussed.

## 5. CHAPTER 22 - GOVERNMENT AND THE PUBLIC SECTOR

### **Comment:**

The chapter discusses the presentations of the government in terms of the sectoring and sub-sectoring. However, with the integration of the public sector in the general government, it would be helpful to have discussions on the detailed structure of the sector and of the industry to give emphasis on the production of non-market services and the redistribution of income - the two main functions of the sectors.

## 6. CHAPTER 23 - NPI SECTOR

### **Comment:**

Considering the nature of the NPI wherein their services are valued free or at prices not economically significant, it would help to have discussions on how valuation of the sector's output, particularly the "voluntary work", can be operationalized.

## 7. CHAPTER 24 - HOUSEHOLD SECTOR

### **Comment:**

For developing countries like the Philippines where the household sector accounts for a big chunk of the GDP, it would be helpful if we have discussions on key indicators derived from the household sector, e.g., savings, investments, etc., and corresponding interpretations / explanations.

Also, a diagram or an illustration as to the different roles of the households being producer, consumer and/or receiver of income can help in understanding the complex nature of the sector.



## 8. CHAPTER 25 - INFORMAL ECONOMY

Most approaches in the measurement of the informal sector use the labor input method. It would help if there are discussions on alternative methods to measure the contribution of the informal sector to the economy.

## 9. CHAPTER 26 – THE REST OF THE WORLD ACCOUNTS (ROW) & LINKS TO THE BALANCE OF PAYMENTS (BOP)

### **Comments:**

While the chapter clarifies the relationships of the national accounts with the balance of payments, it is suggested that in paragraph 26.3 it be made explicit that the point of view in this section is that of the compiling country.

On paragraph 26.49 – 26.57, this section focuses more on the trade in goods and less discussions on services. With business process outsourcing (BPO) becoming more common, may be we could add a paragraph or two that will focus on subcomponents of services and how BPOs can be categorized. What is not clearly stated is the link of this activity in the national accounts vis-à-vis the BOP. It is good to clarify where they are in the standard components of services.

Similarly, some reference should be made to the Manual on Trade in Services to show the consistency of the various manuals.

## 10. CHAPTER 27 – LINKS TO MONETARY STATISTICS AND FLOW OF FUNDS

### **Comments:**

This chapter has achieved its objective in providing information on the various analyses that may be generated from the monetary and financial statistics in general; how to interpret the accounts given the different sets of data; and how the data in the sequence of accounts can be linked with these other presentations.

It is useful as it presents the steps on the compilation of the monetary and financial accounts by defining the terms used and showing concrete examples, both descriptive and in table formats. It also provides a list of possible disaggregations and subsectoring that countries may wish to develop while allowing the compiler the flexibility in terms of the level of disaggregation and subsectors to use, depending on data availability and the relative importance of the institutional sectors.



In section c – Financial statistics, paragraph 27.19: ‘the classification of financial assets, shown in Table 27.2, The classification of financial assets and liabilities is based on two criteria, the liquidity of the asset and the legal characteristics that describe the form of the underlying creditor/debtor relationship.’ While the liquidity of the asset is described and examples are given, the legal characteristics, specially the creditor/debtor relationship was not defined or described which must be elaborated based on the preceding sentences.

## **11. CHAPTER 28 – INPUT-OUTPUT AND OTHER MATRIX BASED ANALYSES**

### ***Comments:***

The chapter was very useful in building up on the presentation of the supply and use table and show in greater details the possibilities offered by using a matrix form of presentation of the accounts.

There is a need, however, to discuss in detail the linkages and relationship of the Supply and Use Table with the Input-Output Table. The tables were helpful in showing the transformation of the supply and use table into input-output tables and further as a starting point for extension of the accounts such as the social accounting matrix.

The discussion and concrete illustrations on how trade and transport margins should be incorporated in the accounts. In particular, how international transport charges / trade margin should be recorded is very relevant given the difficulty in its operationalization in most developing countries.

On secondary products, the chapter now describes and expounds the differences between subsidiary products, by-products and joint products, which were not articulated before in the 1993 SNA Manual. It also provides basic approaches on how to treat secondary products in the input-output table.

It is suggested that a broader discussion of the IO uses and applications be provided in this chapter.

## **12. CHAPTER 29: SATELLITE ACCOUNTS AND OTHER EXTENSIONS**

### ***Comment:***

It was noted that the provisions discussed therein are consistent with those in the corresponding manuals which we have already commented on earlier. Hence, we have no further comments.



PREPARED BY:

Economic Statistics Office  
National Statistical Coordination Board

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