

**Comments on draft SNA chapter:  
Chapter 15: The Goods and Services Account and  
Supply and Use Tables**

**Deadline for comments: 29 November 2007**

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This three-part template allows you to record your comments on draft chapter 15 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

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**Part I: General comments**

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated. Also, you may wish to comment on whether there is enough cross-referencing to earlier chapters for the basic concepts and definitions used in the supply and use tables (30 words or less).

*Comment:*

<p>There is a potentially serious and unacknowledged difference with <i>BPM6</i>.</p> <p>Paragraphs 15.52-61 use an invoice basis for international trade in goods. This basis is certainly more compatible with that used for domestic goods than the <i>1993 SNA</i> basis. However, it is important to note that this is inconsistent with <i>BPM6</i>, which uses the FOB as a uniform point of valuation.</p> <p>A result will be that total exports and imports in SUT may be different to the BOP. The difference will arise to the extent that parties' arrangements for insurance and transport differ from the FOB convention, and the rerouting between goods, transport, and insurance required by the FOB convention would be avoided. However, the net external balance on goods and services will be the same on either basis.</p> <p>This inconsistency should be explicitly noted and the following statement in 15.26 should be qualified.</p> <p>It cannot be emphasised too strongly that all the concepts and definitions of the System elaborated in previous chapters describing the sequence of accounts, apply equally and exactly to supply and use tables and input-output tables.</p>
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Alternatively, the 1993 SNA treatment, which is completely compatible with the available CIF and FOB data, could be recognized as an acceptable alternative.

In addition, the discussion of valuation of imports and exports of goods in this chapter is quite wishy washy. Para 15.65 states that imports are to be recorded at basic prices and then says this would approximately come down to cif, but corrections should be made for certain cases that approximately come down to fob. Para 15.98 does not even explicitly say what the valuation of exports should be, but it suggests that fob values may need to be accepted for practical reasons. Paragraph 15.126 assumes border valuation of exports without qualification. It would be helpful if the valuation principles recommended by the SNA would be given more prominence.

## **Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 15, you may wish to devote particular attention to the passages listed below. For ease of reference, we have identified the relevant paragraphs. For each passage, a Word table is provided for you to use in making your comments. In most cases, there is a row for general comments at the top of the table. Thereafter please use a separate row for each paragraph on which you wish to make detailed comments.

### Goods and services account

As the foundation of the supply and use tables, the goods and services account is discussed in paragraphs 15.7. This account also serves as a preliminary step to the material on the summary measures of the accounts (now in chapter 14, but to be moved in the next version of the full set of chapters where this chapter on the goods and services account and supply and use table will be chapter 14, prices and volumes will be chapter 15 and part of the existing chapter 14 will be described as “Summarising and integrating the accounts” in place of the present title of “Summarising and presenting the accounts”> and will be chapter 16.).

1. Do you find this discussion useful? Is it clear and sufficient?

General comment	Yes, the discussion is useful and clear.
15.7	Click here and start typing.

### Goods for processing

The implications of the new treatment for goods sent abroad for processing (and returned from abroad after processing) for the supply and use tables is described in paragraphs 15.32-15.36.

2. Is the discussion of goods for processing clear and sufficient?

General comment	
15.32	<p>It is worth considering the possibility of imputing a change of ownership for goods for processing in IOT (and perhaps SUT). While the imputation of change of ownership was undesirable for balance sheets and financing, it could well be useful for production process analysis, and could be readily reconciled with the main presentation if the IOT and SUT were to adopt a different treatment. In practice, a column with the adjustment to get to goods for processing on a net basis could be introduced, similar to the CIF/FOB adjustment on imports, in order to make the accounts consistent with the recommendations of the <i>1993 SNA</i>, Rev. 1 and the recording recommended in the sixth edition of the <i>Balance of Payments Manual</i>. The suggestion is taking into account the joint statement presented by most Central American countries to ECLAC, where they suggest that countries that wish to continue applying the current treatment of goods for processing for calculating input-output coefficients, for comparability among countries in the region, and for time-series analysis, should do so given the importance of goods for processing (Maquila) in their economies.</p> <p>It should be noted that the problematic implications of GFP for SUT and IOT also tend to arise for other types of outsourcing, such as, bringing in semi-processed goods with change of ownership and contracting out of ancillary services such as marketing, accounting, IT, etc. That is, in each case of outsourcing, the same underlying production process that could be done within one enterprise may be split between two or more enterprises, sometimes in different economies.</p>
15.37	

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### Trade and transport margins

The decision on how to record goods for processing has implications for how to record transport margins on such goods. Further, the principles of how to record trade and transports margins within supply and use tables when valuation is at basic prices as compared with purchaser's prices were not elaborated in the *1993 SNA* text. Such a clarification is now provided (paragraphs 15.42-15.66)

3. Is the discussion of trade and transport margins clear and sufficient?

General	Yes.
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comment	
15.42	Click here and start typing.
*	Click here and start typing.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### The supply and use tables in volume terms

Section D.2 provides a general discussion of the supply and use tables in volume terms, covering output, imports and exports, margins, taxes less subsidies on production, and value added.

4. Is the discussion of supply and use tables in volume terms clear and sufficient?

General comment	Yes.
15.119	Click here and start typing.
*	Click here and start typing.

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### Additions and deletions to the draft chapter

The chapter aims to give a more comprehensive view of supply and use tables and how they might be used than is found in the *1993 SNA*. As explained in the Note by the Editor, new material was added on several aspects.

5. Bearing in mind that input-output tables will be described in a later chapter, are there other aspects of supply and use tables that you feel should be added to the chapter?

*Comment:*

Click here and start typing.
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Table 15.3 of the *1993 SNA* shows the cross classification of production account items by industries and institutional sectors. It has been omitted from the draft chapter.

6. Do you see any reason to restore it to the draft?

*Comment:*

No, unless the cross classification is not presented in any other chapter.

### **Part III. Other specific comments**

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comment directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to [sna@un.org](mailto:sna@un.org) requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>

- The last row in Table 15.2 suggests that the purchaser's price in the given case refers to two products. This is incorrect: the purchaser's price is 231 and refers to the good exclusively.
- It is unclear why section D2 discusses expressing the use table in volume terms, but an equivalent section for the supply table is not provided.
- The end of para 15.126 states that PPIs are valued as the goods leave the factory. However, the PPI manual recommends basic price valuation.
- Paragraph 15.132 says that operating surplus and mixed income in real terms can be derived by subtracting compensation of employees and taxes less subsidies on production in volume terms from value added in real terms. This is not necessarily true for chained volume measures.