

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

**Deadline for comments: 29 November 2007**

**Send comments to: [sna@un.org](mailto:sna@un.org)**

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Submission date:	14 <sup>th</sup> November 2007

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.

Save this template and send it as an attachment to the following e-mail address:  
[sna@un.org](mailto:sna@un.org)

**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:*

Click here and start typing.
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## 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	We find this discussion very relevant, clear and useful
15.7	In para 15.7 you stated .....”If a commodity balance sheet is drawn up for all goods and services ... must be equal .” We feel that you should state that in theory it <b>should</b> be equal rather than <b>must</b> be equal.You are giving the impression here that the GDP derived independently from a SUT will be equal to that derived when using the Production approach for example. In reality this is not so.You recognized that shortcoming in 15.10 when you indicated that when first prepared SUT are unlikely to balance until they are brought into balance. This involves a lot of trade offs between intermediate consumption, final demand and total supply.

### 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	We have no problems with the discussion. We find it very clear and sufficient.
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15.32	Our main concern however deals with goods sent abroad for processing, and which country is credited with production, and which is credited with the provision of a distribution service. SNA 93 defines production as being a physical process in which raw materials and services are combined with labour and capital to produce other goods and services under the direction and control of an institutional unit. Having said that we feel that the owner of these goods eventually applies a distribution margin when they are returned, since they are not considered part of imports or exports and are not entered in the Trade statistics. However we also feel that the processor should be considered the manufacturer and the intermediate costs should be credited to him and not to that of the one ordering the processing (who in this case is the owner of the goods) as you suggested. If the intermediate costs are credited to the one ordering the processing then the production is evidently attributed to him. This calls into question the whole concept of <b>residency</b> as it applies to production. Assuming that we agree that the owner is the manufacturer, he does not however have a center of economic interest in the country of the processor. Is that output to be considered that of the country in which the Processor is located or in which the owner is based? If the former, consider the implications for a country's GDP in a world where outsourcing is fast becoming the norm.
*	Click here and start typing.

\* 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 comment	Yes it is. You have tried to capture every conceivable situation. The point is brought out quite clearly.
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	We feel that such an important issue should be supported by many examples.
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:*

We feel that the contents of this chapter are sufficient.
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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.
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#### **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>