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13 September 2008

STC/2008/137

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Dear Paul,

**Ninth consultation on the updating of the 1993 SNA (draft chapters 18, 19, 22 and 26)**

We would like to congratulate you with the approval of Volume 1 of the updated 1993 SNA. We welcome the modified definition of the reference rate to be used for the calculation of financial intermediation services indirectly measured (FISIM) in paragraph 6.166 and the treatment of exceptional losses of non-life insurance corporations as capital transfers, as also proposed by the ECB.

Nevertheless, we would like to raise two important points at this stage. First, we attach high importance to the proposed coding structure for the new SNA and would appreciate receiving some feedback on our comments on this subject. It could have implications for the currently well-established coding system used in the context of the 1995 ESA Transmission Programme and of ECB Regulations in the field of monetary and financial statistics. We have seen that this issue is also on the proposed agenda of the sixth AEG meeting in Washington DC from 12 to 14 November 2008.

Concerning chapter 27 'Links to monetary and financial statistics', you mention in your letter that this chapter has already passed through the world-wide review and received comments. In that context, we would appreciate if a new draft of this chapter is posted on the website taking into account the substantial comments provided by the ECB and other national central banks in 2007.

Please find attached the ECB comments on the generally well-written SNA draft chapters 18 (Elaborating the accounts), 19 (Population and labour inputs), 22 (The general government and public sectors) and 26 (The rest of the world accounts). The comments have been shared with the members of the Statistics Committee (STC) of the European System of Central Banks (ESCB).

Kind regards,

*[Signed]*

Steven Keuning

*Encl.:*

Four forms with comments on the draft SNA chapters 18, 19, 22 and 26

- Cc: a) Members of the Statistics Committee  
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**Comments on draft SNA chapter:  
Chapter 18: Elaborating the accounts**

**Deadline for comments: 29 September 2008**

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

Your name:	Reimund Mink
Your country/organization:	European Central Bank
Contact (e.g. email address):	<a href="mailto:reimund.mink@ecb.int">reimund.mink@ecb.int</a>
Submission date:	<a href="#">Click here and enter your submission date</a>

This template allows you to record your comments on draft SNA chapter 18 “Elaborating the accounts” 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 or all parts of the template.

There is no file comparing existing text with draft text for this chapter because the draft is largely new text.

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. This may cover e.g. the structure of the chapter, issues missing and (lack of) consistency with other chapters of the 2008 SNA.

*General comments:*

General comment	<p>The purpose of this chapter is not very clear to us as most of the content is already included in other chapters (chapter 2 and 16). Otherwise, one would expect to get some input on issues like the presentation and description of key variables derived from institutional sector accounts and used in policy analysis and research (household income, saving, debt, financial investment; corporate income, equity, debt; government deficit and debt), discussion of the balance sheet approach, the derivation of asset prices from the revaluation account, or the consideration of flash estimates of GDP.</p> <p>Most of the chapter deals with transactions, especially with production and volume measures which is somewhat unbalanced.</p>
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**Part II: Comments on specific draft paragraphs and sections**

All comments on specific draft paragraphs are welcome. They can be about e.g. scope, content and clarity. Proposing a concrete alternative text or table is also possible. For the paragraphs in separate sections, separate forms are used for providing and collecting comments (see below).

**A. Introduction (paragraphs 18.1-18.6)**

General comment	No comment.
18.2	We suggest dropping the following sentence “Some of the poorest quality national

accounts are those that have remained unchanged for many years” as it comprises a state of opinion.
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\* Insert rows in this Word table for each paragraph on which you wish to comment.

**B. Time series, revisions and discrepancies (paragraphs 18.7-18.17)**

General comment	In the section on time series one would expect the discussion of the various types of time series derived for a period of time (transactions, other flows) or from points in time (stocks).
18.12	Discrepancies are not only an issue related to GDP or net lending/net borrowing. They appear during the balancing processes in compiling national accounts (vertical, horizontal, stock-flow, consistency in time).
18.13	These discrepancies are often a matter of the division of work carried out by NSIs on production, income and capital accounts and by NCBs on financial accounts and balance sheets. This issue can be partly overcome by close cooperation between the institutions involved and also by using more detailed data sources. One example is the intensive use corporate balance sheet data.
18.14	We suggest rephrasing next to the last paragraph to avoid having an exhaustive description of the reasons behind different estimates. “Even with very sophisticated data collection methods, discrepancies between different estimates can persist due to a number of reasons, namely due to differences in coverage, valuation and lags in the recording of source data.”
18.15	Not sure whether the first approach is still applied in practice as policy makers, analysts and researchers prefer one figure (including quality assessment of this figure).  In any case, discrepancies should not be shown in the accounts.
*	Click here and start typing.

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

**C. Accounts in volume terms (paragraphs 18.18-18.29)**

General comment	No comments.
*	Click here and start typing.

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

**D. Quarterly accounts (paragraphs 18.30-18.39)**

General comment	Click here and start typing.
18.33	Insert: short-term and long-term <i>original maturity</i> in the classification of ...
18.34	From a statistical point of view it seems to be necessary to disentangle the impact of seasonality and of working days.  In specific circumstances it could be also important to have calendar effects adjusted data, and not only seasonal adjusted data. Notice that the calendar adjustments comprise the pre-treatment of the series to be seasonally adjusted, according to the

	ESS guidelines on seasonal adjustment.
18.35 and 18.37	It is not true that annual data are mostly of better quality than quarterly (or monthly) data.
18.39	It may be more useful to construct quarterly accounts by putting together the sectoral (transaction and stock) data available for some various financial corporations sub-sectors, general government and the rest of the world rather than combining available data on production, income, government expenditure and balance sheets.

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

**E. Regional accounts (paragraphs 18.40-18.46)**

General comment	Click here and start typing.
18.40	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.

**F. Presentational issues (paragraphs 18.47-18.57)**

General comment	Click here and start typing.
18.47	<b><i>Financial transactions</i></b> instead of <i>transactions in financial instruments</i>
*	Click here and start typing.

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

**Part III. Other specific comments**

You are welcome to make other specific comments. To assist you in doing so, the following points are provided as a guide to the types of points on which you might wish to comment. Note, though, that you are not restricted to commenting on only these points.

1. Are there any other major issues concerning the presentation of the accounts you feel should be covered?
2. Are the examples of possible tables in section F helpful and sufficient?

*Specific comments:*

Specific comments	No further comments.
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You are also welcome to comment directly on the PDF file of the draft chapter. Please do so by using Adobe Acrobat Version 6 or 7.

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>