

**Comments on draft SNA chapter:
Chapter 26: The rest of the world accounts**

**Deadline for comments: 26 September 2008
Send comments to: sna@un.org**

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Submission date:	

This template allows you to record your comments on draft SNA chapter 26 “The rest of the world 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

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	
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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 26.1-26.6)

General comment	
26.3	The ABS does not consider there is any benefit to be gained from references to which standard “takes the lead” and suggest it be removed. A consensus is reached for application in both standards.

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

B. Accounting principles (paragraphs 26.7-26.34)

26.8	Suggest “counterpart country” reporting to just “counterpart” is a better way of explaining this notion
26.12	It might be helpful if some advice is provided on compiling SNA RoW accounts using BPM-based datasets. The SNA presentation cannot be constructed from the BPM standard components, especially the IIP/financial account. What is required is a dataset compiled to a common set of building blocks which enable both an SNA and BPM view to be constructed. In this context, some of the netting, signage conventions and classification decisions needed for BPM but not for SNA should not be applied “too early” in the process of compiling the common building blocks.
26.22	Add “or other natural resources” after “When land...”
26.31	The phrase “conveyance of assets and liabilities” is ambiguous. The paragraph should set out clearly the conditions where “migration” involves transactions and where they involve “other changes in volume”.
26.34	This paragraph suggests that foreign operations of a NPISH may be recognised as branches. Branches are usually associated with direct investment, yet a NPISH (or a branch of a NPISH) cannot be a direct investment enterprise.

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

C. Structure of the international accounts (paragraphs 26.35-26.66)

Table 26.3	The primary income account in the table splits investment income into interest, distributed income of corporations and reinvested earnings, unlike the Balance of payments. The first level of classification of income is the same as the financial account – by functional category. This is unlike the Balance of Payments. There is also no mention of rent or taxes and subsidies on products and production in the tables.
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	The column headings for the financial account are not credits and debits – they are ‘net acquisition of financial assets’ and ‘net incurrence of liabilities’
26.47	The first sentence in this paragraph ignores compensation of employees (which is not mentioned at all in the text on the primary income account). Similarly, taxes and subsidies on products and production is not mentioned in the discussion of the primary income account. A better example of rent would be a non-resident client renting land.
26.49	This paragraph does not add anything and could be dropped
26.59	The financial account and the IIP do not provide an understanding of international liquidity and vulnerability. It is only when they are married with information on currency of denomination of debt positions, debt servicing and residual maturity of debt that an understanding of these issues can be achieved.
26.65, 26.66 and table 26.4	Para 26.65 and para 26.66 should be reversed in order. Table 26.4 does not split the revaluations by exchange rate and other price changes as is suggested in para 26.66

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

D. International accounts functional categories (paragraphs 26.67-26.84)

26.68	This paragraph provides a weak description of the motivations behind holding assets and incurring liabilities for each of the functional categories. It is mixing motivations with observed behaviour of positions and transactions in the functional categories. There is also no mention of financial derivatives (etc) as a functional category in this section.
Paras 26.71 – 26.76	There is no mention of the OECD’s Benchmark Definition of Foreign Direct Investment as the definitive source of information on direct investment (BPM makes this recognition and refers to the BD for further explanation on, for example, the direct investment relationship) or for providing further information on other analytical perspectives on direct investment. This contrasts with mentions of the IMTS and MSITS earlier (including a description of AMNE and FATS statistics).
26.73	The sentence in parentheses would better be written “(Fellow enterprises are direct investment enterprises that have less than ten per cent equity voting power in each other but which share a common investor that is <i>in a direct investment relationship with both fellows and is</i> a direct investor of at least one of the fellows).”
26.74	The third sentence would be better worded “One of the features of a group of enterprises in a direct investment relationship is that....”

26.75	Strike out “and reinvested” from the end of the first sentence as the second sentence is describing this imputation.
26.78	Private debt placements are part of portfolio investment but do not rely on organised markets or associated bodies.
Table 26.5	If life insurance and annuity entitlements can occur (infrequently) within a direct investment relationship, then so can pension entitlements and entitlements to non-pension benefits where the direct investor is a natural person.

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

E. Special international accounts considerations (paragraphs 26.85-26.94)

General comment	The numbering of the subsections is incorrect.
26.93	

* 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. Is the consistency between BPM6 and the SNA sufficiently emphasised?
2. Is the description of the functional classification in BPM6 useful and clear to non balance of payments specialists?
3. Are tables 26.1 and 26.2 helpful?

Specific comments:

Specific comments	Click here and start typing.
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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 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>