Comments on draft SNA chapter:
Chapter 28: Input-output and other matrix-based analyses

Deadline for comments: 1November 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 28"Input-output and other matrix-based analyses" 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

Note

The chapter does not attempt to describe IO tables at any length. There are many other documents that do this including the newly released Eurostat manual. The chapter concentrates only on the process of converting the supply and use tables to a symmetric format.

The material in section B was suggested at a stage too late for incorporation inchapter 14 but was felt to be useful to include in this chapter.

There are two large tables needed for the chapter that are still under preparation; these are the table showing the supply and use table with the cross-classification of intermediate inputs by industry and institutional sector and the symmetric IO table. They will be posted as soon as they are available but should not be a cause for delaying the comment on the chapter.

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	***Comments on Chapter 28*** One of Australian I-O users' long standing issues relates to the treatment of transport not separately invoiced. The materiality of this amount (in a large country like Australia) has resulted in the ABS deviating from the SNA93 definition of basic price in our I-O tables. Discussion of this issue is missing from the chapter and we

suggest a paragraph be included.

The discussions make no reference to the purpose of I-O tables as either point in time structural detail of an economy or whether it is a time series detailed dissection of the production account (and must be recompiled throughout time whenever a classification changes).

The discussion makes no reference to value or volume estimates of I-O tables. Again, suggest mention of this distinction be noted.

Basic prices

The discussion of valuation of imports in this chapter refers to chapter 14. Chapter 14 provides an extended discussion of alternative basic price valuation that may be applicable to a good depending on the transportation arrangements agreed between the supplier and the purchaser. The SNA 2008 takes this logic further than SNA 1993 in that, the recommendations are also applicable to international transactions as well as in a resident to resident context. Paragraph 14.60 of the updated standards explains that the rationale for the recommended treatment is to ensure that the basic price reflects the value of the good at the time change of ownership occurs.

Under this recommended approach the valuation of product flows, at basic prices, is given by an aggregation of products valued differently depending on the transport arrangements. The types of analyses that are undertaken using input output tables at basic prices are less useful when using tables that reflect valuations on the recommended basis. Within the Australian context, users of Input Output estimates were not happy with the SNA 1993 approach and extension of it to the international domain would lead to even less usable tables in their view.

The rationale suggested in paragraph 14.60 is that the basic price should reflect the price at the time ownership of the good changes, from the producer to the purchaser. This notion has the merit of being consistent with the underlying principles of SNA and BPM but unfortunately it provides a somewhat deficient valuation basis for the purpose of supporting production and other economic analysis.

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 28.1-28.4)

General comment	
28.1	
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* Insert rows in this Word table for each paragraph on which you wish to comment.

B. Further discussion of the supply and use tables (paragraphs 28.5-28.20)

General comment	Section 2 - Discussion of 'margins on imports' was really clear.
Tables 28.2 and 28.3	These tables are open to misinterpretation. In particular the columns entitled Value FOB would seem to suggest that alternative estimates of imports FOB are permissible in the system which is not the case when one reads the other relevant SNA and BPM material. This column would actually seem to refer to alternative possibilities for the basic price valuation of imports. It would be helpful if the presentation was amended to rectify this problem.
Table 28.4	Suggest that table shows separate entries for the CIF / FOB adjustment and Purchases Abroad by Residents. As these would presumably be allocated back to a product (eg. transport in the case of cif/fob adjustment and various goods and services in the case of purchases abroad), we suggest this be noted (along with the case that a negative transport product can result of).
28.19	Suggest correction of additional space in the last sentence (ie. it reads '28. 5').

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

C. Deriving an input-output table(paragraphs 28.21-28.41)

General comment	This section provides a concise summary of the nature and use of input output tables. It is acknowledged that there are many aspects of the compilation and structure of the IO tables that are covered elsewhere. However, the fact that there is no discussion on the various possible treatments of imports within in an input output structure would seem to be a serious deficiency. Some discussion on this matter would be most helpful.
28.22	Suggest reference to equation set in 28.23 would be beneficial, showing the inverted nature of the matrix.
28.24	Suggest change reference to "man" to "person"
28.27	Presupposes the product classification is industry of origin based (and consistent with ISIC). Suggest this is made explicit.
28.28	Suggest the inclusion of an example for 'type' (a) as there are examples for 'types' (b) and (c). Suggestion is own account capital formation (eg. a mining company building a road / plant / office etc on own account at a new mining site)

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

D. Expressing the sequence of accounts in matrix form(paragraphs 28.42-28.52)

General comment	
28.42	Suggest that the second sentence should read 'Even the calculation of a use table' (not supply) as the supply table at basic prices is readily collected from providers (as they know all about what they received) - the difficult thing to get (and therefore requiring a model) is intermediate usage at basic prices.
28.42	Suggest last sentence should refer to 'input-output tables' (ie. plural)
28.43	Suggest this discussion be enhanced to cover indirect / direct allocation of imports (if only to reference discussion in the existing I-O manual)

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

E. Social accounting matrices (paragraphs 28.53-28.56)

General comment	
28.53	
*	

* 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 alternative treatment of the CIF to FOB adjustment clear?

This section is somewhat confusing. The alternative estimates presented could be taken to mean that there is more than one possible version of imports valued fob. This is clearly not the case. The tables are actually presenting alternative basic price valuations of imports which may vary according to the arrangements made for transporting goods. It would be helpful if this section could be redrafted so as to remove the ambiguity.

2. Is the impact of the revised treatment of goods for processing on the SUT clear?

Yes

3. Is the discussion on how to convert the SUT to IOT clear?

Not entirely. Although the exposition is simple and concise it may not be detailed enough. In particular it would be helpful to describe the various treatments of imports within the IO structure in somewhat more detail.

4. Is the matrix presentation of the sequence of accounts clear?

Yes

5 Are there references that should be added (especially for SAMs)?

No

Specific comments:

Specific comments	

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 fromhttp://www.adobe.com/products/acrobat/readstep2.html