

**Comments on draft SNA chapter:
Chapter 4: Institutional units and sectors**

**Deadline for comments: 1 September 2007
Send comments to: sna@un.org**

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Submission date:	2007-08-30

This three-part template allows you to record your comments on draft chapter 4 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.

Especially when providing comments in Part III of the template, you are encouraged to focus on the new passages of the draft text. To facilitate this process, a file comparing the existing text and the draft text is available on the website under the following link: <http://unstats.un.org/unsd/sna1993/projectmanagement/drafts/Chapter4dv2cdv0.pdf>

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, such as about the clarity with which the new recommendations were incorporated (30 words or less).

Comment:

<p>Although the paper is generally well written, we are very concerned by the fact that complete paragraphs and parts of paragraphs of the SNA-93 have been deleted. This is only acceptable to us, if it is totally excluded, that by this procedure no additional changes to the SNA-93 are introduced.</p> <p>Examples: In para. 4.5, the last sentence has been deleted, but we think, that this sentence is important. Para 4.6 now starts with a definition of legal and social entities, which is not necessary for the system. To avoid confusion, this sentence, possibly in a weaker wording, could be placed behind the second sentence (otherwise it is unclear what is meant by “second type”).</p>
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Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 4, you may wish to devote particular attention to the passage listed below. For ease of reference, we have identified the relevant paragraphs.

Please use the space provided to the right of the paragraph number to make your comment.

1. Section A, paragraphs 4.10 – 4.12:

The definition of ‘residence’ was slightly changed in the 1993 SNA Rev.1 by introducing ‘predominant’ before “economic interest.” Because residence is principally a BOP term, the text in paragraphs 4.10 – 4.12 has been taken from *BPM 6*. Do you consider the definition appropriately described? Is it clear to a national accountant?

4.9	At the end of para 4.9 a similiar sentence as in 4.7 or 4.8 should be added.
4.10	We would like to keep the definition of the total economy (cf Para 4.15 SNA-93), because this is the reason why a definition of residence is needed in the SNA. Moreover, for us it is unclear if “strongest connection” is really the same as “predominant economic interest”. While strongest connection may refer to ownership the predominant economic interest seems to focus more on the economic activity of the unit.
4.11	
4.12	Before making reference to BPM6, para. 4.16 of the present SNA should be reintroduced to give further important indications.

2. Section A, paragraph 4.20:

A decision tree allocating units to institutional sectors and sub-sectors has been added as figure 4.1. It is first referred to in paragraph 4.21 to the 1993 SNA Rev.1. Do you think it is useful?

4.21	Yes a decision tree is useful.
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3. Section B, paragraphs 4.52 – 4.54:

The expression ‘ancillary corporation’ in the 1993 SNA did not fit neatly with the discussion on ancillary activities discussed in draft chapter 5 of the 1993 SNA Rev.1. Therefore the term ‘artificial subsidiary’ has been introduced. Do you agree with this new terminology?

4.40c	Please check formatting.
4.52	In practice it will be difficult to distinguish between “Institutional units with no employees and little production activity” and “artificial subsidiaries“. However, in context with the treatment of multinationals this is an important question.
4.53	We agree.
4.54	We agree.

4. Section B, paragraphs 4.64 – 4.72 and section C, paragraphs 4.82 – 4.83
 Material from draft chapter 21 (public sector) of the 1993 SNA Rev.1 on control of corporations and of NPIs by government has been brought together. Do you consider this useful?

4.64	We would prefer to have paras. 4.64 – 4.72 under heading D of chapter 4. The present draft of heading B is overloaded and confusing.
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5. Section D, paragraphs 4.89 – 4.90:
 NPIs are distinguished as a sub-sector of the non-financial corporate sector in the 1993 SNA Rev. 1. Other units in the sector have been labeled ‘For Profit Institutions’ (FPIs). Do you agree with the new terminology introduced in paragraph 4.89? Do you agree with the full sub-sectoring introduced in paragraph 4.90 and shown in table 4.1?

4.89	What is meant by “For convenience these...” in the second sentence?
4.90	

6. Section E, paragraph 4.94:
 The new sub-sectoring of the financial corporations sector, including again by NPIs and FPIs, has been introduced in paragraph 4.94. Do you agree with the new classification?

4.94	Click here and start typing.
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7. Section F, paragraphs 4.118 – 4.119:

Do you consider the clarification of the role of social security funds in paragraphs 4.118 – 4.119 consistent with the GFSM? Paragraphs 4.118-4.119 set out the role of social security funds while trying to stay in line with text in the *GFSM* and draft chapter 21 of the 1993 SNA, Rev. 1. Is the text appropriate and clear?

4.118	
4.119	Please reintroduce the last sentence of para 4.112 SNA-93.

4.153	We would like to keep the key-words under a) employers' mixed incomes and b) own-account workers mixed incomes.
4.162	The definition of the sector rest of the world should be in bold.

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 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>