

**Comments on draft SNA chapter:  
Chapter 5: Establishments and industries**

**Deadline for comments: 1 September 2007**

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

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Submission date:	5/9 2007

This three-part template allows you to record your comments on draft chapter 5 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/Chapter5dv2cdv0.pdf>

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 (30 words or less).

*Comment:*

**Comment on chapter 5: Establishments and industries**

Those parts of this chapter that deal with “units of homogeneous production” (5.15 and 5.47-50) are more closely related to the not yet drafted chapter on supply and use tables and input-output tables than to the principal contents of the chapter 5.

The *List of clarifications*, Item C39, relates to this question, though the full paper – presented at the 2006 IARIW conference – has not been posted under this item, where only the abstract appears (The full paper is attached to this comment, and you are kindly requested to replace the abstract with the paper).

The problem is that the text on “units of homogeneous production” anticipates the contents of the IO-chapter in areas where the developments since the 1993 SNA would require some changes that basically would be clarifications related to world-wide best practices. It is especially to be noted that Thijs ten Raa (co-author of the attached paper) to whom reference is made in the present chapter 15 on these

question, does not support the interpretation given there of his work.

The reasons for downgrading the “units of homogeneous production” are set out in the attached paper. Most notable it should be clear that “units of homogeneous production” is an abstraction that is not implemented in any country (France may be the country where they come closest). If this were, as mentioned in the text “necessary” (5.15) or “desirable” (5.47) for IO analysis, it would be equally desirable for all other uses based on the “establishments” concept, and should as a matter of principle replace it. This was the principle in the 1979 *ESA*, and the reason why this concept came into the 1993 SNA (but not in the 1968 SNA). However, when we have (most sensibly) chosen to stick to the establishment concept, especially with the further requirements of 5.14, there is no need for the concept of “units of homogeneous production”. In the attached paper it is mentioned (with further references) that what in practice comes closest to this idea is the “purification” at the *macro* level (whole industries), and the “redefinition procedure” (i.e. no “units”). In both cases it is essential that the consistency between the production part of the national accounts and the IO tables is maintained, whereas the present text in chapter 15 must be seen as a recommendation to the contrary, and thus completely out of line with the general idea of consistency in the System.

It is suggested to delete 5.15 and 5.47-50 from the chapter, as these paragraphs: (1) only confuses the otherwise clear message of the chapter (2) Are factually incorrect when compared to any known practise, and (3) Anticipates some fundamental principles in a chapter not yet revised.

(Further, it is not seen that the comment made by the IMF under item C21 on the List of clarifications has been taken into account).

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## Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 5, 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 D, paragraphs 5.37 – 5.40:

The treatment of ancillary activities has changed in the 1993 SNA Rev.1. The new treatment is described in paragraphs 5.37 – 5.40. Please indicate whether the description is sufficiently clear and comprehensive.

5.37	Click here and start typing.
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5.38	Click here and start typing.
5.39	Click here and start typing.
5.40	Click here and start typing.

### **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>