

**Comments on draft SNA chapter:
Chapter 6: The production account**

**Deadline for comments: 15 April 2007
Send comments to: sna@un.org**

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Submission date:	March 12, 2007

This three-part template allows you to record your comments on draft chapter 6 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.

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>The new recommendations were incorporated with sufficient clarity. However, the treatment of capital services for non-market producers needs to be updated to reflect the last decision of the ISWGNA on this topic.</p>

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 6, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. In section B, the text extends the definition of services to cover margin services explicitly. Is this a useful extension? This section also is more precise about products

capturing knowledge, some of which have many of the characteristics of goods. Is this precision useful?

Comment:

Yes.

2. Section D now discusses GDP as derived from the production account only. The expenditure based estimate and the relationship between this, the income based estimate of GDP and the production based measure are now discussed in chapter 14 after the components of the other estimates have been discussed in the accounts where they occur. Do you agree to this placement of the material on the alternative estimates of GDP?

Comment:

Yes.

3. The AEG recommended that goods sent abroad for processing should be recorded without imputing a change of ownership when no change actually happened. They further recommended that the same principle should be adopted for processing of goods by another resident unit. Does the text in section E reflect this recommendation adequately?

Comment:

Yes.

4. Section E introduces the recommended change in terminology for kinds of production. Market production covers production for sale (short-hand term that includes other deliveries also) and for own use; non-market production relates only to production by general government and NPISHs. Is the resulting text sufficiently clear?

Comment:

Yes.

5. The output of the central bank is described in a stand-alone subsection of section F. Is the resulting text sufficiently clear on the proposals for compiling and allocating monetary policy services and financial intermediation services provided by the central bank?

Comment:

It would be useful to add some text from the IMF/AEG paper “Output of Central Banks”, in particular, on the allocation of output and the balancing of the accounts of the government and the central bank when recording taxes and subsidies.

6. In section F, new text has been provided for the financial services. Is this text accurate and clear? This part of the text has been extended to include margins as well as FISIM and insurance charges. Are there any comments on this extension? (Further material will be added when chapter 17 is posted).

Comment:

Yes. No comments.

7. Section G has a brief discussion of leasing, leaving the main discussion for chapter 17 on cross-cutting issues. Is the discussion here adequate in the context of chapter 6?

Comment:

No. The discussion on the characteristics of the operating leasing and the difference between the treatments of operating leasing and financial leasing as economic activities was deleted from this chapter. This discussion is relevant for the estimation of the production account.

8. The discussion of consumption of fixed capital, in section H, is reduced from that in the 1993 SNA. The previous recommendations have been superseded; fuller discussion will appear in chapter 19 on capital services. Is the discussion in chapter 6 adequate in this content?

Comment:

No. It would be useful to retain some text from the *1993 SNA* or at least include a reference on this topic.

Part III. Other specific comments

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comments directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to sna@un.org requesting to receive a version of the draft chapter permitting 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>

Comments on specific paragraphs:

6.18. Part (d) from paragraph 6.10 of the *1993 SNA* was deleted. It is needed to introduce the services that change the general economic state of the institutional unit itself when the provider provides insurance, financial intermediation, protection, guarantees, etc.

6.22. It is necessary to explicitly allocate research and development and mineral exploration in one of the service categories, for example in knowledge-capturing products.

6.90 and 6.125. Update the treatment of the return to fixed capital of non-market producers to reflect the decision of the ISWGNA to include this issue in the research agenda.

6.131-6.132. Agriculture, forestry and fishing. Paragraphs 6.96 to 6.100 of the *1993 SNA* were not included. Similar should be placed in this chapter since it deals with the method to estimate work-in-progress (output and inventories) in agriculture, forestry, and fishing.

6.136-6.138. The section on storage was summarized too much. It is important at least to mention the indicators used to estimate the volume of storage services such as space-days.

The production of original and copies. The whole section of the *1993 SNA* was deleted from this chapter. A similar section should be added including the recommendations on this issue.

6.195. It would be useful to add some text on the production of defense services.