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Dear Sir/Madam,

On behalf of the Inter-Secretariat Working Group on National Accounts (IWGNA), I am writing you with reference to the ongoing revision of the System of National Accounts (SNA).

The enclosed note entitled "1990 Regional Reviews of the SNA" briefly summarizes the status of the work that has been underway since the Statistical Commission at its 22nd session mandated the revision. The note also provides an indication of future plans for the presentation of the draft of the revised SNA to the 26th Session of the Statistical Commission for its consideration, and subsequently to the 27th session of the Commission in 1993 for its consideration with a view to adoption.

As you will observe from the note, over the past seven years, considerable work has been done by a series of expert groups, co-ordinated by the IWGNA, which consists of the United Nations Statistical Office, OECD, EUROSTAT, IMF, World Bank and the United Nations Regional Commissions, under the overall guidance of the Statistical Commission. Although preliminary working draft chapters of the revised SNA are now available, these have not been fully reviewed by the Expert Group on SNA Co-ordination and, where reviewed, some of them do not incorporate all changes. Furthermore, a number of issues have yet to be resolved by the Expert Group on SNA Co-ordination. However, to advance the task of producing a revised draft of the SNA for the 27th session of the Statistical Commission in 1993, it was concluded that early consultations with national statistical offices and other national accounts experts were desirable. To permit such consultations, the IWGNA decided that the available working draft SNA chapters be disseminated for comment to a large number of national accounts experts worldwide and that a series of regional SNA meetings be convened for 1990. For a more focussed review and discussion, the IWGNA has prepared a document entitled "SNA Review Issues" which is being sent to you under separate cover along with the preliminary working drafts chapters of the revised SNA (see enclosed list).

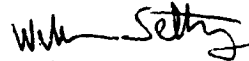
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I would like to emphasize that the IWGNA, like the Statistical Commission, places high priority on obtaining regional and national comments on the draft thereby ensuring that the final SNA document has had the benefit of a worldwide review taking account of the analytical and policy concerns of the largest possible sets of countries at different stages of development, and different economic structures. I should further emphasize that a global system such as the SNA will require elaboration and adaptation in particular situations. To this end, therefore, a series of handbooks are under preparation and will offer fuller guidance to countries in the implementation of the revised SNA. I would therefore urge that regional and national discussion focus on the structure of the system rather than issues of data availability. While statistical feasibility remains an important consideration, stress is placed at this initial stage of worldwide consultations on the relevance and soundness of the proposed system.

I would appreciate your canvassing your views directly to the United Nations Statistical Office.

I would like to thank you for your valuable co-operation in this important effort.

Yours sincerely,



William Seltzer  
Director  
Statistical Office

## 1990 REGIONAL REVIEWS OF THE SNA

As recommended by the Statistical Commission of the United Nations at its 25th session in February 1989, all United Nations Regional Commissions are arranging to hold regional meetings in 1990 to discuss the revised SNA and in this way present their views and comments on the SNA Review to the 26th session of the Commission to be held in February 1991.

The most updated information on the SNA Review is contained in the discussion document which covers the organization of the work until now, and highlights the main features of the revised SNA (important changes, re-orientation and clarification) and the issues for discussion (mainly relating to outstanding issues and important changes as compared with the 1968 SNA).

The discussion document should, at this stage, be the main focus of the review in each region. The preliminary draft chapters of the revised SNA should be considered as a work-in-progress. In this respect it should be pointed out that some chapters have been reviewed by the Expert Group on SNA Co-ordination and consequently revised by the author, some have been reviewed by the Expert Group but not yet revised, and a third group are new chapters or annexes that have not yet been reviewed by the Expert Group. You will note that the status of each chapter has been clearly indicated on the covering page of each draft chapter.

In some instances considerable changes have been suggested during the review by the Expert Group on SNA Co-ordination. Due to time constraints however, these major changes have not yet been incorporated in the appropriate chapters. As a consequence, the text of the chapters in those instances is incompatible with the descriptions given in the discussion document. One example of this kind is the classification and valuation principles developed in Chapter VII "Production Accounts for Industries and the Input-Output Tables" which underwent a major review and this is now reflected in the text of the discussion document, but not yet in Chapter VII. Another example concerns Chapter X "The Capital Accounts and Financial Flows" and Chapter XI "Balance Sheets and Net Worth" which do not include any of the coverage on assets which have been dealt with in the discussion paper.

In reviewing the material one should take into account that the system needs to be applied to a large number of countries with very different analytical, policy and statistical needs. The system is furthermore an internally coherent structure which cannot be altered in isolated aspects without affecting other elements of the system as well. These constraints must be taken into account when evaluating the system on its practical merits for each region and when proposing changes.

While the present preliminary draft of the revised SNA is being considered in the regions, further work will be carried out on the chapters. This work aims at two main products in 1990. The first one is a revised draft of the SNA towards the end of July 1990 which will include revisions of several chapters that have not yet been revised, additions of an annex on an extended version of the SNA matrix, and will also incorporate data in the accounts and tables that would facilitate their understanding. The second product would be conclusions reached on outstanding issues by a meeting of the Expert Group on SNA Co-ordination which is planned to be held in the second half of October 1990.

The discussion document is presently being translated into Spanish, French and Arabic, and informal translations should be available soon. The official translation of the draft of the revised SNA will only be done for the July 1990 version that will be made available to the Statistical Commission in February 1991.

Please note that the July 1990 draft of the revised SNA will be presented to the Statistical Commission in February 1991 for its consideration and not for adoption. It is planned that this draft together with the report of the December 1989 Expert Group Meeting on the Reconciliation of SNA/MPS Standards on National Accounting, the reports of the five 1990 Regional Commissions meetings on SNA, the report of the October 1990 Expert Group Meeting on SNA Co-ordination, and a progress report on the revision of the SNA prepared by the Statistical Office of United Nations which will also include any comments received directly, will be presented to the Commission in 1991 for its consideration and comments.

Within the time schedule of the remaining programme of the SNA Review provisions has been made for a second round of regional discussions towards the end of 1991. At that time a second draft of the SNA chapters will be available which will incorporate all the recommendations made by the Statistical Commission in February 1991 including the comments made by the first round of regional meetings and the October 1990 Expert Group Meeting on SNA Co-ordination. Finally, a third draft of the revised SNA that will incorporate the comments of the second round of regional meetings and the 1991 Expert Group on SNA Co-ordination will be prepared and presented to the Statistical Commission in 1993 for the Commission's consideration with a view to its adoption.

LIST OF PRELIMINARY WORKING DRAFT CHAPTERS OF THE  
REVISED SNA

|              |   |
|--------------|---|
| Chapter I    | Introduction <u>1/</u>  |
| Chapter II   | An Overview of the System <u>3/</u>   |
| Chapter III  | Institutional Units and Residence <u>3/</u>   |
| Chapter IV   | Sectors and Sub-sectors <u>3/</u>   |
| Chapter V    | The Production Accounts <u>2/</u>   |
| Chapter VI   | Final Expenditures <u>2/</u>  |
| Chapter VII  | Production Accounts for Industries and the<br>Input-Output Tables <u>2/</u>             |
| Chapter VIII | Taxes and Other Transfers <u>2/</u>   |
| Chapter IX   | Factor Incomes and Property Incomes <u>2/</u>   |
| Chapter X    | The Capital Accounts and Financial Accounts <u>2/</u>                                   |
| Chapter XI   | Balance Sheets and Net Worth <u>2/</u>  |
| Chapter XII  | Price and Volume Measures <u>2/</u>   |
| Chapter XIII | Application of the Integrated Framework to Various<br>Circumstances and Needs <u>3/</u> |
| Chapter XIV  | Satellite Accounts <u>3/</u>  |
| Annex 2      | GFS-SNA Relationships <u>1/</u>   |
| Annex 5      | Changes in Stocks and Holding Gains <u>2/</u>   |
| Annex 6      | The Leasing of Equipment and the Renting of<br>Buildings <u>2/</u>                      |

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1/ Draft not reviewed by the Expert Group on SNA Co-ordination  
2/ Draft reviewed by the Expert Group on SNA Co-ordination but not yet  
revised by the author  
3/ Draft reviewed by the Expert Group on SNA Co-ordination and revised by  
the author but not reviewed again

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SYSTEM OF NATIONAL ACCOUNTS (SNA) REVIEW ISSUES

Discussion paper for 1990 Regional Commissions meetings on SNA

Prepared by

The Inter-Secretariat Working Group on National Accounts \*/

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\*/ UN Statistical Office, OECD, EUROSTAT, IMF, World Bank and the Regional Commissions of the United Nations

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## INTRODUCTION

1. The present document is intended as a guide for discussing the draft chapters of the revised System of National Accounts (SNA). It has been prepared by the member organizations of the Inter-Secretariat Working Group on National Accounts, i.e., the UN Statistical Office, OECD, EUROSTAT, IMF, World Bank and the Regional Commissions of the United Nations.

2. Most of the draft chapters have been discussed in the Expert Group Meeting on SNA Co-ordination, July 1989 (EGC2) and in the Expert Group Meeting on SNA Co-ordination, September 1989 (EGC3). The amendments suggested by the two meetings, however, have not been entirely reflected in the drafts that are attached. Some chapters have been revised but the revisions made have not yet been reviewed by an Expert Group on SNA Co-ordination (EGC) and other chapters have not yet been revised at all. Also, several issues are still under discussion and their resolution obviously has not been taken into account in the draft chapters. The chapters are therefore to be considered as preliminary working drafts and the present document should be considered as the main guide for the discussions by the Regional Commissions. A somewhat expanded first draft of the chapters are being prepared to assist the Statistical Commission in its consideration of the SNA Review at its 26th session.

### A. History of SNA Review

3. An Expert Group Meeting on the Review and Development of the SNA held in New York in 1982 recommended that a long-term review of the SNA should be undertaken to produce a revised SNA. The Group recommended that the main objectives of the SNA Review would be clarification and simplification of concepts, further harmonization with other related systems of statistics, and updating of the system to fit new circumstances. The Group also recommended that the review should be organized by the Inter-Secretariat Working Group on National Accounts.

4. Between 1982 and 1985, topics for discussion were identified and studies on these topics were prepared by the international organizations, by consultants to the organizations or by national statistical offices. These studies were circulated for comments to experts on the specific topics and thereafter discussed at regional meetings in which national statistical offices were represented.

5. Between 1986 and 1988, expert groups have met to discuss issues grouped by subject field: the structure, public sector, external transactions, household sector, price and quantity measures, production accounts and input-output tables, and financial flows of the system. In 1989, an additional expert group met to deal with the relations between SNA and MPS and to assess the possibilities of applying SNA to countries with centrally planned economies.

6. In all subject-field expert group meetings, a core of five national accounts experts from developed and developing countries have participated in order to insure consistency and continuity in decisions in different fields. Each expert group also included experts who are familiar with details of related systems of statistics -- government finance, balance of payments, etc. -- in order to ensure improved consistency between the SNA and related statistical standards.

7. In 1989 an Expert Group on SNA Co-ordination was established consisting of the core experts and other experts who took part in previous expert groups. The function of the Expert Group on SNA Co-ordination, which has met three times in 1989, was to discuss outstanding issues and review the draft chapters. Most of the chapters were prepared by Peter Hill as a consultant to the UN Statistical Office. Andre Vanoli, also a consultant to the UN Statistical Office, drew up the accounting framework and prepared draft chapters on "Satellite Accounts" and on "Application of the Integrated Framework to Various Circumstances and Needs".

8. During the review process 180 national accounts experts throughout the world have been sent discussion papers and conclusions of the expert group meetings, in order to keep them informed of the SNA Review process.

9. Continuing this policy of wide dissemination, the present document and the draft chapters available have been sent to the 180 experts as well as to all statistical offices in member countries of the United Nations. Conclusions and observations received from participants in this and other regional meetings will therefore be supplemented with comments that will be obtained through correspondence from experts who are not present in these meetings.

10. The remaining programme of the SNA Review calls for the resolution of most of the outstanding issues before the 26th session of the Statistical Commission in February 1991. The presentation of a complete draft of the revised SNA to the Statistical Commission is scheduled for the 27th session in February-March 1993.

11. The present round of Regional Commission meetings will not be the only one. It is suggested that the present meeting mainly focus on the issues raised in the present discussion paper and that a second round of regional meetings be held towards the end of 1991, to focus more intensively on the revised drafts which at that time will reflect all comments received in the first round of regional discussions.

#### B. Orientation of the SNA Review and the revised SNA

12. The present SNA Review has not been confined to national accounting in the restricted sense, but has tried to link the system with related systems of statistics (balance of payments, government finance, money and banking, input-output, etc.) and with the corresponding fields of analysis. This has been done, as was already mentioned before, through the organization of expert group meetings along the lines of subject fields and the participation in those discussions of experts in the related statistical systems and corresponding analytical fields.

13. The draft system is also internally more ambitious than its 1968 predecessor. In this respect it has incorporated more fully balance sheet analysis, which results in a merger with the SNA of two separate UN manuals, i.e., Provisional International Guidelines on the National and Sectoral Balance-Sheet and Reconciliation Accounts of the SNA (Series M, No. 60) and Guidelines on Statistics of Tangible Assets (Series M, No. 68). In addition, it has drawn heavily on the material of two other UN manuals, i.e., Provisional Guidelines on Statistics of the Distribution of Income, Consumption and Accumulation Accounts (Series M, No. 61) and Manual on National Accounts at Constant Prices (Series M, No. 64), so that those recommendations will be also more fully integrated with the revised SNA.

14. It should be emphasized that the revised system is foremost a theoretical construct which has been elaborated in all its detail in order to give guidance to countries with different types of economies and provide a basis for different types of specialized analysis. This implies that the system should not be looked at from the point of view of immediate and/or comprehensive implementation, but from the broader viewpoint of its applicability in a wide range of countries in the long run. A further consequence of this is that the tables, matrices and accounts included in the system are designed to explain the features of the SNA and not for compilation of data at a national or international level.

15. This does not mean that implementation of the system is not important. Implementation will be the subject of Handbooks, which will be practical guides for national accountants particularly in developing countries. The Handbooks will include information on basic statistical sources, elaborations of tables and worksheets, links between the SNA compilation and related statistical compilations, and use of the national accounts for purposes of analysis and policy-making. They will also suggest priorities to be attached to the different parts of the system in view of the analytical and policy uses. The Handbooks will be issued as drafts in the course of the completion of the SNA Review in 1993. As a matter of fact, the implementation of the SNA could be carried out in a long-term programme, in which separate parts are implemented over time. Some parts of the system may not be implemented at all by certain countries, because they imply a type of analysis which may not be relevant or too costly related to the benefits for the countries in question. In order to facilitate such flexible implementation, the revised system includes a hierarchy of concepts and accounts which will permit any user to apply the system or selected sub-systems in greater or lesser detail, depending on the analytical and policy needs and statistical facilities of the countries in question.

16. While full implementation of the system is not implied by its comprehensive structure, the comprehensiveness does suggest that fuller use be made of the national accounting instrument in pursuing different types of analytical and policy uses. The integrated nature of the system, in particular, implies that users not only apply the production accounts and input-output features of the framework, but also make use of the institutional sector accounting framework, which can facilitate analysis of distributive, redistributive, and financial flows as well as balance sheets.

17. As a corollary of the flexibility feature of the system, it should be emphasized that it applies equally to developing as well as developed countries, countries with centrally planned economies and countries with market economies. It is the aim of the SNA revision process that all countries should find their specific analytical and policy needs, institutional structures and statistical restrictions reflected in the concepts and classifications of the system. This means that there is no place in the revised system for an equivalent of chapter XI of the 1968 SNA.

### C. Organization of the discussion paper

18. The paper consists of two parts. Part I presents the main features of the revised SNA in terms of concepts and classifications. It highlights specific issues that were discussed in the expert group meetings, distinguishing those on which specific conclusions were reached and those that are still unresolved. While all features are in principle in part I, their reflection in the structure of the SNA in terms of classifications, accounts, tables, matrices and links with other systems is presented in part II.

19. The issues for discussion have been grouped together in part I into eight major analytical or policy concerns, which were either implicit or explicit in the discussions in the expert group meetings. This grouping has been done in order to help the Regional Commissions to organize their discussion of the draft and to reach conclusions that can be used effectively in revising the drafts later on.

20. The groupings of issues in part I by policy and analytical concerns are not entirely disconnected from the manner in which the topics are presented in the draft chapters that are presently available. Each topic generally will cover issues in one or two chapters or major parts of chapters. Organizing the issues mainly by analytical or policy topics, rather than by chapters or sections of chapters, avoids dealing with issues several times as they appear in different chapters in different contexts due to the interrelated nature of the system. It is also the better solution of the two because it avoids the need to fix the structure of the draft by chapters in its present form. Organization of the material by analytical and policy topics furthermore avoids an exclusively technical discussion of the SNA features in the Regional Commission meetings. Instead of only paying attention to the technical elements of each of the features represented in the issues to be discussed, participants may first focus their attention on why specific features were introduced and consider whether the objectives reflected in those features are in line with what they consider the objectives of national accounting in their country.

21. The eight analytical or policy concerns described in part I refer to issues discussed in the SNA draft chapters or major parts of draft chapters as follows: Integrated analyses of production, income generation and income distribution is discussed in Chapter II "An Overview of the System", Chapter V "The Production Accounts", Chapter VII "The Production Accounts for Industries and the Input-Output Tables" and Chapter IX "Factor Incomes and Property

Incomes"; Valuation of value added is also discussed in Chapters II, V and VII; Integration of stock analysis with the traditional flow analysis of the national accounts is discussed in Chapter X "The Capital and Financial Accounts" and Chapter XI "Balance Sheets and Net Worth"; Financial instruments, financial sector, and financial accounts are discussed in Chapter X and in Annex 6 "The leasing of equipment and the renting of buildings"; Transfer of resources between countries is discussed in Chapters III "Institutional Units and Residence" and Chapter VI "Final Expenditures"; Analysis of inflation is discussed in Chapter XII "Price and Volume Measures", Chapter XI and Annex 5 "Changes in stocks and holding gains"; Role of the household sector in the economic process is discussed in Chapter III, Chapter IV "Sectors and Sub-sectors" and Chapter VI; Role of the public sector is discussed in Chapters III and IV and Chapter VIII "Taxes and Other Transfers".

22. Each of the topics of parts I and II is introduced by a general description of the discussion in the expert group meetings. Also, this introduction reflects the general features of the revised SNA related to the topic in question and refers to some of the discussions in the expert group meetings.

23. The issues with respect to each topic on which discussion and recommendations by the Regional Commissions are sought are presented under "Issues for discussion" in each section. These are issues that reflect a considerable re-orientation of the SNA as compared with the 1968 version or on which expert groups have not yet reached final conclusions.

24. Most of the issues for discussion are included under one of sections A through H of part I; and a few issues are indicated in part II.

25. The larger portion of part II shows how the conclusions reached on the conceptual issues are reflected in the design of the SNA accounting structure. It is suggested that the participants in the regional meetings primarily focus in their discussions on the conceptual issues of part I and refer to the classifications, accounts and tables of part II only as a means of seeing the implications for the SNA accounting structure of any conceptual amendments they may wish to make. Most of part II therefore merely highlights the main features of the SNA accounting framework, without asking explicitly for a discussion of details.

26. In order to guide the Regional Commissions, the document includes the following for each issue:

- (a) Reference to corresponding paragraphs or sections in the draft chapters of the revised SNA,
- (b) Indication of whether conclusions have been reached or whether the issue is still unresolved,
- (c) Reference to the discussions and considerations expressed in the expert groups, and
- (d) Indication of the changes in the SNA implied by the conclusions as compared with the 1968 standards.

## I. MAIN CONCEPTS AND CLASSIFICATIONS OF THE REVISED SNA

### A. INTEGRATED ANALYSES OF PRODUCTION, INCOME GENERATION AND INCOME DISTRIBUTION

27. The 1968 SNA is based on a dual sectorization of production accounts classified by activities and other accounts classified by institutional sectors. This dual sectoring reflects the existence of separate data bases for two different types of analyses, i.e., analyses of production processes (input-output, productivity analyses, etc.) on the one hand and on the other, analyses of income distribution and flow of funds. The dual sectoring countries to only a partial implementation of the SNA, generally including only the elaboration of GDP and production accounts. This development has limited considerably the role which the SNA could have played in relating analyses of production with analyses of income distribution, flow of funds, monetary analyses and so on. It has also limited the role of national accounts in analyzing the full range (production, income distribution and financial transactions) of sectoral developments (government sector, household, enterprise and external sectors).

28. The discussions have maintained the dual sectoring, but at the same time have elaborated the number of elements where the two types of sectoring coincide. This elaboration was accomplished by introducing production accounts for all sectors (including the household sector), by introducing value added as an explicit balancing item in the production accounts of activities and sectors, and by including cross-classifications of at least value added by establishments and kind of economic activities as well as by enterprises and institutional units and sectors. In addition, attention was paid to the definition of income aggregates -- such as entrepreneurial, primary and mixed income -- which have a role in the analysis of income generated and redistribution.

29. In introducing production accounts for institutional sectors, various clarifications were needed on the identification of units of production (establishments) and institutional units (enterprises) and on the links between them in order to classify them both by institutional sectors and by kind of economic activity.

30. Other related issues considered by Expert Groups include the production boundary, the distinction between unincorporated enterprises (to be included in the household or government sector) and quasi-corporations (to be covered in the non-financial or financial corporations sector), the distinction between market and non-market activities, and the measurement of the output of banks and insurance companies.

31. As compared with the production accounts of the 1968 SNA, two terminological changes have been introduced. The distinction between "industries" and "other producers" of the 1968 SNA has been replaced by the distinction between "market producers" and "non-market producers", and the distinction between "commodities" and "other goods and services" has been



replaced by "market products" and "non-market products". The new distinction between market and non-market will have in the revised SNA not only implications for the production accounts but may also affect the coverage of the institutional sectors.

32. Finally, it should be noted that in the revised SNA, the ISIC breakdown by activities will be applied to both market and non-market producers and the CPC breakdown will be used in sub-classifying market as well as non-market goods and services.

#### Issues for discussion

##### 1. Statistical units

(Chapter III, paras. 7-10, 42-43, 112-115, 141-142; Chapter VII, paras. 6-14)

##### (a) Establishment versus institutional units

33. The revised SNA will incorporate a full set of accounts for institutional sectors including production, income, capital, financial and balance sheet accounts. At the same time, the production process will continue to be analysed in terms of finer units - establishments.

34. The definitions of the statistical units used have been reviewed and clarified. The basic units for the whole range of accounts are "institutional units" which are units which can own goods and assets, incur liabilities, enter into contracts, take decisions for which they are directly responsible and accountable at law. Finally, either a complete set of accounts - including balance sheets of assets and liabilities exists for the unit, or it would be feasible and meaningful from both an economic and legal viewpoint to compile a complete set of accounts if they were required. Institutional units are grouped into sectors on the basis of their main economic function (production of goods and services for sale, finance, etc.).

35. The definition and characteristics of the "establishment" statistical unit have also been clarified in conjunction with the revision of the introduction to ISIC (Rev. 3). Essentially the establishment continues to be defined by reference to activity and location.

##### 2. Alternative income concepts related to production

(Chapter II, paras. 130-149; Chapter IV, paras. 82-83)

##### (a) Primary income

36. The SNA will show more explicitly the stages of distribution and redistribution of income. This involves sub-dividing the Income and Outlay Account of the 1968 SNA to identify intermediate balancing items.

37. The first is primary income, defined as operating surplus plus property and entrepreneurial income received less property and entrepreneurial income paid. The accounts down to this point show payments to labour, capital and government (taxes linked to production). The sum across sectors of this aggregate is gross national income, which is the new term proposed for gross national product.

(b) Entrepreneurial income

38. Within primary income it is possible to distinguish a concept of entrepreneurial income -- which indeed is already defined in the 1968 SNA (paragraph 7.40) as "the excess of operating surplus over property income due to be paid in connection with the activities of the business". It is the closest approximation in the SNA to the concept of profits (before tax). In the revised SNA it is defined in the same way -- as operating surplus minus net property income paid by market producers.

(c) Mixed income versus operating surplus

39. As defined in the 1968 SNA, the operating surplus of small unincorporated businesses in the household sector is a mixture of return to the owners' labour and to the capital and entrepreneurship. For large corporate enterprises, on the other hand, the remuneration of labour input in the enterprise is deducted as compensation of employees before calculating operating surplus.

40. In order to highlight this difference in the contents of operating surplus in the revised SNA, operating surplus for the household sector will be subdivided between that generated by owner-occupied dwellings and that from other unincorporated enterprises, the latter being referred to as "mixed income" throughout all the accounts and tables of the system.

3. Production boundary and the classification of production units by sectors and subsectors

(a) Production boundary  
(Chapter V, paras. 2-31)

41. The production boundary in the revised SNA will only be slightly different from that in the 1968 SNA. In view of the great importance of this question for the system as a whole, the EGHS discussed it at length before reaching this conclusion. The reasons for this conclusion are summarized below.

42. The revised SNA treats the following kinds of production as falling within the production boundary.

- (i) The production of all goods and services which are actually delivered to other economic units, whether paid for in money or not.
- (ii) The production of goods which are retained by the producer for his own use but which could have been offered to other economic units on the market.
- (iii) The production of services for own consumption by processes of production in which the factors of production are remunerated by the producer, i.e., non-market services of government and of non-profit institutions and domestic services.

43. Hence, the system, includes all production of goods. Conversely, the system does not include within the production boundary the production of services for own consumption in which no incomes are generated for other economic units. In practice, these services must consist of "household services", i.e., domestic or personal services produced by members of a household for consumption within that same household.

44. The importance of household services for measuring welfare is not in question. However, their inclusion in the system would require a massive imputation which would be technically extremely difficult to execute in a theoretically satisfactory way. The size of the imputation would be sufficient to tilt the balance of the system between monetary and imputed flows significantly towards imputations. The analytical usefulness of data which mix monetary and imputed flows in more or less equal amounts must be questioned.

45. However, the EGHS agreed that estimates should be made of the value of household services. These could be incorporated in a supplementary table showing alternatives to the concept of GDP.

46. As regards the own-account production of goods at home, certain clarifications or modifications of the 1968 SNA's production boundary were agreed upon in principle.

- (i) It is no longer a condition for including certain handicraft activities, that the raw materials used are primary products.
- (ii) All production of these processed goods is included, not just production by units which sell some of their output.
- (iii) The 1968 SNA also suggests that processing of primary products is only included if the production of the primary product and the processing are done by the same institutional unit. This was also felt to be unnecessary.
- (iv) Obtaining (carrying) water is equivalent to gathering fruit and vegetables and should be included as the production of a good (water where it is needed) and not as a service activity.
- (v) Own-account construction and major repairs continue to be included. Major repairs are defined by reference to conditions pertaining in commercial letting: if in such cases the repair would be carried out by the tenant (pointing walls, installing curtain rails, etc.) it should be excluded; however all repairs sufficiently large that they would be the responsibility of the owner should be included in the production boundary.

47. Finally, with regard to illegal activities a clarification has been introduced which may be important in some cases. The EGHS agreed that for production -- and indeed any other transaction -- the fact that an activity or transaction is illegal is not a reason for excluding it. Comprehensive coverage of illegal activities is essential in order not to introduce in the accounts imbalances between transactions that are considered to be illegal when involving receipts (e.g., income earned in drug traffic) and legal when spent (e.g., real estate purchased by drug traffickers).

(b) Quasi-corporations versus unincorporated enterprises  
(Chapter III, paras. 42-48)

48. In the system, market enterprises having corporate status under law are classified to the corporations sector (financial or non-financial).

49. More production is however carried out by market enterprises not having a legal status separate from the households or government which own them (see section E for a discussion of government unincorporated enterprises). Some regularly sell their output (small shops, artisans, etc.), others mainly produce for themselves; both categories are called unincorporated enterprises. Unincorporated enterprises are classified in the household sector along with their owner on the grounds that many of their transactions -- particularly in respect of capital, financing and wealth -- cannot be meaningfully separated into those relating to the production or consumption activities of the household.

50. However, some enterprises, while not having corporate status in law, are large and behave more like corporations than like households. As in the 1968 SNA, these enterprises will be dubbed quasi-corporations and classified to the corporations sector.

51. Three changes have, however, been introduced. First, the EGHS agreed to simplify the definition of a quasi-corporation; a quasi-corporation is an unincorporated enterprise for which a complete set of accounts, including information on withdrawals of operating surplus, is available. Second, the EGFFB agreed to recognise that there might be financial unincorporated enterprises (such as money lenders) which in future are to be classified in the household sector; in the 1968 SNA they were assumed to be quasi-corporate by convention. Third, the EGS agreed to the shortened title of the sector "corporate and quasi-corporate enterprises" to simply "corporations".

(c) Market and non-market production

(Chapter III, paras. 16-41; Chapter IV, paras. 3-5; Chapter V, paras. 107-118; Chapter VII, paras. 39-42)

52. The EGPAIOT agreed to the changes in terminology, mentioned earlier, that introduced "market" and "non-market" to describe producers and products. In doing so, the Expert Group agreed that the distinction between market and non-market was "fundamental to the SNA". Agreement was also reached on related points: with regard to producers, the distinction between market and non-market is complimentary to a classification such as found in the ISIC; and with regard to products, in principle, any good or services could be produced on a market or non-market basis.

53. Market producers are those mainly dependent on revenue from sales of goods and services to cover their costs of production. Non-market producers are those who supply goods and services to other institutional units free or at nominal prices, using taxes or current transfers from households and government to cover the cost of production.

54. More specifically, the revised SNA provides a criterion to distinguish market and non-market: a producer that covers 50 percent or more of its production cost is a market producer. The draft suggests that the criterion should not be applied in an overly rigid manner; for example, a producer may have losses that exceed 50 percent of costs for some years but still be considered a market producer because on average in the long run more than half of the costs are met by sales.

55. One way in which the distinction appears in the draft chapters of the revised SNA is with respect to valuation. The general principle is to value inputs and outputs (whether actually sold or retained by the producer for own use) at the basic market prices prevailing at the time the inputs and outputs are recorded. (See section B.) For non-market goods and services, application of this principle is not feasible, and the goods and services are to be valued as the sum of the costs of production.

56. In the draft chapters, the distinction also appears with respect to institutional sectoring. The two corporate sectors, for example, include all institutional units identified as corporations (and all quasi-corporations whether owned by households, government units, or non-resident institutional units and certain non-profit institutions). In turn, corporations, as institutional units, are legal entities recognized at law as separate from their owners and created for the purpose of producing goods and services for a profit.

57. However, the EGC2 and EGC3 identified but did not resolve two interrelated issues.

58. (i) What is the role of the market/non-market distinction in classifying corporations to the corporate sectors? One view is that it is sufficient for a unit to have legal status as a corporation to be classified in the corporate sectors. Another view is that a unit with corporate legal status must also meet the 50 percent criterion to be classified in the corporate sectors. This issue comes up with respect to corporations owned by government; GFS sectoring guidelines and the 1968 SNA put non-financial corporations in the corporate sector regardless of whether their revenue from sales covered 50 percent of their production costs.

59. (ii) How are quasi-corporations (and perhaps corporations, depending on the resolution of the first issue) that receive extensive subsidies from the government over a long period of time to be classified? This issue arises in the case of railroads and telephone companies in many countries and producers of a wider range of products in centrally planned economies. The Expert Groups discussed several options: (1) classify the producers in the government sector when they do not meet the 50 percent criterion, with the output valued at cost, or classify the producer in the corporate sector, either (2a) by valuing their output at prices actually paid, with the shortfall covered by a subsidy or (2b) by valuing their output at cost with the part of the cost not covered by revenue from sales being treated as government final consumption expenditures. Option (1) was criticized because it does not fit the nature of the activities to classify them to the government sector. Option (2a), which has the advantage of reflecting transactions as they actually occur, was criticized because it depresses the value of GDP at market prices and causes problems in international comparisons. Option (2b), which involved identifying specific commodities and specific groups for which the treatment would apply, would yield a higher GDP but was criticized as asymmetric with the treatment of taxes and difficult to apply.

60. The market and non-market treatment in the revised SNA differs in several ways from the 1968 SNA: in terminology, in providing a specific criterion to be applied in distinguishing market from non-market producers, in applying the distinction to both goods and services (the 1968 SNA applied the distinction only to services, and goods were all considered market products); and in clarifying that the distinction differs from classifications by type of activity.

(d) Financial intermediaries: bank and insurance services  
(Chapter V, paras. 93-105)

61. The contents of the sector and sub-sectors of financial institutions are treated in section D. This section deals with new treatments of the imputed output of bank services and of the insurance service charge.

62. A major change in the revised SNA is that the imputed output of bank services will be allocated between uses made of these services: final consumption of households and government, exports and imports, intermediate consumption by industry. This returns in fact to the treatment in the old (1952) SNA. It contrasts with that in the 1968 SNA in which all such imputed output is deemed to be absorbed as intermediate consumption of a notional unit. Distributing the service among uses is a conceptually more correct solution and yields more analytically useful results. In particular, attributing all imputed output of bank services to intermediate consumption within the economy can significantly mismeasure GDP, in particular for small economies having substantial financial transactions with the rest of the world. How this attribution to uses is to be accomplished is discussed in connection with valuation.

63. The expert groups discussed two ways to value the imputed output of bank services. The traditional way mirrors the macroeconomic role of banks channeling funds between borrowers and lenders. They cover the greater part of their costs by the difference between interest rates on their assets and liabilities. In the 1968 SNA this leads to valuing bank output as the difference between property income (interests and dividends) received by financial intermediaries and interest paid by them, excluding any income they derive from investment of their own funds.

64. To allocate this total amount of bank service charge among uses the initial proposal was to allocate in proportion to the sum of assets and liabilities each type of user had with the financial intermediaries. The defect of this method is that it assumes that the service charge is the same percentage of borrowing and of lending for all customers and all types of loans, which clearly is not the case.

65. Recognizing different percentages of service charge leads to allocating among uses on the basis of the difference between the interest rate actually received or paid and a central "reference" rate. In principle, this approach would allow a direct estimate of the service charge at microeconomic level, for each transaction, and thus of the total service charge by summation. The data requirements of this approach may, however, exceed what can reasonably be expected in practice.

66. The EGC2 agreed therefore to a macroeconomic estimate of the total service charge and a breakdown among uses which takes account of different interest rates effectively paid. However, many practical questions remain to be clearly resolved.

67. Lastly, a change of terminology is planned. The old term "imputed output of bank services" is unsuitable for two reasons. Firstly, banks produce a real output; what is being imputed is a value for this output. Secondly, the EGFFB and the EGC1 agreed that the term "banks" will disappear from the SNA. Therefore a new term such as "imputed financial intermediation service charge" will be adopted.

68. A modified method of valuing the service charge for insurance has also been agreed. In the 1968 SNA it is defined by the difference between premiums received and claims paid. Valuing the output of insurance enterprises this way leads to an operating surplus which is persistently negative, for most countries and most years. In reality insurance companies survive because they invest and obtain interest on their reserves. This investment income is included in the definition of the value of output (which is the service charge) in the revised SNA (see also section D.).

(e) Imputations of rent on government buildings

69. When government owns the buildings it uses, it is spared the cost of renting them. It is in effect producing own-account letting services which are not explicitly taken account of. Since government use of these services would be final consumption some understatement of GDP results. For enterprises which own their factories the use of the service would be intermediate consumption and therefore would not influence GDP. For households' dwellings an imputation is made.

70. The EGPS advocated imputing a service on the basis of market rents for similar buildings. This procedure would normally result in a non-zero net operating surplus for government. However, it is then necessary to remove the costs of producing this service (intermediate consumption, compensation of employees) from the overall costs of government before calculating the value of government's non-market output as the sum of costs. In effect a separate establishment is identified to produce a market letting service. The EGPS favoured the proposal on technical grounds but there were serious reservations on practical grounds.

71. A simpler solution might be to leave the letting service in with the non-market services (and their costs), but to recognise that one additional element -- the cost of capital -- would be needed when calculating government non-market output as the sum of costs. In fact if government had to borrow to finance its building requirements, it would need a positive operating surplus in order to pay interest on that borrowing. This cost-of-capital element has, however, yet to be defined.



## B. VALUATION OF VALUE ADDED

72. The discussion of the valuation principles in the expert group meetings has emphasized the need to arrive at an analytically useful concept of value added generated in production.

73. In the 1968 SNA, valuation has been mainly approached from the point of view of valuing goods and services for input-output analysis. For this purpose, commodity taxes (now called product taxes) were removed from the valuation of goods and services so that they would be valued in the same way whether they were used for intermediate or final demand. Based on this approach, goods and services are valued in the 1968 SNA in the same manner -- i.e., at basic values -- whether they are presented as part of supply or as part of intermediate or final demand.

74. In considering the valuation principles, experts groups have noted that certain product taxes cannot be allocated to supply and therefore cannot be considered as income of domestic producers. This was true in the 1968 SNA for import duties, but is equally true for value-added type taxes. On the other hand, in determining the value added of producers, these taxes are included in the value of goods and services that are purchased in order to carry out production and need, therefore, to be reflected in the value of intermediate consumption.

75. It has therefore been agreed that output be valued in basic prices and intermediate consumption (and also final demand) in market prices including all product taxes and trade and transport margins.

76. The terminology used for the valuation of products has been accordingly adjusted and clarified: there are now two types of distinctions in the valuation of products: (1) the distinction between basic prices and market prices which refers to the exclusion and inclusion, respectively, of product taxes, and (2) the distinction between producers' and purchasers' prices which refers to the exclusion and inclusion, respectively, of trade and transport margins.

77. The 1968 SNA makes only a brief reference to Value Added Taxes (VAT) and gives no specific recommendation for their treatment in the accounts. The EGPAIOT agreed on the net treatment of VAT. This means that producers' prices exclude invoiced VAT and purchasers' prices exclude deductible VAT. This net treatment of VAT is currently recommended in the European Communities' European System of Integrated Economic Accounts and is applied by all countries where VAT are imposed.

## Issue for discussion

### 1. Valuation of final demand and value added

(Chapter V, paras. 165 - 190; Chapter VII, paras. 134 - 156 and Annex to Chapter VII, paras. 157 - 167)

78. The valuation of final demand and of value added was discussed at the EGPAIOT, EGCl and EGC2.

79. The revised SNA will refer to two main kinds of prices -- basic prices and market prices. Basic prices exclude net taxes on products; market prices include net taxes on products. Two kinds of market prices are distinguished -- producers' prices and purchasers' prices. Producers' prices exclude trade and transport margins; purchasers' prices include trade and transport margins.

80. All the components of final demand -- private and government consumption, capital formation and net exports -- are, in general, valued at market prices as in the 1968 SNA. An exception is made in the case of consumption of own-production, which is valued at basic prices, i.e., excluding any product taxes that would have been paid if the goods had been sold on the market (see I.A.c (iii) above).

81. As regards value added, the new system recommends that it should be valued at "mixed prices", i.e., -- outputs will be valued at basic prices while inputs will be valued at purchasers' prices. Value added obtained in this way will therefore exclude all taxes on products, although it will still include other taxes on production.

82. The major point for discussion concerns the use of mixed prices for calculating value added. The revised SNA suggests three ways in which value added could be valued:

- (i) both outputs and inputs at basic prices;
- (ii) both outputs and inputs at market prices (i.e., at producers' and purchasers' prices, respectively);
- (iii) outputs at basic prices and inputs at market prices (i.e., purchasers' prices).

83. Methods (i) and (ii) have the advantage that both outputs and inputs are valued at the same kinds of prices. This ensures that when inputs are deducted from outputs the resulting measure of value added has a clear economic interpretation, namely the value that is added to inputs in the production of outputs.

84. The revised SNA recognizes the advantages of consistent valuation of inputs and outputs, but recommends the mixed valuation method (iii) on practical grounds. It will usually be easier for producers to report their inputs at purchasers' price than at basic prices.

C. INTEGRATION OF STOCK ANALYSIS WITH THE TRADITIONAL FLOW  
ANALYSIS OF THE NATIONAL ACCOUNTS

85. Particular attention has been paid by the Expert Groups to the stock items and balance sheets of the system. The reason is that production and income development for a country as a whole and by sector can be more adequately explained by including in the analysis the various kinds of assets that are owned by the country or the sector in question than by transactions alone. In the case of non-financial assets, the link between flows and stocks is inherent in capital-output analysis. In the case of financial assets, portfolio and similar analyses make use of the balance sheet data on financial assets and liabilities and the changes therein as a consequence of financial transactions and on revaluation of financial instruments and also relate this information to data on interest, dividends and similar types of income.

86. The stock and balance sheet feature was, in principle, available in the 1968 SNA, but was only worked out in detail in later guidelines on balance sheets and reconciliation accounts (M-60) and tangible assets (M-68). Unfortunately, those supplementary guidelines were not fully compatible with the 1968 SNA and therefore they could not be implemented with data sets based on the 1968 SNA. In practice, balance sheet data were developed by only a few countries and in the few instances that they were elaborated in practice, they were not integrated with the national accounts. Integrated analysis of flows and stocks therefore was not feasible on the basis of the 1968 SNA.

87. Even though there are a number of unresolved issues, some of the features of the system are becoming apparent.

88. Firstly, there is a need for compatibility between the production and non-financial asset boundary of the system: The production and product boundary determines which non-financial assets are used in production and therefore should be included in the asset boundary. However, not all assets used within the production boundary are produced within this boundary (e.g., land, mineral resources and similar assets). A distinction is therefore made within non-financial assets between produced assets and non-produced assets.

89. In addition, discussions are continuing as to whether produced assets should include not only tangible assets, but also others such as research and development, mineral exploration and intellectual activities (including the writing of a book, recording of music and similar artistic and literary activities). If a decision is taken to include such assets as produced assets, the next question will be how to deal with patents, copyrights and similar assets which are presently included in balance sheets and are recognized in the 1968 SNA as intangible assets. Furthermore, if intangible non-financial assets are considered as produced assets and their increase as capital formation, revenues received from such assets would have to be differently treated as compared with the 1968 SNA. At present they are

considered as non-produced assets, which generate property income; however, if they are considered as produced assets, revenues from such as patents and copyrights would have to be included in an extended production boundary as arising from the production of non-factor services, in the same manner as rental of produced tangible assets such as cars, machinery, etc. Also, if such assets are included with produced assets, consumption of fixed capital would have to be included for the use of such assets.

90. Some conclusions have been reached regarding the consistency between the coverage of produced assets and consumption of fixed capital of those assets. Contrary to the 1968 SNA, it has been agreed that the latter would include, in principle, consumption of fixed capital on roads, dams, breakwaters and similar assets.

91. In order to emphasize the integration of the stock analysis with the flow accounts of the SNA, all changes in the stocks are represented in the so-called sequence of accounts of the system. Thus, the sequence of accounts includes not only changes in stocks as a result of production and other flows, but also volume changes due to natural and man-made disasters and changes due to revaluations of assets. The accounts of the system therefore incorporate a new concept called changes in net worth, which includes three sub-elements: (1) changes in net worth due to saving and net capital transfers, (2) changes in net worth due to other changes in volume of assets and (3) changes in net worth due to revaluation.

92. The discussion items included below are only a part of those that are relevant to the integration of balance sheet items with the flow accounts of the SNA. Other discussion points are listed in sections D and F.

#### Issues for discussion

##### 1. General principles

###### (a) Coverage and classification of assets (Table 2.10, see Annex A)

93. The EGC3 pointed out the need to examine a range of questions relating to assets, and the coverage and classification of assets are among the outstanding issues.

94. The coverage and classification tentatively incorporated into the tables and accounts are shown in Annex A. At the first level the classification distinguishes financial and non-financial assets. Within non-financial assets the classification incorporates as a basic distinction the difference between produced and non-produced assets, as follows:

- Produced assets
  - Stocks
  - Fixed assets
    - Tangible fixed produced assets
      - Residential buildings
      - Other buildings and construction works
      - Equipment
      - Natural cultivated assets
      - Tangible artistic work
    - Intangible fixed produced assets
      - Research and development assets
      - Capitalized mineral exploration cost
      - Computer software
      - Literary artistic work

- Non-produced assets
  - Tangible non-produced assets
    - Land
    - Subsoil assets
    - Historical monuments
    - Antiques and other art objects
  - Intangible non-produced assets

95. Several major issues about coverage and classification are treated under the several topics in items b and c below. Several others are treated in section D, dealing with financial assets.

96. The 1968 SNA, as amplified by M-60, provided the following basic classification of assets:

- Reproducible tangible assets
  - Stocks
  - Fixed assets
- Nonreproducible tangible assets
  - Land
  - Timber tracts and forests
  - Subsoil assets and extraction sites
  - Fisheries
  - Historical monuments
- Nonfinancial intangible assets
- Financial assets

97. The M-60 classification was designed to take into account the analytical purposes for which the data are wanted, practical possibilities of distinguishing the various kinds of assets (and liabilities) and differences in the mode of valuation.

(b) Classification of changes in assets  
(Chapter X, paras. 17 & 19; Chapter VI, paras. 120, 138-139)

98. The classification of changes in assets is fundamentally different from the classification of assets. In principle, the changes are recorded by type of change and not by type of assets.

99. The changes in non-financial assets are classified in the capital accounts, other changes in volume of assets account and in the revaluation accounts as follows:

- Gross capital formation
  - Gross fixed capital formation
    - Gross fixed tangible capital formation
    - Gross fixed intangible capital formation
  - Changes in stocks
  
- Net purchases of land and other non-produced assets
  - Net purchases of land and other tangible non-produced assets
  - Net purchases of intangible non-produced assets
  
- Other volume changes in assets and liabilities
  - Economic appearance of non-produced assets
  - Economic disappearance of non-produced assets
  - Destruction of assets by non-insurable risks
  - Uncompensated seizures
  - Adjustment of the residual value of assets
  
- Nominal holding gains or losses
  
- Changes in classification and structure

100. For financial assets no distinction is made between the classification of financial assets and the classification of changes therein. Both are recorded by type of assets.

101. There is a specific implication of the above for the relation between the classification of assets and the classification of capital formation: Most capital formation will result in identifiable assets in the asset classification; however, some capital formation may not result in identifiable assets. This applies to capital repair of buildings and other structures, which is treated as capital formation and is ultimately absorbed in an increased value of the asset that is repaired. It also applies to land improvement and timber tract development, which are all treated as capital formation but not identified separately as a produced asset in the balance sheet of the SNA as this capital formation is absorbed in improved value of land and timber tracts.

102. The EGC3 agreed that land is treated in the balance sheet as a non-produced asset but some capital formation and improvements in land will be recorded as production and then included in the value of land in the balance sheet, confirming the approach taken by the EGPS.

103. In the 1968 SNA this relation between the classification of assets in the balance sheets and in capital formation is not dealt with explicitly.

(c) Moment of recording of assets  
(Chapter VI, paras. 111-114)

104. The expert groups reached conclusions intended to clarify several specific points with regard to moment of recording of assets.

105. For purchased fixed assets that take more than one year to complete, the production will be recorded in change in stocks until a change of ownership occurs. For machines or equipment, this change of ownership usually occurs when the machines or equipment are put to use. For structures (residential and nonresidential), it is assumed that change of ownership occurs as value is put in place except where no buyer exists; when no buyer exists, completed buildings remain in stocks until sold. In the discussion, it was pointed out that it is only when assets are used that they generate income, suggesting that work in progress should be treated as stocks until complete. However, "completeness" is difficult to identify, so that a more concrete formulation was needed, and legal possession met that criterion.

106. For major repairs of capital goods that take more than one year to complete, the treatment just described also is to apply. For natural growth (see para. 138 below), the accounting will be as the growth occurs, giving rise to change in stocks and capital formation as appropriate.

107. The 1968 SNA (6.118) provides that, as in the case of other transactions, the acquisition of fixed assets by purchasers should, in principle, be recorded at the moment they take legal possession of the items. Specifically with regard to work in progress, the SNA provides that work in progress on machinery and equipment be treated as stocks and that work in progress on buildings be recorded as fixed capital formation as work is put in place.

2. Coverage and classification of produced assets

(a) Research and development  
(Chapter V, paras. 148 - 150; Chapter XI, paras. 23 - 25)

108. Several Expert Groups discussed the handling of research and development (R&D) expenditures in the context of extending the definition of capital, and the EGCl confirmed the conclusion of several earlier groups to treat outlays on R&D as capital outlays. However, at the EGC3 meeting serious reservations were expressed about the earlier decision about some or all of the extensions (R&D, computer software, mineral exploration, and intellectual activity) earlier agreed on. Thus, R&D will be among the unresolved issues to be dealt with.

109. The EGCI agreed that the outlays (and own-account production) to be treated as capital outlays be defined to include all R&D -- by all sectors and in all fields. Specifically, "in all fields" was defined as including R&D in natural sciences and engineering and in social sciences and humanities, as classified in the OECD's The Measurement of Scientific and Technical Activities (the Frascati manual). Outlays made by business would be reclassified from intermediate purchases to final, thus raising gross product. Outlays by other sectors would be reclassified within final purchases (from consumption to capital formation), thus not changing gross product. The resulting R&D assets, amortized over periods determined by criteria such as patent lives and tax or accounting practice, are to appear in the balance sheet of the owner.

110. In the discussions, the arguments for the change referred to the kinship with outlays on capital assets in that their purpose is to generate income in future periods. Updating the definition of capital formation was called for in light of the studies that showed that R&D outlays (and some other outlays on intangible assets) were important in explaining economic growth. Several unofficial sets of accounts have already included R&D as capital, and a number of the countries where R&D outlays are sizable have experience with data collection using the guidelines drawn up for the Frascati manual.

111. The arguments against the change centered on (1) the difficulty of identifying the assets, (2) the high degree of uncertainty of return, which is one of the reasons given in the 1968 SNA to explain the present convention; (3) the major break in continuity of time series, because in the countries where most the world's R&D is conducted the change would raise gross product by 1 to 2 percent; and (4) the practical difficulties of calculating capital consumption and constant -- dollar estimates. Further, the conceptual basis for including R&D outlays but not some other outlays -- such as on education and on literary and artistic work (see the discussion of intellectual property) -- was questioned.

112. The breadth of the coverage of R&D to be treated as capital reflected the concern that a logical distinction could not be drawn to include some R&D but not all. This concern was with respect to both kinds of research and sector conducting and/or financing.

113. The 1968 SNA (6.63) follows the convention that outlays by industries on R&D are to be treated as intermediate consumption. The reasoning given is that the outlays may not yield concrete benefits and are usually not embodied in tangible assets.



(b) Mineral exploration  
(Chapter V, para. 151; Chapter XI, paras. 26-27)

114. Several Expert Groups discussed the handling of mineral exploration in the context of extending the definition of capital, and the EGCl confirmed the conclusion to treat outlays on mineral exploration as capital outlays. However, at the EGC3 meeting serious reservations were expressed about the earlier decision about some or all of the extensions of capital (R&D, computer software, mineral exploration, and intellectual activity). Thus, mineral exploration will be among the unresolved issues to be dealt with.

115. The recommendation was to treat all expenditures on mineral exploration, whether the exploration was successful or not, as capital formation. The average life of a producing well or mine was suggested as the appropriate guide for the amortization period.

116. In the discussion, many of the same arguments made with respect to R&D were also made with respect to mineral exploration. In addition, several countries in which these outlays are sizable already include these outlays as capital.

117. The 1968 SNA (6.63) follows the convention that outlays by industries on mineral exploration, like outlays on R&D, are to be treated as intermediate consumption. The reasoning given is that the outlays may not yield concrete benefits and are usually not embodied in tangible assets.

(c) Intellectual property  
(Chapter XI, para. 31)

118. The possibility of treating intellectual property, such as films and sound recordings, as capital was raised in the EGCl as an extension of the discussion of R&D and mineral exploration. A number of issues were raised in the subsequent meetings, and these are among the unresolved issues to be dealt with.

119. In discussions, several questions were raised. They affect a number of different accounts in the system, and some of them have parallels for the other possible extensions of the concept of capital.

120. Does intellectual property meet the criteria of capital? It was pointed out that at least some of the works such as films and sound recordings -- referred to as literary and artistic property in the literature of intellectual property rights -- have the characteristics of capital: They are not used up in production during an accounting period, and outlays on them yield a return in the future. For films, for example, firms make substantial outlays in the expectation of returns that will extend over a number of years.

121. Is there a need to clarify the production boundary with regard to intellectual activity? The 1968 SNA description of royalties explains that they are not treated as payment for a commodity-type service because authoring a book and the like are not in gross output. This seems to create the anomalous situation where authoring a book as an employee is regarded as output of the firm but writing a book on own account is not regarded as output.

122. What are the implications for the definition and treatment of property income if intellectual property is treated as a produced asset? For example, a royalty, as an income derived from a non-produced asset, may stem from a copyright, and the copyright may cover a film that, as intellectual property, is treated as a produced asset. This raises questions about what income flow(s) should be recorded and in what classification(s).

123. How is double counting of assets to be avoided in the balance sheet if intellectual property is treated as a produced asset and copyrights are treated as a non-produced asset?

124. Are the 1968 SNA's terminology and treatment of copyrights and royalties in accord with the real world? With respect to copyright, copyright establishes the author's "ownership" of the intellectual property. In many countries, a copyright is inalienable, and the author cannot transfer the copyright to anyone. However, in the 1968 SNA the capital accounts record transactions in copyrights only when they are sold/purchased and the balance sheets record copyrights only after they have been sold/purchased. With respect to royalties, the problems arise in countries where the author can transfer the copyright. The payments to authors who have transferred the copyright to a publisher -- that is, the payments to authors who are no longer owners of copyrights -- do not seem to fit under the 1968 SNA's characterization of royalties, which is that they are payments to owners of assets for putting assets at the disposal of another.

125. The 1968 SNA's treatment of intellectual property is in terms of guidelines for royalties and nonfinancial intangible assets. Royalties are included with net rent of land as a form of property income and are entered in the income and outlay accounts (7.52). They are payments (receipts) for the use of patents, trademarks, copyrights or similar exclusive rights.

126. Patents, trademarks, and copyrights are among the assets classified as intangible, and because the asset is not matched by a liability, they are nonfinancial intangible assets. Net purchases of these assets are an item of gross accumulation in the capital finance account (7.86)

(d) Software  
(Chapter VI, para. 104; Chapter IX para. 28)

127. The EGPAIOT agreed to treat expenditures on systems and standard applications software -- whether purchased at the time the hardware is purchased or independently -- as capital formation. Further, it was recommended that applications software developed "in house" be treated as capital formation.

128. In the discussion, the point was made that systems and applications software are often similar in that they have long service lives and generate an income stream over several accounting periods. Thus, it was recommended that software be treated as capital formation if the expenditures are large and if the product is expected to have a protracted life. The EGCI confirmed and elaborated this conclusion. Software was defined as meaning one or more of the following: a computer program, a program description, the supporting material created to aid the understanding or application of a computer program.

129. It was also agreed that a database -- whether for sale to others or for internal use, or whether purchased or constructed in-house -- should be treated as capital formation.

130. The place of software in the classification of assets is an unresolved issue. On the one hand, software has been viewed as an integral part of the hardware or as embodied on a disk, tape, etc.; in either case, classification as what had been called "tangible" would be indicated. On the other hand, it may be viewed as an intellectual product separate from the equipment on which it is used or on which it is embedded; classification as intangible would be called for.

131. The 1968 SNA has been interpreted as saying that software purchased with hardware should be treated as capital formation but software purchased independently should be treated as current expenditure.

3. Environmental assets

(a) Coverage and classification of environmental assets  
(Chapter XI, paras. 44-45)

The EGC3 briefly discussed matters concerning the moment of transfer of environmental assets to the asset boundary of the SNA. It considered that the 1968 SNA's criteria were not sufficiently clear. Questions that need to be answered are: Should the transfer of land from public domain to human settlement be recorded when the land is sold, should land utilized for forest exploitation be recorded when government permits for forest exploitation are issued, should mineral resources be recorded in the SNA asset boundary when they are discovered, etc.? As the EGC3 did not fully discuss these questions, it was only able to reach the general conclusion that the chapter on balance sheets needed extension and should include more specifications on the coverage of balance sheets and the asset classification.

133. Subsequently a tentative asset classification was elaborated which included environmental assets under produced fixed assets and under non-produced tangible assets. Under produced fixed assets is included a main category called natural cultivated assets, which is further broken down as follows:

- Animals for breeding, dairy, draught, etc.
- Timber tracts and cultivated forests
- Plantations (orchards, vineyards, etc.)
- Fisheries

134. These assets are the products of natural growth which are to be considered as output in the revised SNA (see conclusion below under para. 138)

135. Under tangible non-produced assets, two other groups of environmental asset categories are presented -- i.e., land and subsoil assets; they are classified as follows:

Land

- Land underlying buildings and works (memo item)
- Cultivated land (other than plantations, etc)
- Recreational land
- Other land

Subsoil assets

- Coal, oil and natural gas reserves
- Metallic mineral reserves
- Non-metallic mineral reserves

136. As all issues above are closely related to the concept of assets and, as this concept is still under review, the issues of coverage, classification and valuation of environmental assets are unresolved.

137. The 1968 SNA and M-60 are unclear and ambiguous about the precise coverage and treatment of stocks and flows of produced and non-produced environmental assets.

(b) Treatment of natural growth  
(Chapter VI, paras 120 - 124)

138. The EGC3 agreed that pending an investigation of the definition, classification and valuation of assets as well as their link to production, in the future natural growth of crops and forests should be treated in the same way as growth in livestock, fish, etc., that is, it would count as production when it was cultivated by human activity and accounted for as it occurs giving rise to changes in stocks and capital formation as appropriate.

139. Earlier, the EGCl took the view that additions to stocks of agricultural crops should no longer be recorded at the time of harvest but that standing crops should, from the beginning to the end of their production process, be regarded in the additions to stocks as work in progress. One possibility suggested was that the value of the work in progress of agricultural crops should be estimated on the basis of the actual production costs incurred (intermediate consumption, compensation of employees and consumption of fixed capital). If work in progress is included in changes in stocks for agricultural crops, it follows that standing timber should be treated in the same way.

140. The EGC3 raised several objections to the possibility of treating growth of crops as output. One problem is how to value such output. The suggestion made by the EGC1, that this output should be valued on the basis of cost incurred including the value of labour, was questioned since in many cases, including developed countries, much agricultural output is grown by farmers who are self-employed and there are no explicit labour costs. There is also the question about whether growth in cultivated forests should be treated differently from growth in natural forests.

141. The 1968 SNA regards growth in livestock as production in the year in which it occurs and may be recorded as change in stocks or capital formation as appropriate if the animals are still alive at the end of the period, while crops and forests are not regarded as productive until they are harvested.

4. Other assets

(a) Military durables

(Chapter V, paras. 154 - 160; Chapter VI, paras 105 - 108)

142. The EGC2 endorsed the formulation in the draft: Treat as capital (-NORTH-) all military equipment of a kind that could be acquired by civilian users for purposes of production and that the military actually use in the same way. On the other hand, destructive military weapons -- such as guns, bombs, missiles and rockets and the associated ships, planes, and vehicles whose sole purpose is to launch or deliver such weapons -- are not to be treated as capital formation but as intermediate consumption.

143. The issue first came up in the EGPSA. In the discussion, the point was made that some items -- such as port facilities, airports, and hospitals -- have civilian and military uses. A rule referring to "civilian use" or "joint use" was thought to be too difficult to apply. Following delineation of a broad range of options ranging from no change to treating all military durable as capital, the issue was held for further discussion in order to research the background for the 1968 SNA treatment. In the EGPAIOT, it became clear that the only rationale for treating equipment bought by the military differently from equipment bought by other parts of the government was the distinctive character of national defense. It was argued, on the one hand, that military durables do not increase the productive capacity of the economy. On the other hand, it was argued that the logic of treating a computer bought by the army as current expenditure and a computer bought by a statistical office as capital expenditure was not clear.

144. The 1968 SNA (6.115) excludes from gross fixed capital formation any government outlays in respect of construction works and other durable goods primarily used for military purposes. Outlays on construction or alteration of family dwellings, but not military barracks, for personnel of the armed forces are classified as gross fixed capital formation, based on similarity to dwellings normally used by civilians. However, the construction of schools, hospitals, airfields, or roads by the armed forces and purchase of motor vehicles for the use of the military are classed as intermediate even though they might be put to civilian use. M-60 (3.4) excluded military durables from

balance sheets. Those guidelines noted that stocks of military durables are not very important for economic analysis and that it is difficult to measure the depreciated value of the stocks. However, M-60 recommended a supplementary table to show military durables.

(b) Government stocks

145. The EGPSA agreed that changes in government stocks should, in principle, include all goods.

146. In discussion, the main point was about symmetry in the treatment of goods stored by government and by the enterprise sector. It was noted, however, that information about goods acquired but not consumed by government is generally not available.

147. The 1968 SNA (6.65 and 6.105) treated as stocks only strategic materials, grains, and other commodities of special importance to the nation. In general, stores of ordinary commodities were not included.

(c) Consumer durables  
(Chapter VI, paras. 92 - 97, 109 - 110)

148. Treating consumer durables (such as cars, refrigerators, and washing machines) as capital used by households to produce services, and accordingly entering as consumption the amount of those services, was raised as a possibility at the outset of the revision process. In discussions, it did not find substantial support in any expert group meeting, even though the logic of such a treatment for goods not used up in the year of purchase and the parallel with the treatment of housing were noted. It was regarded as a major extension of the production boundary that would involve substantial estimating problems.

149. Therefore, it was agreed to retain the present treatment in the household sector accounts. It was recognized, however, that information about the stock of consumer durables and the consumption of consumer durables, with detail by type of durable, is of considerable interest. It was therefore recommended that they be shown as memoranda in the balance sheets.

150. The 1968 SNA (6.80) treats the outlays by households on durable goods as a final consumption expenditure. M-60 (3.5) recommended a supplementary tables on holdings of consumer durables.

(d) Nuclear fuel rods

151. The EGPAIOT agreed to treat nuclear fuel rods as capital formation.

152. In the discussion, the decision criterion was whether the rods have an average life length exceeding one year; their average life length is three years. It was noted that energy economists tend to treat fuel rods as current to facilitate cost comparisons with oil and coal and that it may be difficult to obtain direct information on the value of the rods.

153. The 1968 SNA does not provide clear guidance.

#### D. FINANCIAL INSTRUMENTS, FINANCIAL SECTOR, AND FINANCIAL ACCOUNTS

154. A separate Expert Group meeting (EGFFB) was devoted to the further and more precise elaboration of the SNA with regard to the nature and classification of financial instruments, the delineation of the financial sector, the role and structure of the financial accounts, and the links between the SNA and the IMF system of Money and Banking Statistics (MBS). It was felt that more attention should be paid to the financial aspects for several reasons. First, there is the need to integrate further monetary and financial analysis with the analysis of production and income distribution of the SNA, given the changing policy needs for statistical data and corresponding analysis related to traditional issues, such as the mobilization of savings to finance deficit sectors, and emerging problems, such as external debt, the growth of government deficits and the growth of international financial markets. Second, substantial innovations have occurred in recent years in financial markets, institutions, and instruments. It was therefore necessary to review SNA definitions and classifications to ensure that they provided sufficient guidance to compilers and analysts to deal with recent developments and likely further innovations. Finally, as financial assets and liabilities are an important part of the balance sheets of the system, further emphasis on the stock and balance sheet aspect of the SNA, as mentioned under section C, also requires further elaboration of the financial stocks and flows.

155. In order to reflect adequately developments in enterprises that provide financial intermediation and financial services, much discussion in the Expert Group meeting was devoted to identifying the financial sector for SNA purposes and to delineating the most analytically useful subsectoring. Commensurate effort was also devoted to the identification and classification of financial instruments particularly in light of the many innovations in the area in recent years; emphasis was placed on developing general criteria for dealing with new instruments.

156. The role and structure of the financial accounts were also carefully reviewed with particular attention being devoted to flow of funds analysis. The EGFFB determined that the financial accounts in the revised SNA will consist of two levels of detail. The basic sectoral financial accounts will follow the pattern of the 1968 SNA, recording transactions in financial assets and liabilities, but will, of course, follow the new classification scheme for financial instruments. In addition, a more detailed analysis of financial flows will be developed in a matrix presentation which will identify the creditor, debtor, and financial instrument involved in the transactions.

157. This presentation will be modeled after supplementary Table 24 in the 1968 SNA (see annex to Chapter X).

## Issues for discussion

1. The financial sector -- financial intermediaries and financial auxiliaries  
(Chapter IV, paras. 22-50)

- (a) Coverage of the financial sector (financial corporations)

158. The 1968 SNA limits the financial institutions sector to financial intermediaries, i.e., those enterprises that mobilize financial resources by incurring liabilities in various forms and transforming them to meet the needs of borrowers. Intermediaries are themselves at risk and are not merely facilitating the financial dealings of other transactors. There are, however, many types of enterprises that deal entirely or predominantly in facilitating financial intermediation or in providing financial services without placing themselves at risk. In addition, many financial intermediaries, as a major portion of their activity, also provide such services.

159. The EGFFB concluded that the financial sector in SNA should be expanded to include auxiliary enterprises that facilitate financial intermediation in addition to enterprises which are primarily engaged in financial transactions in the market consisting of both incurring financial liabilities and acquiring financial assets. The reasons for this conclusion included:

- (i) The increased provision of financial services by financial intermediaries;
- (ii) The inappropriateness of placing a growing group of financial service enterprises in the nonfinancial corporate sector;
- (iii) The difficulty of drawing the line between financial auxiliaries and intermediaries, particularly those dealing with contingent assets and liabilities; and
- (iv) The likelihood that further innovations in the financial industry would continue to blur the line between financial intermediaries and auxiliaries.

160. Financial enterprises consist of all those enterprises whose principal activity is classified under Divisions 65, 66, and 67 of the ISIC, Rev. 3. Financial auxiliaries consist of agencies such as securities brokers, dealers, flotation companies, commodity brokers, loan brokers, as well as agencies whose principal function is to engage in hedging instruments such as swaps, options and futures, and to guarantee instruments intended for discounting or refinancing.

161. The EGFFB also concluded that, in contrast to the 1968 SNA, unincorporated enterprises mainly engaged in financial activities should be treated in the same way as unincorporated enterprises engaged in nonfinancial activities. This means that they will be treated as quasi-corporate enterprises and classified with financial institutions only if they have a complete set of accounts including information on withdrawals. Otherwise, they will be classified with the household sector.



(b) Classification of financial corporations

162. The EGFFB concluded that the financial sector, as defined above, should be subsectored as follows:

1. Central bank
2. Other depository institutions
  - 2.1. Deposit money institutions
  - 2.2. Other
3. Other financial intermediaries except insurance companies and pension funds
4. Financial auxiliaries
5. Insurance companies and pension funds

163. Primary identification would be at the one-digit level with the two-digit classification being applied when analytically useful.

164. The 1968 SNA has, as its classification principle for financial subsectors, the concept of narrow money (currency in circulation plus demand deposits) often called M1. Most countries now focus monetary analysis on broader concepts in place of, or in addition to, M1 and therefore include the liabilities of institutions currently classified in the current residual subsector, "Other Financial Institutions". To better reflect this analytical change, the category Other Depository Institutions was established to include all financial enterprises, except the central bank, which have liabilities in the form of deposits or financial instruments such as short-term certificates which are close substitutes for deposits in mobilizing financial resources and which are included in measures of money broadly defined. Thus, the central bank and other depository institutions would comprise all financial corporations whose liabilities were included in national measures of broad money. However, due to the substantial variation among countries in identifying the components of broad money, it was agreed that the revised SNA would not have a definition of money but would provide for a classification of institutions and financial instruments compatible with national money definitions.

165. Subsector 3, "Other Financial Intermediaries", is defined to include all financial corporations that actually incur financial liabilities (are themselves at risk) that are not classified elsewhere. Financial auxiliaries were defined to include all enterprises engaged primarily in activities closely related to financial intermediation but which do not themselves play an intermediation role. The "Insurance Companies and Pension Funds" subsector was defined as in the 1968 SNA.

(c) Borderline issues between the financial and other sectors

166. The EGFFB recognized that innovations had affected the activities of traditional financial institutions and had led to increased financial activity by traditionally nonfinancial enterprises. This has contributed to increased difficulty in distinguishing the boundary between the financial and nonfinancial corporate sectors. Three issues in this respect are of particular note.

(i) Holding companies are corporations whose primary activities are the ownership and/or management of subsidiary companies. Although holding companies often play primarily a financial role, they should be classified as financial corporations only when the preponderant activity of the group of corporations they control is financial.

(ii) Regulatory bodies which supervise financial corporations may be classified as financial or nonfinancial according to their organizational status. Government agencies that cannot be treated as institutional units should be classified in the general government sector. Separate entities whose primary role is regulatory should be included with the central bank.

(iii) It is recognized that many nonfinancial corporations engage in activities that are primarily financial. Examples include the direct provision of consumer credit by retailers and the direct issue of liabilities in the market in place of incurring liabilities to financial institutions. The Expert Group concluded that such activity would only effect institutional sectoring when it became the predominant activity of the corporation; secondary financial activities, while of growing importance in many countries, should not affect institutional sectoring.

2. Financial instruments

(a) Definition and coverage of financial instruments

167. The 1968 SNA defined financial assets as "the gold, currency and other claims on other parties owned by an economic agent; or the claims on an economic agent owned by other parties". Financial innovation has greatly affected the number and the types of financial instruments available to markets and transactors. Financial deregulation has given rise to the development of new instruments to provide the mix of liquidity, yield, and risk required by customers. Many of these new instruments may simply reflect combined features of existing instruments but they often do so in ways that make their classification difficult for SNA purposes. In addition, many new instruments, particularly hedging instruments, are hard to fit into a simple taxonomy since they involve a mix of instruments and techniques whose nature and related transactions are difficult to classify.

168. For these reasons, it has proved difficult to devise a simple definition of financial instruments which distinguishes them from other types of assets and distinguishes actual financial assets from commitments which may lead to the creation actual financial assets (contingent positions). The 1968 SNA does deal with contingent positions. A number of general characteristics of financial assets can be specified but it must be noted that there are exceptions to most of these characteristics. Unlike other types of assets, financial assets usually involve a claim by a creditor on a debtor which requires a payment or repayment under fixed or contractually predetermined circumstances. Exceptions to this creditor/debtor aspect are gold and IMF Special Drawing Rights (SDRs) where a financial asset is deemed to exist by convention but for which there is no debtor. Shares and other evidence of ownership also represent a financial asset but the counterpart liability is of a different nature from the symmetrical relationship that exists with other financial instruments. In order to separate actual financial assets from contingent positions, the EGFFB reached a firm decision that actual assets and liabilities would be distinguished from contingent positions on the basis of the conditionality of the relationship between the transactors. Where an unconditional relationship exists on the part of both transactors, it would be an actual financial asset and liability.

169. While the characteristics cited above are sufficient to identify most financial instruments, they are not comprehensive and they do not resolve all the problems of distinguishing financial assets from other assets. Work is therefore continuing on developing a clearer and more comprehensive definition of financial instruments.

(b) Classification of financial instruments  
(Chapter X, paras. 29-66.)

170. With respect to the classification of financial assets, the EGFFB reviewed a number of characteristics of new and traditional financial instruments to determine if a totally new classification scheme was needed. conclusion was that the existing scheme was a useful starting point but that it could be simplified to reflect changes in instruments and markets since the 1968 SNA. The following table was agreed:

1. Gold and SDRs
2. Currency and deposits
  - a. Currency
  - b. Transferable deposits
  - c. Other deposits
3. Securities other than shares
  - a. Short-term
  - b. Long-term
4. Loans
  - a. Short-term
  - b. Long-term
5. Shares and other equity
6. Insurance technical reserves
  - 6.1 Net equity of households on life insurance reserves and on pension funds
  - 6.2 Prepayments of premiums and reserves against unsettled claims for casualty insurance
7. Other accounts receivable and payable
  - 7.1 Trade credit and advances
  - 7.2 Other

Memorandum item:

Direct investment  
 Equity  
 Loans  
 Other

171. Some of the principal changes from the 1968 SNA's classification are summarized below:

(i) Gold. The EGFFB reached a firm decision that only two categories of gold be recognized -- monetary gold and commodity gold. Monetary gold is gold owned by the authorities that is held as a financial asset and is a component of international reserves. Any other gold, including gold held by the authorities and by financial institutions other than the central bank, is treated like any other commodity.

(ii) Currency and deposits. Only the total of currency and deposits is a required component of the system. The sub-elements may be compiled if they are considered analytically useful. It should be noted that the enumeration of the contents of this classification does not constitute a definition of money for SNA purposes and such a definition does not exist within the system

(iii) Maturity. Recent changes in the nature of financial instruments and markets have made the short-term/long-term maturity distinction less relevant for analysis than was formerly the case; this distinction is therefore retained only as a secondary classification principle. The EGFFB reached a decision that short-term securities and loans should be defined as those that have an original maturity usually of one year or less, but with a maximum of two years to accommodate variations in practice between countries.

(iv) Insurance technical reserves. The coverage of insurance technical reserves has been expanded to include prepayments of premiums and reserves against unsettled claims for casualty insurance. This change from the 1968 SNA recognizes that casualty insurance involves such reserves in a manner similar to that of life insurance.

(v) Direct investment. Direct investment relationships can be evidenced through a number of different financial instruments. The Expert Group recommended that the total and major subcomponents of direct investment be shown as a memorandum item.

(c) Specific issues

172. A number of decisions have been taken with respect to specific financial instruments which involve changes from or elaborations on the 1968 SNA or which may differ from national practice in some countries. The major decisions are summarized here.

(i) Financial leasing (Annex 6, paras. 8 - 10). The EGFFB concluded that financial leases should be recognized as financial instruments and that financial leasing should be distinguished and treated differently from operating leasing in the SNA. Financial leasing contracts should be defined essentially by the intention to transfer all the risks and rewards incident to ownership to the user of the asset, (as opposed to operating leases in which the lessor retains the rights of ownership and is providing a service by leasing the asset). This definition was preferred to alternative definitions that are based on a specific percentage of the total cost covered by the lease payments. Where goods are obtained through financial leasing contracts, such goods should be recorded as if purchased by the lessee, with an imputed loan from the lessor. The payments in respect of the financial leasing contract should be divided into two parts: repayment of the loan in the capital finance account, and payments of interest in the income and outlay account. Payments for use of goods obtained under operating leasing should continue to be treated as purchases of services. In the transaction accounts and balance sheets, financial leases should be classified in the same category as loans. Contracts that meet the definition of financial leasing, irrespective of the type of goods acquired and irrespective of whether they are acquired by producers or consumers, would be included. Financial leasing is most usually offered by independent legal units which are to be classified in the financial

corporate sector. Their output is then imputed like other financial services. In taking its decision about the treatment of financial leasing in the SNA, the Group held the view that most international statistical systems as well as national accounting practices recognize financial leases as financial instruments. In discussing how financial leases should be distinguished from operating leases the Group reviewed different international positions. The present BPM states that "a lease arrangement expected to cover at least three fourth of the cost of the goods, together with the carrying charges, is to be taken as presumptive evidence that a change of ownership is intended." The present OECD practice is to require 100 percent coverage of cost. The International Accounting Standards differentiate financial leases from operating leases in qualitative terms without specifying a proportion of the original cost, apparently because of the practical difficulties of measurement. The EGEST appeared to favor a position somewhere between the BPM and a full cost criterion. The 1968 SNA does not recognize financial leases as financial instruments nor does it recognize the different flows that would have to be attributed to financial leases as opposed to operating leases.

(ii) Bankers acceptances. The rule established for distinguishing actual financial assets from contingent positions leads to the classification of bankers acceptances as actual assets (and liabilities). It should be noted that this differs from national practice in some countries and flexibility in application may therefore be required.

(iii) Repurchase agreements. Repurchase agreements involve the simultaneous sale of securities with the agreement to repurchase those same securities at a later date. The effect of such a transaction is similar to the making of a loan secured by securities. It is recognized analytically and legally in many countries as a loan since actual change of ownership of the securities is deemed not to have taken place; this is by no means a universal practice, however. The EGFFB reached a firm decision that a repurchase agreement should be treated as the creation of a new financial instrument for SNA purposes but recognized that varying national practices may require flexibility in application.

(iv) Zero-coupon bonds, deep-discounted bonds and similar instruments. Zero-coupon bonds are financial instruments that promise to pay a fixed money sum at some point in the future but no stream of interest during the life of the instrument; they sell at a discount from the face value of the instrument. They are, therefore, similar in mechanism to a bill but are often of a very long-term maturity. The long-term maturity and risk factor mean that zero-coupon bonds often sell at a small percentage of their redemption value. Deep-discounted bonds are similar to zero-coupon bonds but they pay a stream of income during the life of the instrument that is less than market determined interest. Since zero-coupon bonds pay nothing until maturity, two problems arise. First, should SNA impute flows during the life of the instrument and should the payment be treated as interest, capital gains, or a combination of the two. The EGFFB recommended that the difference between the issue price

and the value at maturity of zero-coupon and other deep-discounted bonds should be treated as interest and that this interest should be converted into a series of annual or quarterly payments over the full lifetime of the instruments. Subsequent work on developing a scheme for putting this recommendation into practice has, however, identified a number of serious practical problems.

(v) Hedging instruments. In recent years, volatility in interest rates, exchange rates, and commodity prices has given rise to the demand for financial instruments that can negate or reduce exposure to this volatility. This class of instruments is called hedging instruments. While there is no generally accepted definition of hedging instruments, they can be described as arrangements entered into to offset or minimize risk of loss due to price fluctuations. Hedging is a risk management tool that consists of counterbalancing a present sale or purchase of commodities or financial instruments by a purchase or sale for delivery at some future date. Hedging instruments consist of instruments that can be traded on markets, such as options and futures contracts, and techniques, such as interest rate and currency swaps, that cannot be traded.

The treatment of hedging instruments in SNA is unresolved and the following issues may be noted:

1. Options are contracts whereby the writer of the option commits himself unconditionally to buy or sell specified financial instruments or commodities at a specified price over a given period of time or at a future point in time or to pay a specified sum of money. The buyer of the option may or may not execute the option depending on the price specified in the contract and the market price. Options are traded on organized markets and have a market determined value. Because options are not unconditional for both writer and buyer, several expert groups concluded that they should be excluded from financial instruments and classified as intangible assets. Subsequent work on the classification of assets in general has called this conclusion into question so the classification of options and transactions in options is still under discussion. If the option is exercised, the transaction (in financial instruments or commodities) should be recorded in the accounts according to the nature of the transaction and the existence of the option has no influence on its recording.

2. Swaps are arrangements whereby transactors may exchange flows of interest and/or principal and may be in a single currency or multiple currencies. The EGFFB recommended that the intent of the transaction should guide its classification; thus a simple interest rate swap between two transactors should lead to the recording of a net interest payment for both and not interest payments plus a service charge, which the actual transactions would suggest. Work remains to be done on the classification of transactions in more complex swap arrangements and for forward rate agreements where flows are based on notional principal amounts rather than actual assets and liabilities.

## E. TRANSFER OF RESOURCES BETWEEN COUNTRIES

175. The subject of resource transfers between countries--in particular, resource transfers between industrial and developing countries--has been the subject of discussion in various fora. To a considerable extent, these discussions have focussed on the causes of disequilibria in countries' balance of payments, and the need for corrective or adjustment measures. The imbalances in international resource transfers may stem from, or be reflective, of a variety of factors, including developments in terms of trade, a country's indebtedness and the associated debt servicing, capital flight, the pace of capital formation necessitating imports of capital goods, the extent of foreign direct investment flows, the associated transfers of profits, etc. Developments in a country's external economic relations have both forward and backward linkages to developments in the domestic economy.

176. It is clear that, for an effective analysis of the causes of international transfers, an adequate classification of external transactions is needed. The compilation of the system of balance of payments accounts within the framework of the BPM, with its focus on a country's economic relations with the rest of the world, has provided considerable experience in the development of appropriate concepts and classifications. Consequently, considerable part of the discussions in this area in the SNA review process, particularly the deliberations of the EGEST has centered on attaining maximum harmonization between the concepts and classifications of the external sector account of the SNA and the corresponding structure of the BPM. Experts saw considerable merit in this approach as it would promote consistency and enhance the analytical potential of both systems inasmuch as balance of payments statistics are generally utilized in the derivation of the relevant flows in the SNA.

177. The classification of external transactions is very important as it affects almost all main aggregates of the system, including GDP, GNI, NI, and national saving. There are four groups of classification issues that have therefore been studied by the SNA expert groups in some detail. A fifth issue, which does not impact on the coverage of external sector transactions per se but affects the entirety of the accounts of the system, concerns the distinction between private foreign-controlled enterprises and other private enterprises.

178. The first group of issues concerns the delineation of resident entities. As in the 1968 SNA and the BPM, the "center of economic interest" has been taken as the basic criterion for determining whether or not an entity was a resident of the compiling country. The boundaries of a country, which may be recognized for political purposes, may not be appropriate for economic purposes and consequently the SNA utilizes the concept of the "economic territory" (elaborated in Chapter III, paras. 144-146) As an operational guideline, the draft provides that an institutional unit be normally deemed to have a center of economic interest either if it has already engaged in economic activities and transactions in the country for one year or more or if



185. Regarding the treatment of technical assistance personnel, views were divided in the EGEST and the matter was held over for resolution by the EGCL which agreed that the resident status of individuals providing technical assistance abroad be determined with reference to the one-year operational guideline, i.e., they would be deemed to be residents of the recipient country if they worked there for a period of one year or more. In addition, their remuneration would form part of the output and value added of the production unit in the recipient country. Payments by the donor country would be construed as a current transfer. This treatment applies equally to personnel supplied by international organizations.

(b) Enterprises

186. As in the case of individuals, the SNA and the BPM identify resident enterprises or producer units on the basis of the concept of center of economic interest. Since production of enterprises can take place outside the limits of the domestic territory, it is crucial, therefore, to the definition of both GDP and exports and imports to decide at what point production carried out by the personnel and capital equipment of a resident enterprise outside of its economic territory ceases to be classified as part of the domestic production and value added of that enterprise. This question can be rephrased by asking at what point should the enterprise be deemed to have created a local production unit which is treated as a resident unit of the country in which it operates -- that is a foreign branch which can be said to have a center of economic interest in that country.

187. As in the 1968 SNA, the revised SNA recommends that a production unit located abroad be treated as a foreign branch when that unit is set up for the purpose of engaging in a significant level of production activity, e.g., a construction project over a long period of time (broadly, one year or more). However, the one-year rule is not intended to be applied in an inflexible manner; additional considerations may signal the establishment of a significant physical presence in the host country and help in deciding on the resident status of production units in borderline cases, such as maintaining a separate set of accounts. In the particular case of construction activity undertaken abroad, variations in country practices can be expected to continue. While some countries have applied broadly the residence principle enunciated in the revised SNA in deciding whether to attribute construction activity to a resident producer unit or to a notional branch in the host country, other countries have chosen to classify such activity as either exports of services or the creation of a branch abroad, irrespective of the duration of the construction project.

188. The general principles governing the identification of resident enterprises apply also to operators of mobile equipment e.g., aircrafts, ships, etc. Practical difficulties are encountered in determining the residence of mobile equipment that operate primarily in international waters and airspace. As a practical measure, the revised SNA and also the 1968 SNA suggest that they be treated as integral parts of the enterprise that operate these items (usually the home country).

(d) Foreign control

193. In the 1968 SNA, provision is made for a distinction between public and private enterprises on the basis of majority ownership and/or control exercised by the government. In a parallel fashion, discussions in the SNA review process pointed to the need to differentiate between resident enterprises that are subject to foreign control and those that are not. The desire to distinguish between domestically controlled and foreign controlled enterprises stem from the perception that there may be discernible differences in the two classes of enterprises in such attributes as value added, profitability, the level of investment, employment, etc., and therefore it would be analytically useful to identify these subsets of private enterprises in compiling the various accounts of the SNA.

194. The EGFFB examined the coverage of direct investment enterprises as contained in the OECD "Detailed Benchmark Definition of Foreign Direct Investment", which essentially encompasses those enterprises in which a single foreign investor or a group of related entities hold 10 percent of the equity participation with a view to exerting an effective voice in the management of the enterprise. These enterprises, therefore, encompassed branches, subsidiaries (where the ownership of the foreign investor or related investors was more than 50 percent), and associate companies (where the ownership of the foreign investors or group of related investors was 50 percent or less). The EGFFB noted that an effective voice in the management did not necessarily signify control.

195. Consequently, in the absence of other evidence of control, the group agreed that the degree of ownership of equity should be used as a proxy for control because it was a more measurable criterion. As a rule of thumb, the level of ownership by a foreign investor or a group of related investors should be in excess of 50 percent of total equity. The EGFFB also agreed that the foreign-controlled subsector would include branches and subsidiaries as defined in the OECD Benchmark Definition. The decision on whether to include associates would be left to individual countries on the basis of their qualitative assessment of the degree of control effectively exercised.

2. Exports and imports of goods and services  
(Chapter VI, paras. 167-227)

196. The EGEST concluded, inter alia, that in both the revised SNA and the revised BPM, the coverage of exports and imports of goods and services should be defined in an identical fashion so that the relevant balance of payments flows would conceptually constitute the external product (goods and services) flow in the measurement of GDP. With a view to achieving harmonization in both systems, the EGEST made reached some conclusions that entailed some modifications in both the 1968 SNA and the existing BPM.

(b) Nonfactor services  
(Chapter VI, paras. 192-220)

203. Within the aggregates for exports and imports of goods and services, there has been, in recent years, a heightened interest in an expansion of data on international trade in services both from an analytical and policy standpoint. The latter is particularly relevant in the context on global negotiations on trade in services in the GATT framework. Considerable discussions have taken place in various fora -- e.g., the Voorburg Group on services -- in defining the borderline between nonfactor services, on the one hand, and merchandise, factor income, and unrequited transfers, on the other.

204. The EGEST implicitly suggested that there was a need for an expansion in the components for services which could be used as the basis of a harmonized presentation of statistics on transactions in services. The EGEST suggested that these items would include the traditional items shown under services, viz., transport, travel, etc., and also those items that are becoming increasingly important in international transactions, such as financial services and communication services. The details to be shown should agree with the CPC, preferably at a higher level of that hierarchy. Paragraphs 203-216 of the chapter on final expenditures discusses, in an illustrative manner the scope of some of the service items.

205. The IMF, the OECD, and the EEC have undertaken joint work in elaborating an expanded classification of international transactions in services that could be considered the basis for a list of standard components for services for the balance of payment accounts in the future edition of the BPM. This work has been pursued in tandem with the process of revision of the SNA and reflects decisions taken thus far in the SNA review in demarcating borderlines between non-factor services, factor income flows, unrequited transfers, and financial flows. Consequently, the elaboration of data on international trade in services in the balance of payments accounts could be viewed as an elaboration of the relevant external flows of the SNA.

206. One issue that impinges on the coverage and definition of international trade in services stems from the valuation principle used in respect of the aggregate for commodity imports. There presently is a difference in the valuation of imports in the 1968 SNA and the BPM. In the SNA imports are valued c.i.f. -- that is the cost of insurance and freight is included whether these services are provided by residents or nonresidents -- while in the BPM imports are valued f.o.b. -- that is, the cost of insurance and freight services provided by nonresidents are included as services in the shipment item. In the 1968 SNA, an offsetting credit entry is reflected under exports of transport and insurance services covering the services performed by residents on imports (i.e., resident/nonresident transactions).

211. International flows of reinvested earnings that are to be reflected in the accounts of the system represent that part of the undistributed earnings of the enterprise that is proportional to the direct investor's equity share. For example, in the case of a corporation in which a direct investor owns all the ordinary shares or voting stock, all the reinvested earnings of the enterprises are attributable to the direct investor. However, if the direct investor has only a 35 percent equity then only 35 percent of the reinvested earnings are attributable to that investor.

212. Reinvested earnings would be included in the accounts as part of the receipt/payment of property income and concurrently as part of the increase in foreign financial assets/liabilities in the external sector account. The implication of this treatment would be to increase (decrease) the level of national (sectoral) disposable income, saving, and net lending to the rest of the world.

213. In arriving at this conclusion, the EGEST recognized that direct investors, because of their influence in enterprises operating in an economy, can have a significant impact in many countries on the nature, size, and direction of current and capital account flows in the external sector. Their influence is also reflected in decisions that are taken concerning whether enterprises distribute or retain income earned. Thus from a behavioral standpoint, there appears to be little difference between a situation involving the distribution of earnings in a formal sense and their subsequent investment in the capital of the enterprise in the form of equity capital, and a situation in which profits are simply ploughed back for in the further expansion of the enterprise. From an analytical viewpoint, both situations imply international flows of capital. Furthermore, the incorporation of reinvested earnings in the transactions accounts would promote consistency with the current UN guidelines on balance sheets (M-60) wherein the accumulated net worth of resident branches and subsidiaries are attributed to their parent enterprise.

214. Other modifications regarding property income flows and capital flows stem from the change from a "due for payment basis" (1968 SNA) to a "full accrual basis" (revised SNA); this has particular impact in the measurement and recording of interest flows on zero coupon and deep discounted bonds. These are discussed in section D of the discussion paper.

(b) Write-off of bad debts, etc.

215. One modification proposed to the 1968 SNA that affects the coverage of external financial claims and the associated current transfers is the treatment of write-offs of bad debts and the expropriation of property without compensation.

216. In the 1968 SNA, the write-off of bad debts, etc. is treated as a transaction to be recorded in the capital account with an offsetting entry being reflected under current transfers.

222. On a related matter, the EGEST agreed and the EGFFB later reaffirmed that the current BPM's distinction between monetary gold and commodity gold should be the basis for the harmonized treatment of gold. (See also section D.)

4. Valuation of external transactions  
(Chapter VI, paras. 217-223)

223. The EGPAIOT recommended that, in principle, transactions should be recorded at the exchange rate at which they occur. However, there are a number of instances where exchange rate differentials must be taken into account to determine the appropriate treatment in the SNA.

224. When a rate differential reflects the normal spread between buying and selling rates of foreign exchange, the net proceeds derived from transactions in foreign currency should be classified as financial service charges.

225. If the differentials are caused by changes over time in the relative values of currencies due to inflation or other factors, changes in the value of foreign exchange positions should be treated as holding gains or losses in the accounts of the holder.

226. In the case of multiple exchange rates that are the result of official exchange rate policies, the net proceeds accruing to the authorities as a result of transacting in these multiple rates should be treated as a tax (subsidy). The taxes or subsidies for each transaction must be calculated as the difference between the value of these transactions at the actual exchange rate and a so-called unitary rate, which is calculated as the weighted average of all transactions in the external account. The distribution of the total difference between product taxes, income taxes, and wealth taxes results from this calculation.

227. The EGEST prior to the discussion in the EGPAIOT considered, in particular, the point that multiple exchange rate systems give rise to implicit taxes and subsidies between different sectors of the economy; in determining the unitary rate of exchange these taxes and subsidies have to be taken into account. Most experts, while agreeing with the principle of a unitary rate, thought that there were considerable practical difficulties in its application. Other experts favored using the actual exchange rates applied to specific transactions to determine their values in the unit of account. Because the implications of these alternatives for the full set of national accounts were not clear, the discussion was postponed to the EGPAIOT.

228. After the discussions in the EGEST and the EGPAIOT, the following issues are still unresolved. Should the black market rate be included in the calculation of the unitary rate, and if so, should the difference between the black market and unitary rates be treated as a tax/subsidy? If the answer to either one of these questions is negative, should the difference be treated as a capital gain or loss, or entirely as the production of a service? Finally, the treatment of revaluation of stocks of foreign currency denominated assets and liabilities under multiple exchange rates has not been resolved.

229. The 1968 SNA does not deal with these issues.

Issues for discussion

1. Constant price accounting

(a) Chain indices  
(Chapter XII, paras. 71 - 78)

236. The EGPQC considered the question of what type of index numbers are most suitable for the national accounts. Most of the discussion concerned the relative merits of chain indices, in which the weights changes each year, as against fixed weight indices.

237. In favor of chain indices, it was noted that they provide better estimates of year to year changes. They also have an important practical advantage in that they make it easier to introduce new products into the index calculations. However, there is a serious disadvantage with chain indices in that they are not additively consistent. This means that statistical discrepancies appear between totals and components when chain indices are calculated over a run of years; the consistency of the accounts is therefore destroyed. There is also a practical disadvantage in that chain indices require more frequent information on weights.

238. The revised SNA suggests that Laspeyres type volume measures -- obtained by deflating current values using a Paasche price index, by revaluing current year volume at base year prices or by extrapolating base year values by a volume index -- should continue to be the main constant price measures for national accounts purposes. It also suggests that, where feasible, annually chained indices should be shown as supplements to the fixed base series. A related proposal is that the Laspeyres indices should be rebased at frequent intervals, such as every five years, and that these five-year spans should be chain-linked to obtain long-term series.

239. The 1968 SNA does not discuss the use of chain indices. In practice, most countries use fixed base measures for national accounts although a few calculate annually chained indices in addition. To obtain long-term volume measures -- e.g., over 20 years -- some countries rebase the entire period at the prices of a single base year, but most countries chain-link intermediate spans five or ten years as suggested by the revised SNA.

(b) Treatment of price differences for identical products  
(Chapter XII, paras. 13 - 29)

240. This question was discussed by the EGPQC. The experts agreed that, in general, when apparently identical goods or services are sold at different prices, this usually means that the products concerned are different goods and services and should be treated as such in compiling price indices. For example, a cup of coffee in a station buffet will cost less than a cup of coffee sold in a mountain-top restaurant. Even if both cups of coffee are physically identical they should be treated as different goods in a price index; two separate price-relatives should be calculated for each "quality" of the good.

(d) Unique products  
(Chapter XII, paras. 41 and 42)

247. The EGPQC noted that some goods are unique because they are tailored to meet the purchasers' particular requirements. Capital goods such as ships and buildings are usually unique in this sense.

248. Useful experience in dealing with unique capital goods has been acquired in the calculation of purchasing power parities and the methods developed for these inter-spatial comparisons can also be used for inter-temporal price indices.

249. The revised SNA therefore suggests that a limited number of representative structures, ships or buildings for example, should be selected and carefully defined. Experts in the field are then requested to make estimates of what it would cost to construct these goods in successive years.

250. The 1968 SNA does not give explicit guidance on the treatment of unique products.

(e) Price and volume measures for non-market goods and services  
(Chapter XII, paras. 50 - 59)

251. The EGPQC noted that while the output of non-profit institutions serving households and of producers of government services is valued as the sum of costs, constant price measures should wherever possible be based on output measures. The main recommendations made by the Group are:

- (i) The output of non-market health and education services is defined as the transactions that take place between the producers and the consumers. For health services provided on an individual basis, output is defined as consultations, surgical operations, etc.; it is not cures nor the hoped-for changes in the overall level of health in the population at large. For education services, output is defined as the hours of teaching provided; it is not examination successes nor the hoped-for improvement in the educational level of the population.
- (ii) For collective services provided by government (defense, law and order, administration, etc.), output usually has to be defined in terms of the inputs, but total inputs and not only inputs of labour should be used.
- (iii) The preferred method of measuring the real output of health and education services is by extrapolating base year figures by quantity indices -- relating, for example, to the number of medical consultations or the number of student hours. Adjustments for quality changes should be made wherever possible as, of course, they should be in the case of health and education services provided on a market basis.

(g) Real National Disposable Income  
(Chapter XII, paras. 93 - 106)

257. The EGPOC agreed that the system should include Net National Disposable Income in Real Terms. This is defined as follows:

- (1) GDP at constant prices
- (2) plus Trading gain or loss from changes in the terms of trade
- (3) equals Real Gross Domestic Income
- (4) plus Real net factor income from abroad
- (5) equals Real Gross National Income
- (6) plus Real Net Current Transfers from abroad
- (7) equals Real Gross National Disposable Income
- (8) less Consumption of fixed capital at constant prices
- (9) equals Real Net National Disposable Income.

258. The revised SNA recommends that Real Net National Disposable Income should be derived sequentially as shown above. Trading gains and losses would be calculated as described above; net factor incomes and current transfers from abroad (lines (4) and (6)) would be converted to real terms by deflating the current price flows with the price deflator for Gross Final Domestic Expenditure, i.e., final consumption expenditure plus gross capital formation.

259. The revised SNA recognizes, however, that there is no unique way of defining income aggregates in real terms. The revised system will, therefore, also allow for an alternative method in which all net current receipts from abroad -- trade, factor incomes and current transfers -- are deflated by a single deflator, namely the implicit deflator for Net Domestic Final Expenditure.

260. The 1968 SNA does not provide for the calculation of any income aggregates in real terms. "Real" measures are limited to aggregates such as GDP which can be factored into price and quantity components.

2. Revaluation of changes in stocks

- (a) Separation of income generated from holding gains and losses on stock  
(Chapter V, paras. 44 - 54; Annex 5)

261. The general treatment of holding gains was considered by the EGFFB, but no expert group specifically considered the measurement of changes in stocks.

262. Value added is generally measured by deducting intermediate consumption from the value of sales and adding changes in stocks i.e., inventories of finished goods, work-in-progress and goods for intermediate consumption. In order to ensure that value added does not include any holding gains or losses, intermediate consumption, changes in stocks and the value of sales must all be valued at the prices prevailing at the time when the stock movements or transactions take place.



3. Inflation accounting

o (a) Nominal, neutral and real holding gains  
(Chapter XI, paras. 47 - 69)

270. The treatment of holding gains was discussed by the EGFFB.

271. The holders of real or financial assets receive nominal holding gains whenever the prices of the assets rise. Those with financial liabilities receive nominal holding gains whenever the prices of the corresponding financial assets fall. Nominal holding losses arise when asset prices fall (for asset holders) or rise (for those with liabilities). The term "holding gains" is used to indicate that they arise from the simple fact of possession, unlike those which arise from an act of production. The term "nominal" is used to indicate that the gain corresponds to the full amount of the change in the current price of the asset.

272. In the revised SNA, the sequence of accounts includes a revaluation account in which the nominal holding gains are divided between real and neutral holding gains. Neutral holding gains are defined as increases in asset values that exactly match the rise in the general price level. Real holding gains are defined as the difference between nominal and neutral holding gains; they thus measure the extent to which an asset-holder really is better off as a result of changes in asset prices. For example, if the general price level rises by 4 per cent from the beginning to the end of the accounting period, and if the price of given asset, a house for example, increases by 6 per cent over the same period, then the house-owner has enjoyed a neutral holding gain equal to 4 per cent of the initial value of the house, and a real holding gain of 2 per cent. If asset prices just keep pace with the general rate of inflation, there will be no real holding gain; if the asset prices rise less than the general price level, both neutral and real holding gains will be negative -- i.e., they will be losses.

273. The revised SNA recommends that changes in the general price level should be measured by the implicit deflator of Gross Domestic Expenditures. As this consists of consumption expenditure and gross capital formation, it covers a suitably wide range of goods and services.

274. Neither the 1968 SNA nor M-60 discuss the decomposition of nominal holding gains into their neutral and real components.

(b) Real versus nominal interest  
(Chapter IX, paras. 70 - 103)

275. The EGPQC considered the measurement of interest in the income and outlay accounts of the system. They noted that under inflationary conditions, a part of interest payments (equal to the rate of inflation) serves to compensate holders of financial assets for the loss in their real value when the assets are redeemed. It has been suggested that this component of interest should be deducted from interest flows so that the income and outlay accounts would record only the remaining "real" part of interest. The "inflation component" itself would be treated as a capital transfer.

(d) High rates of inflation

283. The EGPQC and the EGC2 considered the special problems that may be caused by very high rates of inflation -- so-called "hyperinflation". They noted that under these conditions, national accounts measured in current prices were difficult to interpret because transactions occurring at the beginning of the accounting period would be valued at very different prices from those prevailing towards the end of the period. For this reason it would seem preferable to use volume measures to compile the accounts directly in constant prices rather than to deflate current price accounts. The experts also noted that the practical problem of compiling national accounts and related statistics in periods of high inflation would be a suitable subject for a Handbook drawing on the practical experience of national accounts compilers from high inflation countries.

284. The experts concluded that, practical problems aside, the revised SNA will provide a suitable conceptual framework for analysing inflation, whether low, medium or high. The revised system provides for the identification of holding gains and losses and for their decomposition into "neutral" and "real" holding gains and losses. The revised SNA also gives clearer guidance on the measurement of production under inflationary conditions because it explains in detail how holding gains and losses are to be eliminated from value added through the treatment of inputs, stock changes and work-in-progress.

285. The 1968 SNA does not consider any of the special problems caused by high rates of inflation. Nor does it provide explicitly for the measurement of holding gains and losses.

## Issues for discussion

### 1. Classification and identification of households and PNPIs

#### (a) Households

(Chapter III, paras. 8-13; Chapter IV, paras. 77-97)

#### (i) Breakdown by socio-economic groups

291. Greater stress will be laid in the revised SNA on sub-sectoring the household sector by socio-economic groups. While such a breakdown was already provided in the 1968 SNA (Table 5.1) it was not really carried through into the accounts and tables. In the revised SNA, the full set of accounts, including production accounts, are to be prepared for the sub-sectors of the household sector, thus permitting analysis of the distributional effects of income generation and distribution. Developed in this way the SNA accounts will contain the main elements of a "Social Accounting Matrix" or "SAM".

292. As an international recommendation the following sub-sectors of households are proposed:

Households excluding non-profit institutions serving households

- Employers
- Own account workers (with no employees)
- Employees
- Recipients of property and transfer income
  - . Recipients of property income
  - . Recipients of pensions
  - . Recipients of other transfers

Non-profit institutions serving households (see below)

293. However the real power of SAMs is unlocked if individual countries adopt extra breakdowns to suit national analytical needs -- for example, urban/rural households, by industry of employment, education, skills, etc.

294. In allocating households to sub-sectors the criterion most consistent with the principles applied elsewhere in the system would be the main source of income of the household as a whole. However, it may be necessary to follow household surveys and allocate the household in relation to the income of some reference person who should be the main income earner.

#### (ii) Formal versus informal activities

295. The EGHS, the EGCl and the EGC2 considered how to distinguish between formal and informal activities. However, no satisfactory definition has been produced. To some experts an adequate approximation is provided by the distinction between corporations (formal) and unincorporated enterprises (informal). Other experts seek a less crude analysis. Further consultations will take place with ILO, who are also seeking a definition for these widely-used terms, with the intention of reaching a common definition for use by the ILO and in the SNA.

301. The revised SNA makes a clearer distinction than hitherto between consumption expenditure and actual consumption: who pays and who consumes?

302. Firstly, the system records consumption in the sector which pays, i.e., consumption expenditure. The consumption expenditure of government and private non-profit institutions serving households is then divided into an "individualisable" part which benefits identifiable households and a collective part which benefits society or the economy as a whole.

303. For convenience it has been agreed to identify the part of government consumption which is considered individualisable by reference to COFOG (M-70, which will be incorporated in the SNA) as follows:

304. All government final consumption expenditure in the following COFOG headings except for general administration and research in each heading.

|       |                             |
|-------|-----------------------------|
| 04.   | Education                   |
| 05.   | Health                      |
| 06.   | Social Security and Welfare |
| 08.01 | Sport and Recreation        |
| 08.02 | Culture                     |

and where they are important and statistics permit

|       |  |
|-------|--|
| 07.11 | (part of) provision of housing           |
| 07.31 | (part of) collection of household refuse |
| 12.12 | (part of) operation of transport system  |

305. A similar breakdown should be adopted for the consumption expenditure of PNPIs.

306. Government consumption expenditure on research and general administration corresponding to government's role in regulating these fields is eliminated but not the administrative expenses of the units producing individualisable services. This treatment aims to render the valuation comparable with similar private sector units. It does, however, require modification to COFOG which currently calls for all administrative expenditure to be broken down by function to the most detailed (three digit) level of classification.

307. In the accounts there are then two concepts of consumption and correspondingly two concepts of income. Firstly there is consumption expenditure of each sector and its disposable income. Then there are social transfers in kind by which we impute to households the income counterpart of individualisable consumption expenditure of government and PNPI. This allows a second use of income account showing adjusted income and actual consumption. In both versions of the use of income account the figure for saving is the same. This mechanism is shown in the accounts in Annex A.

308. As well as the enlarged, actual consumption aggregate, the adjusted income aggregate is extremely useful as a starting point for studies of income distribution.

## H. ROLE OF THE PUBLIC SECTOR

311. In view of the importance of the public sector in its impact on the rest of the economy in many countries, the expert groups have reached conclusions regarding two important aspects. In the first place, experts have agreed that the revised system should include specific recommendations on the coverage of the public sector including criteria for determining what are public enterprises, and also on how transactions within such sector should be consolidated. The criteria of public control are made consistent with those discussed under point E, when the control criterion was discussed with regard to enterprises under foreign control.

312. In the second place, experts have concluded that SNA analysis of the government sector within the public sector should be as close as possible to the specialized analysis of this sector as reflected in GFS. In line with the latter a number of modifications and/or clarifications were introduced either in SNA or GFS that bring the two types of analysis closer together without jeopardizing the specific analytical features of either one. These concern the relation between the GFS cash basis and the SNA accrual basis, they include the treatment and classification of social security funds and social transfers, concern the coverage and classification of taxes, and also some modifications that were proposed with regard to COFOG.

### Issues for discussion

#### 1. Public enterprises

(Chapter III, paras. 16-48)

##### (a) Public corporations versus unincorporated government enterprises

313. The rules for identifying quasi-corporations and unincorporated units with respect to the government sector are the same as those related to the household sector as presented in section A. Enterprises that do not have corporate status in law but which maintain complete sets of accounts including information on withdrawals of operating surplus are quasi-corporations and classified in the corporate sector, while unincorporated units that do not maintain complete accounts remain in the government sector.

314. The term "departmental enterprises" in GFS refers to market producers owned or controlled by government that are unincorporated units having accounting data for production costs and sales income but not a full set of accounts. Public corporations, on the other hand, are corporate or quasi-corporate units with a full set of accounts. Scale of activity is no longer a criterion distinguishing the two categories.

315. The same units will also be identified in the revised SNA and they are defined as government-owned unincorporated units mainly engaged in selling goods and services to the general public at prices normally designed to cover the costs of production or in providing goods and services to other units of general government. They are treated separately from producers of non-market government services in the analysis of production but not in the sector accounts. The term "departmental enterprises" will not be used in the revised SNA; however, a final decision on an alternative terminology has not yet been decided.

(d) Classification of social transfers  
(Chapter VIII, para. 40-59)

321. Government employees' welfare schemes and unfunded pension schemes frequently resemble or form extensions of more generally applicable social security schemes -- the employer-employee relationship shading into the government-citizen relationship. Accordingly, contributions to and benefits from such schemes are to be classified, like those of social security schemes, as social contributions and social benefits, respectively, rather than as other transfers received by government and as unfunded employee pension benefits or other transfers paid by government to households.

322. To permit the distinction between household consumption expenditures and household consumption, government payments to suppliers for goods and services they provide to households and government reimbursements to households for their payments to suppliers are to be classified as government intermediate consumption expenditures, rather than as transfers to households as was previously the case if households were free to choose. The goods and services provided to households under such arrangements are to be classified as government transfers in kind, to be added to households consumption expenditures for the calculation of household consumption.

323. Contributions to social security schemes are labeled contributions, rather than taxes. While no calculation of total taxes is required within the SNA accounts, compulsory social contributions are grouped with taxes to reach the concept of total taxes utilized by GFS and OECD Revenue Statistics and set out in the Annex on GFS-SNA Relationships. That concept of total taxes includes compulsory social contributions, as a separately identified category, and excludes voluntary social contributions.

3. Taxes and other public sector transfers

(a) Classification of taxes, i.e., products, production, income and wealth, etc., and capital taxes  
(Chapter VIII, paras. 8-39)

324. The previous terms of indirect taxes and direct taxes are to be replaced by the terms taxes on production and imports and current taxes on income and wealth, etc., respectively. A third category, capital taxes, embraces the previous category of capital transfers to government, including estate and gift taxes and nonrecurrent taxes on property.

325. The previous breakdown between commodity taxes and other indirect taxes is replaced by a breakdown between taxes on products and other production taxes. In turn, taxes on products are broken down between value-added type taxes, taxes on imports, taxes on exports, and taxes on other products.

(b) Integrated economic accounts for the nation  
(Table 2.4, see Annex A)

342. The integrated economic accounts for the nation is a set of T-accounts in which the sequence of accounts is applied to the main transactor groupings of the system. Revenues and expenditures of each of the sectors are presented on alternate sides of the integrated framework. To close the integrated presentation of the accounts, separate columns are included for the resources and uses of the goods and services account.

(c) Supply and use tables and input-output tables  
(Table 2.5, see Annex A)

343. The supply and use framework of the system is presented in two alternative versions. In Chapter II a reduced version is presented which highlights the main features and in Chapter V a comprehensive version will be included which shows much more detail. The reduced version is included with the present document. The aim of the supply and use framework is twofold: On the one hand, it is the link between the detailed goods and services presentation of the production accounts of the system and the consolidated presentations of the goods and services aggregates in the integrated accounts for the nation; on the other hand, it links up the detailed goods and services presentation of the production accounts with the alternative details reflected in input-output tables.

344. The EGPAIOT considered the supply and use table as an important instrument in reconciliation of balances of goods and services and therefore accorded this table an important place in the system. It was considered to be more important than the input-output table, which is a derived table involving the transfer of secondary products and secondary product activities. The EGPAIOT, however, did not go as far as eliminating the input-output tables from the system and agreed that they be included as supplementary sets of information.

(d) Simplified accounts  
(Table 2.8, see Annex A)

345. The simplified accounts for the nation replace the Consolidated Accounts for the Nation in the 1968 SNA. The simplified accounts are a summary presentation of the integrated accounts for the nation in which only accounts for the national economy and counterpart external accounts are distinguished. They are structured in such a manner that all main aggregates of the system are made explicit either as balancing items or as totals. As the revised system has a wider scope than the 1968 SNA, the simplified accounts are also wider in scope. As compared with the 1968 consolidated accounts, they identify all main income concepts (GDP, GNI, NI, NDI) and also include separately changes in net worth and balance sheet totals.

(e) Sectoral accounts and rest of the world accounts  
(Table 2.1.HH, see Annex A)

346. The sectoral and rest of the world accounts are adaptations of the sequence of accounts to individual sectors. The sectoral accounts exclude transactions that are not relevant for a particular sector. For instance, social transfers are left out as transactions from the non-financial enterprise accounts or the receipt of taxes is included only in the government accounts. Separate parts of the sectoral accounts will be included and explained in the chapters of the revised SNA which deal with the transactions that are included in those accounts. In the present document is included an example of sectoral accounts for the household sector.

(f) Tables and accounts for flow-of-funds analysis and balance sheets  
(Tables 2.6 and 2.7, see Annex A)

347. A three-dimensional flow of funds table which classifies all financial assets and liabilities and changes therein by type of asset/liability and by debtor and creditor sectors is provided. This reduced format presentation is an effective one for explaining the concept of a flow-of-funds table. However, as it is less suitable for presenting details, it is supplemented by a modified flow-of-funds table which is similar to Table 24 in the 1968 SNA and which distinguishes assets and liabilities and identifies for each the debtor and creditor sector separately. The modified flow-of-funds table will be presented and explained in Chapter X of the revised SNA. The present document only includes the reduced format presentation of the flow-of-funds table (Table 2.6). In addition to the flow-of-funds table, the system will include integrated balance sheets and accumulation accounts (Table 2.7). These tables are intended to be included for all sectors and for the national economy. They present in the rows a detailed classification of assets and liabilities and in the columns, the opening and closing stocks of the balance sheets, as well as the changes therein, which are recorded in the capital and financial accounts, other changes in volume of assets accounts, and revaluation accounts of the system.

B. Alternative matrix presentations  
(Table 2.9, see Annex A)

348. The central framework is first presented in the form of T-accounts. Alternative presentations of the central framework therefore have been developed in the form of matrices, which have formats that are clear conversions of the T-accounts into matrix format. The alternative matrix presentations also serve as a link between the revised SNA and social accounting matrices.

349. A simplified matrix is provided. It parallels as closely as possible the simplified accounts for the nation. This implies that most accounts and most of the main aggregates included in the simplified accounts are also represented in the simplified matrix. An extended matrix presentation which still has to be developed will be a matrix version of the integrated accounts for the national economy and will be presented in an annex to the revised SNA.



### C. Supplementary analyses

350. There is much emphasis on a flexible use of the system to adapt to specific analytical uses and alternative circumstances in countries. The system will include a classification of transactions and transactors up to the three digit level, such that countries can choose which level of detail they wish to utilize for specific parts of the framework. It will also include a supplementary classification which identifies transactions in kind and other imputations and introduces breakdowns for alternative analysis particularly for analysis of the household sector.

351. There will be two chapters devoted to the flexible use; one about application of the system to various circumstances and one about satellite accounts. The flexible applications include examples that use the alternative classifications of the system without changing concepts. The satellite accounts also present alternatives, but they are based on concepts that are changed as compared to the central framework in order to satisfy specific types of analysis.

(a) Applications to various circumstances and needs  
(Chapter XIII)

352. Adaptations of the SNA to the special country circumstances and special analysis are adaptations of the SNA that make use of the hierarchy that is inherent in the transactor and transaction classifications but do not include new concepts. Adaptations may highlight particular parts of the system while consolidating other parts. The adaptations of the system may also make use of the complimentary classification of transactions and transactors to which reference was made above. Adaptations that have been elaborated include key sector accounts; external accounts; detailed analysis of the household sector; high inflation; quarterly accounts and regional accounts.

(b) Satellite accounts  
(Chapter XIV)

353. Satellite accounts are alternative presentations of the system which include alternative income or product aggregates. The alternative aggregates are developed as a means of applying the accounting principles of the SNA to a variety of different types of analyses. Presented are two types of satellite accounts. The first type presents sets of integrated accounts that are similar to the SNA in their comprehensiveness but which use different coverages of transactor and transaction concepts. The environmental accounts are an example of this type. The second type of satellite accounts present alternative concepts of parts of the system. Examples of this type included in Chapter XIV are satellite accounts for education, health, tourism, research and development, aid to development, transportation, informatics, housing, etc.

#### D. Links with other systems of statistics

354. The links with related systems of statistics cover those with Balance of Payments, Government Finance Statistics and Money and Banking Statistics. These are statistical systems with types of analyses which are closely related to those of the SNA, but with analytical objectives of their own. They cover only a subset of data of the SNA. The definitions of the relations with those systems has constituted a main part of the discussions of SNA experts groups. The links with alternative accounting systems include those with MPS and also the relations between the SNA and the SNA questionnaire for international reporting and the relation between the tables of the revised SNA and the related Handbooks on National Accounting.

355. The links with related systems will be presented in annexes to the revised SNA.

356. For the links between SNA on the one hand, and GFS, BOP and MBS, the annexes will include bridge tables linking the respective transaction concepts of each of the systems to related ones of the SNA. The bridge tables will be used to identify conceptual links between the concepts of the related systems and the SNA and may also be used to define operational bridge tables for a derivation of SNA data from data based on the related systems. In addition to bridge tables, the annexes will include alternative accounting presentations comparable to those of the SNA that include, however, concepts and balancing items of the related systems.

357. The content of the annex on SNA/MPS links has been agreed on in principle in the EGSNA/MPS. As a result of this Expert Group meeting, it was concluded that all incidental differences between SNA and MPS will be removed either by changing MPS or modifying the text of the revised SNA draft. This conclusion in principle will greatly simplify the links between the two systems and will be reflected in the presentation of the annex. The latter will include two sections. The first one will be a summary of special adaptations of SNA concepts that are needed in order to apply them in countries with centrally planned economies. The second section will include two kinds of tables: conversion tables that allow the derivation of SNA concepts from MPS concepts, for countries that use MPS only, and tables that merge SNA and MPS aggregates for those countries that use the two systems in parallel. Further details of the adaptation and conversion will be elaborated in a Handbook on SNA/MPS links.

#### E. Definition of Transaction and Accounting Rules

##### 1. The definition of transaction (including imputations)

358. The concept of transaction was only explicitly discussed by the EGSS, and it was agreed that there was a need for an explicit definition in the SNA which would identify the imputations and attributions that need to be included. No further discussion was devoted to this issue, but instead imputations and attributions were dealt in an ad hoc manner under specific transactions concepts.

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

u s e s

r e s o u r c e s

I. PRODUCTION ACCOUNT

I. Production account

| I. Production account        |            |
|------------------------------|------------|
| Intermediate consumption     | Output (1) |
| -----                        |            |
| Value added, gross           |            |
| -----                        |            |
| Consumption of fixed capital |            |
| VALUE ADDED, NET             |            |

- (1) Output can be valued at (a) basic prices  
 (b) producers' prices in the absence of VAT  
 (c) producers' prices in the presence of VAT

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## II DISTRIBUTION AND USE OF INCOME ACCOUNTS

## II.1. Primary distribution of income accounts

## II.1.1 Generation of income account

|  |  |
|--|--|
| Compensation of employees                                      | -----<br>Value added, gross<br>-----           |
| Taxes on production and imports (3)                            | -----<br>Consumption of fixed capital<br>----- |
| Subsidies (-) (3)  | -----<br>VALUE ADDED, NET<br>-----             |
| -----<br>Operating surplus, gross/Mixed income, gross<br>----- |  |
| Consumption of fixed capital                                   |  |
| OPERATING SURPLUS, NET/MIXED INCOME, NET                       |  |

- (3) According to the different valuation of output, the item "Taxes on production and imports", which never covers "taxes on imports" for the institutional sectors, includes
- (a) other taxes linked to production
  - (b) taxes on products, except taxes on imports  
other taxes linked to production
  - (c) taxes on products, except VAT and taxes on imports  
other taxes linked to production
- The item "subsidies" includes
- (a) other subsidies linked to production
  - (b) and (c) subsidies on products, except subsidies on imports  
other subsidies linked to production

## II.1.2 Appropriation of primary income account

|   |  |
|---|--|
| Property income                         | -----<br>Operating surplus, gross/Mixed income, gross<br>----- |
| -----<br>Primary income, gross<br>----- | -----<br>Consumption of fixed capital<br>-----                 |
| Consumption of fixed capital            | OPERATING SURPLUS, NET/MIXED INCOME, NET                       |
| PRIMARY INCOME, NET                     | Property income  |
|   | Compensation of employees                                      |
|   | Taxes on production and imports                                |
|   | Subsidies (-)  |



TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

II.2. Secondary distribution of income account

|                                      |   |
|--------------------------------------|---|
| Current taxes on income, wealth etc. | -----<br>Primary income, gross<br>----- |
| Other current transfers              | Consumption of fixed capital            |
| Social contributions                 | PRIMARY INCOME, NET                     |
| Social benefits in cash              |   |
| Miscellaneous current transfers      | Current taxes on income, wealth etc.    |
| -----                                | Other current transfers                 |
| Disposable income, gross             | Social contributions                    |
| -----                                | Social benefits in cash                 |
| Consumption of fixed capital         | Miscellaneous current transfers         |
| DISPOSABLE INCOME, NET               |   |

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## II.3. Redistribution of income in kind account

|   |                                       |
|---|---------------------------------------|
| Social transfers in kind (govt., npi's) | -----                                 |
| -----                                   | Disposable income, gross              |
| Adjusted disposable income, gross       | -----                                 |
| -----                                   | Consumption of fixed capital          |
| Consumption of fixed capital            | DISPOSABLE INCOME, NET                |
| ADJUSTED DISPOSABLE INCOME, NET         |                                       |
|   | Social transfers in kind (households) |

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## 11.4 Use of income account

## 11.4.1 Use of disposable income account

-----  
Final consumption expenditure-----  
Disposable income, gross-----  
Consumption of fixed capital

DISPOSABLE INCOME, NET

-----  
Saving, gross-----  
Consumption of fixed capital

SAVING, NET

## 11.4.2 Use of adjusted disposable income account

-----  
Actual final consumption-----  
Adjusted disposable income, gross-----  
Consumption of fixed capital

ADJUSTED DISPOSABLE INCOME, NET

-----  
Saving, gross-----  
Consumption of fixed capital

SAVING, NET



TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## III. ACCUMULATION ACCOUNTS

changes in assets

changes in liabilities  
and net worth

## III.1 Capital account

Gross fixed capital formation

Changes in stocks

Consumption of fixed capital (-)

Net purchases of land and other non-prod. assets

NET LENDING(+)/NET BORROWING(-)

SAVING, NET

Capital transfers receivable(+)

Capital transfers payable (-)

+++++

CHANGES IN NET WORTH DUE TO  
SAVING & NET CAPITAL TRANSFERS

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## III.2 Financial account

|                              |                                 |
|------------------------------|---------------------------------|
| Gold and SDR's               | Gold and SDR's                  |
| Currency and deposits        | Currency and deposits           |
| Securities other than shares | Securities other than shares    |
| Loans                        | Loans                           |
| Shares and other equity      | Shares and other equity         |
| Insurance technical reserves | Insurance technical reserves    |
| Other accounts receivable    | Other accounts payable          |
|                              | NET LENDING(+)/NET BORROWING(-) |

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## III.3 Other changes in assets accounts

## III.3.1. Other changes in volume of assets account

| -----  |  |
|--|--|
|  | CHANGES IN NET WORTH DUE TO<br>OTHER CHANGES IN VOLUME OF ASSETS |
| Economic appearance<br>of non-produced assets        |  |
| Economic disappearance<br>of non-produced assets (-) |  |
| Destruction of assets<br>by non-insurable risks (-)  |  |
| Uncompensated seizures(+/-)                          |  |
| Adjustment of the residual value of assets (+/-)     |  |
| Changes in classification and structure              |  |

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## III.3.2. Revaluation account

| Nominal holding gains(+)/losses(-)<br>(due to changes in actual prices) | Nominal holding gains(-)/losses(+)<br>(due to changes in actual prices) |
|---|---|
| Non-financial assets  | Liabilities   |
| Produced assets   |   |
| Non-produced assets   | CHANGES IN NET WORTH DUE TO<br>CHANGES IN ACTUAL PRICES                 |
| Financial assets  |   |

## III.3.2.1. Neutral revaluation

| Neutral revaluation (in proportion<br>to general price level) | Neutral revaluation (in proportion<br>to general price level) |
|---|---|
| Non-financial assets  | Liabilities   |
| Produced assets   |   |
| Non-produced assets   | CHANGES IN NET WORTH DUE TO<br>NEUTRAL REVALUATION            |
| Financial assets  |   |

## III.3.2.2. Real holding gains/losses

| Real holding gains(+)/losses(-)<br>(due to changes in relative prices) | Real holding gains(-)/losses(+)<br>(due to changes in relative prices) |
|--|--|
| Non-financial assets   | Liabilities  |
| Produced assets  |  |
| Non-produced assets  | CHANGES IN REAL NET WORTH<br>DUE TO CHANGES IN RELATIVE PRICES         |
| Financial assets   |  |

TABLE 2.1. Full sequence of accounts and balancing items for institutional sectors

## IV. BALANCE SHEETS

a s s e t s

l i a b i l i t i e s

## IV.1. Opening balance sheet

| IV.1. Opening balance sheet |             |
|-----------------------------|-------------|
| Non-financial assets        | Liabilities |
| Produced assets             | NET WORTH   |
| Non-produced assets         |             |
| Financial assets            |             |

## IV.2. Changes in balance sheet

| IV.2. Changes in balance sheet |                                   |
|--------------------------------|-----------------------------------|
| Total changes in assets        | Total changes in liabilities      |
| Non-financial assets           | CHANGES IN NET WORTH, TOTAL       |
| Produced assets                | SAVING & NET CAPITAL TRANSFERS    |
| Non-produced assets            | OTHER CHANGES IN VOLUME OF ASSETS |
| Financial assets               | CHANGES IN ACTUAL PRICES          |
|                                | neutral revaluation               |
|                                | real holding gains/losses         |

## IV.3. Closing balance sheet

| IV.3. Closing balance sheet |             |
|-----------------------------|-------------|
| Non-financial assets        | Liabilities |
| Produced assets             | NET WORTH   |
| Non-produced assets         |             |

TABLE 2.1.(HH.) Sectorial Accounts

=====

|            |
|------------|
| HOUSEHOLDS |
|------------|

=====

u s e s

r e s o u r c e s

I. PRODUCTION ACCOUNT

I. Production account

|                              |                   |
|------------------------------|-------------------|
| Intermediate consumption     | Output (1)        |
| -----                        | Market output     |
| Value added, gross           | Non-market output |
| -----                        |                   |
| Consumption of fixed capital |                   |
| VALUE ADDED, NET             |                   |

- (1) Output can be valued at (a) basic prices  
 (b) producers' prices in the absence of VAT  
 (c) producers' prices in the presence of VAT

II DISTRIBUTION AND USE OF INCOME ACCOUNTS

II.1. Primary distribution of income accounts

II.1.1 Generation of income account

|  |                              |
|--|------------------------------|
| Compensation of employees                | -----                        |
| Gross wages and salaries                 | Value added, gross           |
| Employers' social contribution           | -----                        |
| Employers' actual social contributions   | Consumption of fixed capital |
| Employers' imputed social contributions  | VALUE ADDED, NET             |
| Taxes on products (3)                    |                              |
| Other taxes linked to production         |                              |
| Subsidies on products (-) (3)            |                              |
| Other subsidies linked to production (-) |                              |
| -----                                    |                              |
| Operating surplus, gross                 |                              |
| Mixed income, gross                      |                              |
| -----                                    |                              |
| Consumption of fixed capital             |                              |
| OPERATING SURPLUS, NET                   |                              |
| MIXED INCOME, NET                        |                              |

- (3) According to the different valuation of output, the item "Taxes on products" only applies in cases (b) and (c), including for (b) taxes on products, except taxes on imports (c) taxes on products, except VAT and taxes on imports. The item "subsidies on products" only applies in cases (b) and (c), including in both cases: subsidies on products, except subsidies on imports

TABLE 2.1.(HM.) Sectorial Accounts

=====

|            |
|------------|
| HOUSEHOLDS |
|------------|

=====

II.1.2 Appropriation of primary income account

|   |   |
|---|---|
| Property income                                     | -----   |
| Interest  | Operating surplus, gross                            |
| Land rent and royalties                             | Mixed income, gross                                 |
| -----   | -----   |
| Consumption of fixed capital                        | Consumption of fixed capital                        |
| -----   | OPERATING SURPLUS, NET                              |
| PRIMARY INCOME, GROSS                               | MIXED INCOME, NET                                   |
| -----   | Property income                                     |
| Interest  | Interest  |
| Distributed income of corporate enterprises         | Distributed income                                  |
| Dividends   | of corporate enterprises                            |
| Dividends (corporations)                            | Dividends   |
| Withdrawals from income of quasi-corporation        | Dividends (corporations)                            |
| Reinvested earnings on direct foreign investment    | Withdrawals from income of quasi-corporation        |
| Imputed property income to insurance policy holders | Reinvested earnings on direct foreign investment    |
| Land rent and royalties                             | Imputed property income to insurance policy holders |
| -----   | Land rent and royalties                             |
| Primary income, gross                               | Compensation of employees                           |
| -----   | Gross wages and salaries                            |
| Consumption of fixed capital                        | Employers' social contribution                      |
| -----   | Employers' actual social contributions              |
| PRIMARY INCOME, NET                                 | Employers' imputed social contributions             |

\*\*\*

TABLE 2.1.(HH.) Sectorial Accounts

=====
   
| HOUSEHOLDS |
   
=====

II.1.2.1 Entrepreneurial income account

|  |                              |
|--|------------------------------|
| -----  |                              |
| Property income (connected with market activities) | -----                        |
| Interest   | Operating surplus, gross     |
| ***  | Mixed income, gross          |
| Land rent and royalties                            | -----                        |
|  | Consumption of fixed capital |
|  | OPERATING SURPLUS, NET       |
| -----  | MIXED INCOME, NET            |
| Entrepreneurial income, gross                      |                              |
| -----  |                              |
| Consumption of fixed capital                       | ***                          |
| ENTREPRENEURIAL INCOME, NET                        |                              |

\*\*\* indicates an item deleted from the general sequence of accounts because it does not apply to this sector

II.1.2.2 Appropriation of other primary income account

|  |  |
|--|--|
| -----  |  |
| ***  | -----  |
|  | Entrepreneurial income, gross                      |
|  | -----  |
| Property income (not connected with market activities) | Consumption of fixed capital                       |
|  | ENTREPRENEURIAL INCOME, NET                        |
| Interest   | Compensation of employees                          |
| Land rent and royalties                                | Property income                                    |
|  | Interest   |
| -----  | Distributed income                                 |
| Primary income, gross                                  | of corporate enterprises                           |
| -----  | Dividends  |
| Consumption of fixed capital                           | Dividends (corporations)                           |
|  | Withdrawals from income of quasi-corporation       |
|  | Reinvested earnings on direct foreign investment   |
|  | Imputed property income to insurance policy holder |
| PRIMARY INCOME, NET                                    | Land rent and royalties                            |
|  | ***  |





TABLE 2.1.(HH.) Sectorial Accounts

=====

|            |
|------------|
| HOUSEHOLDS |
|------------|

=====

II.3. Redistribution of income in kind account

|  |   |
|--|---|
| <p>Social transfers in kind (npi's)</p> <p style="padding-left: 20px;">Social benefits in kind<br/>***<br/>***</p> <p style="padding-left: 40px;">Social assistance benefits in kind<br/>Individualized non-market services<br/>(not incl. in social benefits)</p> <p>-----</p> <p>Adjusted disposable income, gross</p> <p>-----</p> <p>Consumption of fixed capital</p> <p>ADJUSTED DISPOSABLE INCOME, NET</p> | <p>-----</p> <p>Disposable income, gross</p> <p>-----</p> <p>Consumption of fixed capital</p> <p>DISPOSABLE INCOME, NET</p> <p>Social transfers in kind</p> <p style="padding-left: 20px;">Social benefits in kind<br/>Social security benefits, reimbursements<br/>Social security benefits in kind<br/>Social assistance benefits in kind<br/>Individualized non-market services<br/>(not incl. in social benefits)</p> |
|--|---|

II.4 Use of income account

II.4.1 Use of disposable income account

|  |   |
|--|---|
| <p>Final consumption expenditure</p> <p>-----</p> <p>Saving, gross</p> <p>-----</p> <p>Consumption of fixed capital</p> <p>SAVING, NET</p> | <p>-----</p> <p>Disposable income, gross</p> <p>-----</p> <p>Consumption of fixed capital</p> <p>DISPOSABLE INCOME, NET</p> |
|--|---|





TABLE 2.1.(HH.) Sectorial Accounts

|            |
|------------|
| HOUSEHOLDS |
|------------|

## III.3.2. Revaluation account

| Nominal holding gains(+)/losses(-)<br>(due to changes in actual prices) | Nominal holding gains(-)/losses(+)<br>(due to changes in actual prices) |
|---|---|
| Non-financial assets  | Liabilities   |
| Produced assets   |   |
| Non-produced assets   |   |
| Financial assets  |   |
|   | CHANGES IN NET WORTH DUE TO<br>CHANGES IN ACTUAL PRICES                 |

## III.3.2.1. Neutral revaluation

| Neutral revaluation (in proportion<br>to general price level) | Neutral revaluation (in proportion<br>to general price level) |
|---|---|
| Non-financial assets  | Liabilities   |
| Produced assets   |   |
| Non-produced assets   |   |
| Financial assets  |   |
|   | CHANGES IN NET WORTH DUE TO<br>NEUTRAL REVALUATION            |

## III.3.2.2. Real holding gains/losses

| Real holding gains(+)/losses(-) (due to<br>changes in relative prices) | Real holding gains(-)/losses(+)<br>(due to changes in relative prices) |
|--|--|
| Non-financial assets   | Liabilities  |
| Produced assets  |  |
| Non-produced assets  |  |
| Financial assets   |  |
|  | CHANGES IN REAL NET WORTH<br>DUE TO CHANGES IN RELATIVE PRICES         |



SNA ACCOUNTING STRUCTURE  
TABLE 2.4 INTEGRATED ECONOMIC ACCOUNTS FOR THE NATION

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U S E S

| (1)  | A                                      | B     | C                         | D                 | E                | F          | G                  | H                      | I                          | J  | K                          | L                      |
|------|--|-------|---------------------------|-------------------|------------------|------------|--------------------|------------------------|----------------------------|--|----------------------------|------------------------|
|      | ACCOUNTS                               | TOTAL | GOODS AND SERVICES (RES.) | REST OF THE WORLD | NATIONAL ECONOMY | HOUSEHOLDS | GENERAL GOVERNMENT | FINANCIAL CORPORATIONS | NON-FINANCIAL CORPORATIONS | TRANSACTIONS AND BALANCING ITEMS                   | NON-FINANCIAL CORPORATIONS | FINANCIAL CORPORATIONS |
| {2}  | 1.                                     | 1093  | 1093                      |                   | 0                |            |                    |                        |                            |  |                            |                        |
| {2}  | EXTERNAL ACCOUNT OF GOODS AND SERVICES | 7947  | 7947                      | 1124              | 0                | 422        | 333                | 124                    | 2896                       | Imports of goods and services                      |                            |                        |
| {2}  |  | 606   | 606                       | 0                 | 377              |            |                    |                        |                            | Exports of goods and services                      |                            |                        |
| {7}  |  | 4778  |                           |                   | 4778             | 998        | 753                | 206                    | 2215                       | Output (1)   | 5111                       | 330                    |
| {8}  |  | 4758  |                           | -31               | 4789             | 838        | 670                | 192                    | 1881                       | Intermediate consumption                           |                            |                        |
| {10} | 11.1.1                                 | 2583  |                           | 10                | 2583             | 190        | 688                | 118                    | 1587                       | Taxes on products (net) (3)                        |                            |                        |
| {11} | GENERATION OF INCOME                   | 806   | 0                         | 0                 | 806              | -12        | 5                  | -12                    | 12                         | Value added, gross/GDP                             | 2215                       | 206                    |
| {12} |  | 930   |                           |                   | 930              | 126        | 60                 | 100                    | 612                        | Consumption of fixed capital                       | 417                        | 192                    |
| {13} |  | 250   |                           |                   | 250              | 102        | -23                | 88                     | 280                        | VALUE ADDED, NET/NDP, EXT. BAL. OF GOODS AND SERV. | 1881                       | 192                    |
| {14} |  | 355   |                           |                   | 355              | 355        |                    |                        |                            | Compensation of employees                          |                            |                        |
| {19} | 11.1.2                                 | 1607  | 0                         | 191               | 1416             | 116        | 116                | 841                    | 343                        | Taxes on production and imports (net)              |                            |                        |
| {20} | APPROPRIATION OF PRIMARY INCOME        | 2758  |                           |                   | 2758             | 3628       | 692                | 137                    | 378                        | Taxes on products (net) (2)                        |                            |                        |
| {21} |  |       |                           |                   |                  |            |                    |                        |                            | Other taxes linked to production (net)             |                            |                        |
| {22} | 11.2                                   | 629   | 0                         | 1                 | 628              | 311        | 1018               | 34                     | 80                         | Operating surplus, gross                           | 614                        | 100                    |
| {23} | SECONDARY DISTRIBUTION OF INCOME       | 2571  | 0                         | 85                | 2486             | 1191       | 791                | 172                    | 133                        | Mixed income, gross                                | 280                        | 88                     |
| {24} |  | 1070  |                           | 0                 | 1063             | 125        | 227                | 22                     | 88                         | MIXED INCOME, NET                                  |                            |                        |
| {25} |  | 881   |                           | 78                | 881              |            |                    |                        |                            | Property income                                    | 107                        | 874                    |
| {26} |  | 620   |                           |                   | 620              |            |                    |                        |                            | PRIMARY INCOME; NET/NATIONAL INCOME, NET           | 378                        | 137                    |
| {27} |  | 2758  |                           |                   | 2758             | 3078       | 1088               | 81                     | 302                        | Current taxes on income, wealth etc.               |                            |                        |
| {28} | 11.3                                   | 720   |                           | 0                 | 720              | 9          | 711                | 0                      |                            | Other current transfers                            | 144                        | 126                    |
| {29} | REDISTRIBUTION OF INCOME IN KIND       | 2778  |                           |                   | 2778             | 3997       | 368                |                        |                            | social contributions                               | 52                         | 25                     |
| {30} |  |       |                           |                   |                  |            |                    |                        |                            | social benefits in cash                            | 92                         | 101                    |
| {31} |  |       |                           |                   |                  |            |                    |                        |                            | Miscellaneous current transfers                    |                            |                        |
| {32} | 11.4                                   | 3850  | 0                         |                   | 3850             | 3413       | 1452               | 0                      |                            | DISPOSABLE INCOME; NET**                           |                            |                        |
| {33} | USE OF INCOME                          | 3850  |                           |                   | 3850             | 3413       | 1452               | 0                      |                            | Other current transfers                            |                            |                        |
| {34} |  | 880   |                           |                   | 880              | 474        | 26                 | 81                     | 309                        | Social transfers in kind                           |                            |                        |
| {35} |  | 300   |                           | -1                | 381              | 392        | -57                | 89                     | -25                        | Adjusted disposable income; NET**                  |                            |                        |
| {36} |  |       |                           |                   |                  |            |                    |                        |                            | Disposable income, gross                           | 302                        | 81                     |
| {37} |  |       |                           |                   |                  |            |                    |                        |                            | Actual final consumption                           |                            |                        |
| {38} |  |       |                           |                   |                  |            |                    |                        |                            | Final consumption expenditure                      |                            |                        |
| {39} |  |       |                           |                   |                  |            |                    |                        |                            | SAVING, NET/CURRENT EXTERNAL BALANCE               |                            |                        |

RESOURCES

| M                          | N                 | O                                 | P                 | Q                         | R                                 | S  |
|----------------------------|-------------------|-----------------------------------|-------------------|---------------------------|-----------------------------------|--|
| GENERAL GOVERNMENT         | HOUSEHOLDS        | NATIONAL ECONOMY                  | REST OF THE WORLD | GOODS AND SERVICES (USES) | TOTAL                             | ACCOUNTS   |
| 1086                       | 1420              | 794<br>0<br>606                   | 1093<br>0         | 1124<br>3775              | 1093<br>7123<br>3775<br>606       | 1. PRODUCTION/EXTERNAL ACCOUNT OF GOODS AND SERVICES |
| 753<br>93<br>70            | 998<br>160<br>838 | 4778<br>589<br>4189               | -31               |                           | 4778<br>4158                      | 11.1.1 GENERATION OF INCOME                          |
| 506<br>389<br>60           | 2573<br>156       | 2573<br>389<br>930                | 20<br>23<br>-18   |                           | 2593<br>601<br>600<br>-30         | 11.1.2 APPROPRIATION OF PRIMARY INCOME               |
| -23                        | 392<br>553        | 268<br>358<br>0                   |                   |                           | 620<br>450<br>550<br>0            |  |
| 67                         | 352               | 1400                              | 207               |                           | 1607                              |  |
| 607<br>524                 | 3628<br>3228      | 4757<br>4158                      |                   |                           | 4757<br>4158                      | 11.2 SECONDARY DISTRIBUTION OF INCOME                |
| 1229<br>1187<br>993<br>174 | 1049<br>978       | 429<br>2466<br>1070<br>871<br>543 | 85<br>10<br>19    |                           | 429<br>2371<br>1070<br>881<br>620 |  |
| 1188                       | 3178              | 0                                 |                   |                           | 4358<br>4112<br>0                 | 11.3 REDISTRIBUTION OF INCOME IN KIND                |
|                            | 720               | 720                               |                   |                           | 0<br>720                          |  |
| 361                        | 3927              | 4358                              |                   |                           | 4358                              | 11.4 USE OF INCOME                                   |
| 1188                       | 3178              | 4758<br>0<br>0                    |                   | 3858                      | 4758<br>3858<br>0<br>0            |  |



C H A N G E S I N A S S E T S

C H A N G E S I

|      |          |      |     |      |      |      |      |      |  |     |      |
|------|----------|------|-----|------|------|------|------|------|--|-----|------|
| (40) | 111.1    | 880  | 0   | 880  | 324  | 151  | 24   | 300  | SAVING, NET/CURRENT EXTERNAL BALANCE                                   | -25 | 69   |
| (41) |          | 805  | 0   | 805  | 328  | 127  | 23   | 210  | Gross capital formation  |     |      |
| (42) |          | 805  | 0   | 805  | 328  | 127  | 23   | 210  | Gross fixed capital formation  |     |      |
| (43) |          | 805  | 0   | 805  | 328  | 127  | 23   | 210  | Changes in stocks  |     |      |
| (44) |          | 805  | 0   | 805  | 328  | 127  | 23   | 210  | Consumption of fixed capital (-)                                       |     |      |
| (45) | CAPITAL  | -588 | 0   | -588 | -160 | -83  | -12  | -357 | Net purchases of land and other non-produced assets                    |     |      |
| (46) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Capital transfers, receivable (-)                                      | 27  | 6    |
| (47) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Capital transfers, payable (-)   | -18 | -8   |
| (48) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | CHANGES IN NET WORTH DUE TO SAVING AND NET CAPITAL TRANSFERS (4)       | -16 | 67   |
| (49) |          | 0    | 2   | -2   | 167  | -134 | 54   | -89  | NET LENDING (+) / NET BORROWING (-)                                    | -89 | 54   |
| (50) | 111.2    | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Net Acquisition of financial assets                                    |     |      |
| (51) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Net incurrence of liabilities  |     |      |
| (52) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Gold and SDR's   | 277 | 989  |
| (53) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Currency and deposits  | 10  | 507  |
| (54) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Securities other than shares   | 19  | 193  |
| (55) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Loans  | 62  | 288  |
| (56) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Shares and other equity  | 28  | 288  |
| (57) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Insurance technical reserves   | 98  | 203  |
| (58) |          | 1759 | 129 | 1630 | 316  | 83   | 1043 | 188  | Other accounts receivable/payable                                      | 79  | -32  |
| (59) | 111.3.1. | -2   | 0   | -2   | 0    | 0    | 0    | -2   | Econ. appearance of non-prod. assets (+)                               |     |      |
| (60) |          | -2   | 0   | -2   | 0    | 0    | 0    | -2   | Econ. disappearance of non-produced assets (-)                         |     |      |
| (61) | OTHER    | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Destruct. of assets by non-insurable risks (-)                         |     |      |
| (62) | CHANGES  | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Uncompensated seizures (+/-)   |     |      |
| (63) | IN       | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Adjustment of the residual value of assets (+/-)                       |     |      |
| (64) | VOLUME   | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Changes in classification and structure                                |     |      |
| (65) | OF       | 0    | 0   | 0    | 0    | 0    | 0    | 0    | CHANGES IN NET WORTH DUE TO OTHER CHANGES IN VOLUME OF ASSETS          | -2  |      |
| (66) | ASSETS   | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Nominal holding gains (+)/losses (-) (due to changes in actual prices) |     |      |
| (67) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | Non-financial assets   |     |      |
| (68) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | produced assets  |     |      |
| (69) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | non-produced assets  |     |      |
| (70) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | financial assets   |     |      |
| (71) |          | 0    | 0   | 0    | 0    | 0    | 0    | 0    | liabilities  |     |      |
| (72) | 111.3.2  | 54   | 164 | 54   | 295  | 47   | 8    | 197  | CHANGES IN NET WORTH DUE TO CHANGES IN ACTUAL PRICES                   | 509 | 446  |
|      | RE-      | 210  | 164 | 210  | 160  | 38   | 8    | 124  |  | 62  | -161 |
|      | VALUA-   | 1135 | 164 | 971  | 301  | 19   | 277  | 374  |  |     |      |
|      | TION     | 0    | 0   | 0    | 0    | 0    | 0    | 0    |  |     |      |

LIABILITIES AND NET WORTH

|      |     |      |     |                   |      |           |
|------|-----|------|-----|-------------------|------|-----------|
| -57  | 314 | 301  | -1  | 889<br>985<br>-18 | 300  | III.1     |
|      |     | 0    | 0   |                   | 0    | CAPITAL   |
| 66   | 12  | 9    | 1   |                   | 9    |           |
| 53   |     | 94   | 1   |                   | 9    |           |
| -64  | 311 | 298  | 2   |                   | 300  |           |
| -134 | 167 | -2   | 2   |                   | 0    | III.2     |
|      |     | 0    |     |                   | 0    |           |
| 217  | 149 | 1632 | 127 |                   | 1750 | FINANCIAL |
| 0    |     | 0    | 0   |                   | 0    |           |
| 42   |     | 26   | 22  |                   | 62   |           |
| 13   |     | 26   | 22  |                   | 22   |           |
| 42   | 14  | 26   | 22  |                   | 22   |           |
| 0    |     | 30   | 27  |                   | 27   |           |
| 20   | 7   | 74   | 1   |                   | 75   |           |
|      |     | 0    |     |                   | 0    | III.3.1.  |
|      |     | 0    |     |                   | 0    | OTHER     |
|      |     | 0    |     |                   | 0    | CHANGES   |
|      |     | 0    |     |                   | 0    | IN        |
|      |     | 0    |     |                   | 0    | VOLUME    |
|      |     | 0    |     |                   | 0    | OF        |
|      |     | 0    |     |                   | 0    | ASSETS    |
|      |     | 0    |     |                   | 0    |           |
| 6    |     | 96   | 174 |                   | 113  | III.3.2   |
| 54   | 596 | 551  | -10 |                   | 54   | RE-       |
|      |     | 0    |     |                   | 0    | VALUA-    |
|      |     | 0    |     |                   | 0    | TION      |

SNA ACCOUNTING STRUCTURE  
TABLE 2.4 INTEGRATED ECONOMIC ACCOUNTS FOR THE NATION

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ASSETS

|      |         |       |      |      |       |       |      |       |      |                                    |      |       |
|------|---------|-------|------|------|-------|-------|------|-------|------|------------------------------------|------|-------|
| (73) | IV.1    | 17260 |      |      | 17260 | 10220 | 1130 | 210   | 5700 | Non-financial assets               |      |       |
| (74) | OPENING | 17260 |      |      | 17260 | 10220 | 1130 | 210   | 5700 | produced assets                    |      |       |
| (75) |         | 17260 |      |      | 17260 | 10220 | 1130 | 210   | 5700 | non-produced assets                |      |       |
| (76) | BALANCE | 24000 | 2600 |      | 21400 | 2700  | 1600 | 10800 | 4300 | financial assets                   |      |       |
| (77) |         | 0     |      |      | 0     | 0     | 0    | 0     | 0    | Liabilities                        | 6600 | 10700 |
| (78) | SHEET   | 0     |      |      | 0     | 0     | 0    | 0     | 0    | NET WORTH                          | 3400 | 310   |
| (79) | IV.2    | 0     |      |      | 0     | 0     | 0    | 0     | 0    | Total changes in assets            |      |       |
| (80) |         | 839   |      |      | 839   | 439   | 111  | 21    | 268  | Non-financial assets               |      |       |
| (81) | CHANGES | 839   |      |      | 839   | 439   | 111  | 21    | 268  | produced assets                    |      |       |
| (82) |         | 120   |      |      | 120   | 352   | 106  | 20    | 290  | non-produced assets                |      |       |
| (83) | IN      | 120   |      |      | 120   | 85    | 5    | 1     | 38   | financial assets                   |      |       |
| (84) | BALANCE | 2899  | 293  |      | 2601  | 617   | 102  | 1320  | 562  | Total changes in liabilities       | 786  | 1435  |
| (85) | SHEET   | 0     |      |      | 0     | 0     | 0    | 0     | 0    | CHANGES IN NET WORTH TOTAL         | 44   | -94   |
| (86) |         | 0     |      |      | 0     | 0     | 0    | 0     | 0    | SAVING AND NET CAPITAL TRANSFERS   | -19  | 87    |
| (87) |         | 0     |      |      | 0     | 0     | 0    | 0     | 0    | OTHER CHANGES IN VOLUME OF ASSETS  | 2    | -161  |
| (88) |         | 0     |      |      | 0     | 0     | 0    | 0     | 0    | CHANGES IN ACTUAL PRICES           | 62   | -161  |
| (89) |         | 0     |      |      | 0     | 0     | 0    | 0     | 0    | neutral revaluation                |      |       |
| (90) |         | 0     |      |      | 0     | 0     | 0    | 0     | 0    | real holding gains (+)/ losses (-) |      |       |
| (91) | IV.3    | 18092 | 0    | 0    | 18092 | 10659 | 1241 | 231   | 5968 | Non-financial assets               |      |       |
| (92) | CLOSING | 12102 |      |      | 12102 | 6024  | 1106 | 222   | 2850 | produced assets                    |      |       |
| (93) |         | 5907  |      |      | 5907  | 2937  | 132  | 9     | 1128 | non-produced assets                |      |       |
| (94) | BALANCE | 26899 | 0    | 2893 | 24001 | 5317  | 1702 | 12120 | 4862 | financial assets                   | 7386 | 12135 |
| (95) |         | 0     |      |      | 0     | 0     | 0    | 0     | 0    | Liabilities                        |      |       |
| (96) | SHEET   | 0     |      |      | 0     | 0     | 0    | 0     | 0    | NET WORTH                          | 3444 | 216   |

- (1) Output can be valued at  
 (a) basic prices  
 (b) producers' prices in the absence of VAT  
 (c) producers' prices in the presence of VAT.
- (2) The item "taxes on products, net" will only apply in cases (b) and (c), including for  
 (b) taxes on products, net, except taxes on imports, net  
 (c) taxes on products, net, except VAT and taxes on imports, net
- (3) The item "taxes on products, net" in the columns goods and services and national economy will include in case  
 (a) all taxes on products, net  
 (b) taxes on imports, net  
 (c) taxes on imports and VAT, net
- (4) "Changes in net worth due to saving and net capital transfers" corresponds to the total of the right hand side of the capital account.

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LIABILITIES

|      |       |       |      |   |       |   |
|------|-------|-------|------|---|-------|---|
| 1900 | 2000  | 21200 | 2800 |   | 24000 | IV.1<br>OPENING<br>BALANCE<br>SHEET       |
| 830  | 17920 | 17460 | -200 |   | 17260 |   |
| 223  | 149   | 299   | 301  |   | 209   | IV.2<br>CHANGES<br>IN<br>BALANCE<br>SHEET |
| -19  | 907   | 88    | -8   | 0 | 83    |   |
| -64  | 311   | 294   | 2    |   | 300   |   |
| 54   | 596   | 551   | -10  |   | 541   |   |
| 2123 | 2149  | 2379  | 3101 | 0 | 2689  | IV.3<br>CLOSING<br>BALANCE<br>SHEET       |
| 820  | 13827 | 18307 | -208 | 0 | 18099 |   |

TABLE 2.5 SUPPLY AND USE, reduced format

| RESOURCES                                   | TOTAL SUPPLY IN PURCHASERS' PRICES | Trade & transport margins | Taxes on products net (3) | INDUSTRIES (by ISIC cat.) |                         | NATIONAL ECONOMY | IMPORTS of goods and serv. |   |            |            |                    |                    |                            |                   |
|---|------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|------------------|----------------------------|---|------------|------------|--------------------|--------------------|----------------------------|-------------------|
|   |                                    |                           |                           | Agric. hunting, ...       | Wholesale... retail ... |                  |                            | (1) Output can be valued at<br>(a) basic prices<br>(b) producers' prices in the absence of VAT<br>(c) producers' prices in the presence of VAT<br><br>(2) The item "taxes on products, net" will apply to industries only in cases (b) and (c), including in case<br>(b) taxes on products, net, except taxes on imports, net<br>(c) taxes on products, net, except taxes on imports and VAT, net<br><br>(3) The item "taxes on products, net" will include in case<br>(a) all taxes on products, net<br>(b) taxes on imports, net<br>(c) taxes on imports and VAT, net |            |            |                    |                    |                            |                   |
| GOODS AND SERVICES (by CPC sections:)       |                                    |                           |                           | Output (1)                |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Agriculture, forestry and fishery products  |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Ores and minerals, electricity, gas & water |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Trade services, restaurant & hotel services |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Community, social and personal services     |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| TOTAL                                       |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| USES  | TOTAL USES IN PURCHASERS' PRICES   |                           |                           | INDUSTRIES (by ISIC cat.) |                         | NATIONAL ECONOMY | EXPORTS of goods and serv. | Final consumption expenditure   |            |            |                    |                    | Gross capital formation    |                   |
|   |                                    |                           |                           | Agric. hunting, ...       | Wholesale... retail ... |                  |                            | HOUSEHOLDS  | HOUSEHOLDS | HOUSEHOLDS | GENERAL GOVERNMENT | GENERAL GOVERNMENT | Gross fix. cap. in format. | Changes in stocks |
| GOODS AND SERVICES (by CPC sections:)       |                                    |                           |                           | Intermediate consumption  |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Agriculture, forestry and fishery products  |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Ores and minerals, electricity, gas & water |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Trade services, restaurant & hotel services |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Community, social and personal services     |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| TOTAL USES in purchasers' prices            |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| TOTAL GROSS VALUE ADDED/GDP                 |                                    |                           |                           | Gross value added         |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Compensation of employees                   |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Taxes on production and imports, net        |                                    |                           | (3)                       | (2)                       |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Taxes on products, net                      |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Other taxes linked to production, net       |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Operating surplus, net                      |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Mixed income, net                           |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Consumption of fixed capital                |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Operating surplus, gross                    |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| Mixed income, gross                         |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |
| TOTAL                                       |                                    |                           |                           |                           |                         |                  |                            |   |            |            |                    |                    |                            |                   |

TABLE 2.6 FINANCIAL TRANSACTIONS BETWEEN CREDITOR AND DEBTOR SECTORS, reduced format

| Debtor sector              | Creditor sector            | BY TYPE OF FINANCIAL INSTRUMENT                              |                |                                   |
|----------------------------|----------------------------|--|----------------|-----------------------------------|
|                            |                            | TOTAL  | Gold and SDR's | Other accounts receivable/payable |
|                            |                            | Assets of creditor sectors and liabilities of debtor sectors |                |                                   |
| Non-financial corporations | Non-financial corporations |  |                |                                   |
|                            | Financial corporations     |  |                |                                   |
|                            | General government         |  |                |                                   |
|                            | Households                 |  |                |                                   |
|                            | Rest of the world          |  |                |                                   |
| Financial corporations     | Non-financial corporations |  |                |                                   |
| General government         | Non-financial corporations |  |                |                                   |
| Households                 | Non-financial corporations |  |                |                                   |
| Rest of the world          | Non-financial corporations |  |                |                                   |
| Debtor sector:             |                            | Liabilities of debtor sectors                                |                |                                   |
| Non-financial corporations |                            |  |                |                                   |
| Financial corporations     | All Creditor sectors       |  |                |                                   |
| General government         |                            |  |                |                                   |
| Households                 |                            |  |                |                                   |
| Rest of the world          |                            |  |                |                                   |
| All Debtor sectors         |                            | Assets of creditor sectors                                   |                |                                   |
|                            | Creditor sectors:          |  |                |                                   |
|                            | Non-financial corporations |  |                |                                   |
|                            | Financial corporations     |  |                |                                   |
|                            | General government         |  |                |                                   |
|                            | Households                 |  |                |                                   |
|                            | Rest of the world          |  |                |                                   |

TABLE 2.8 SIMPLIFIED ACCOUNTS FOR THE NATION

| resources                                    | uses   |
|--|--|
| I. PRODUCTION AND GOODS AND SERVICES ACCOUNT |  |
| Output (1)                                   | Final consumption expenditure/<br>/ actual final consumption |
| Taxes on products (net) (2)                  | Gross capital formation                                      |
| Intermediate consumption (-)                 | Gross fixed capital formation                                |
|  | Changes in stocks  |
|  | Exports of goods and services                                |
|  | Imports of goods and services (-)                            |
| GROSS DOMESTIC PRODUCT                       | GROSS DOMESTIC PRODUCT                                       |

- (1) Output can be valued at (a) basic prices  
 (b) producers' prices in the absence of VAT  
 (c) producers' prices in the presence of VAT
- (2) The item "taxes on products, net" will include in case (a) all taxes on products, net  
 (b) only taxes on imports, net  
 (c) only taxes on imports and VAT, net

| uses   | resources   |
|--|---|
| II. DISTRIBUTION AND USE OF INCOME ACCOUNT                   |   |
| Final consumption expenditure/<br>/ actual final consumption | GROSS DOMESTIC PRODUCT  |
|  | Compensation of employees, net<br>(from the rest of the world)            |
|  | Property income, net<br>(from the rest of the world)                      |
|  | -----   |
|  | GROSS NATIONAL INCOME   |
|  | Consumption of fixed capital (-)  |
|  | -----   |
|  | NATIONAL INCOME, NET  |
|  | Current taxes on income, wealth etc., net<br>(from the rest of the world) |
|  | Other current transfers, net<br>(from the rest of the world)              |
|  | -----   |
| NATIONAL SAVING, NET   | NATIONAL DISPOSABLE INCOME, NET   |
| NATIONAL DISPOSABLE INCOME, NET                              |   |

TABLE 2.8 SIMPLIFIED ACCOUNTS FOR THE NATION

III. ACCUMULATION ACCOUNTS

changes in assets

changes in liabilities  
and net worth

III.1. and 2. CAPITAL AND FINANCIAL ACCOUNTS

|  |   |
|--|---|
| Gross capital formation                          | NATIONAL SAVING, NET                          |
| Gross fixed capital formation                    | Capital transfers, net                        |
| Changes in stocks                                | (from the rest of the world)                  |
| Consumption of fixed capital (-)                 |   |
| Net purchases of land and other non-produced ass |   |
| Net acquisition of financial assets              | +++++   |
| Net incurrence of liabilities (-)                | CHANGES IN NET WORTH, DUE TO (NATIONAL)       |
|  | SAVING, NET, AND (EXTERNAL) CAPITAL TRANSFERS |

III.3. OTHER CHANGES IN ASSETS ACCOUNT

|  |                                      |
|--|--------------------------------------|
| Other volume changes in assets and liabilities | Revaluation of liabilities           |
| Revaluation of assets                          |                                      |
| Non-financial assets                           |                                      |
| Produced assets                                |                                      |
| Non-produced assets                            |                                      |
| Financial assets                               | CHANGES IN NET WORTH, DUE TO         |
|  | OTHER CHANGES IN VOLUME OF ASSETS    |
|  | NOMINAL HOLDING GAINS (+)/LOSSES (-) |

IV. BALANCE SHEETS

assets

liabilities

IV.1. OPENING BALANCE SHEET

|                      |             |
|----------------------|-------------|
| Non-financial assets | Liabilities |
| Produced assets      |             |
| Non-produced assets  |             |
| Financial assets     | NET WORTH   |

IV.2. CLOSING BALANCE SHEET

|                      |             |
|----------------------|-------------|
| Non-financial assets | Liabilities |
| Produced assets      |             |
| Non-produced assets  |             |
| Financial assets     | NET WORTH   |



TABLE 2.8 SIMPLIFIED ACCOUNTS FOR THE NATION

| u s e s                                      | r e s o u r c e s  |
|--|--|
| V.I/II CURRENT EXTERNAL TRANSACTIONS ACCOUNT |  |
| Imports of goods and services                | Exports of goods and services                                  |
|  | Compensation of employees, net receivable                      |
|  | Taxes minus subsidies on production and imports net receivable |
|  | Property income, net receivable                                |
|  | Current taxes on income, wealth etc. net receivable            |
|  | Other current transfers, net receivable                        |
| CURRENT EXTERNAL BALANCE                     |  |

V.III EXTERNAL ACCUMULATION ACCOUNTS

| c h a n g e s<br>i n a s s e t s                       | c h a n g e s i n l i a b i l i t i e s<br>a n d n e t w o r t h |
|--|--|
| V.III.1.and 2. CAPITAL AND FINANCIAL ACCOUNTS          |  |
| Net purchases of land and other non-produced assets *) | CURRENT EXTERNAL BALANCE   |
|  | Capital transfers, net receivable                                |
| Net lending/net borrowing of the nation                | +++++  |
| Net acquisition of external financial assets           | CHANGES IN NET WORTH DUE TO CURRENT EXTERNAL                     |
| Net incurrence of external liabilities (-)             | BALANCE AND NET CAPITAL TRANSFERS                                |

| V.III.2. OTHER CHANGES IN ASSETS ACCOUNT       |                                      |
|--|--------------------------------------|
| Other volume changes in assets and liabilities | Revaluation of external liabilities  |
| Revaluation of external financial assets       | CHANGES IN NET WORTH, DUE TO         |
|  | OTHER CHANGES IN VOLUME OF ASSETS    |
|  | NOMINAL HOLDING GAINS (+)/LOSSES (-) |

\*) This item never covers land in the case of external transactions

TABLE 2.8 SIMPLIFIED ACCOUNTS FOR THE NATION

V.IV. EXTERNAL ASSETS AND LIABILITIES ACCOUNT

a s s e t s

l i a b i l i t i e s

V.IV.1. OPENING BALANCE SHEET

-----  
Financial external assets

External liabilities

NET EXTERNAL FINANCIAL POSITION OF THE NATION

V.IV.2. CLOSING BALANCE SHEET

-----  
Financial external assets

External liabilities

NET EXTERNAL FINANCIAL POSITION OF THE NATION

TABLE 2.9  
Simplified matrix  
presentation of the  
integrated accounts for  
the nation

|  |                          |                  | Balance<br>sheets<br>opening<br>stocks | Goods &<br>Services<br>account | Produc-<br>tion<br>account | Distribution of<br>income account |             | Current<br>external<br>trans-<br>actions<br>account | Use of<br>income<br>account | Accumulation accounts     |                   |                            |              | Balance<br>sheets<br>closing<br>stocks |      |
|--|--------------------------|------------------|--|--------------------------------|----------------------------|-----------------------------------|-------------|---|-----------------------------|---------------------------|-------------------|----------------------------|--------------|--|------|
|  |                          |                  |  |                                |                            | Primary                           | Second.     |   |                             | National Economy          |                   | Rest of the World          |              |  |      |
|  |                          |                  |  |                                |                            |                                   |             |   |                             | Capital<br>transfers<br>8 | Assets<br>9       | Capital<br>transfers<br>10 | Assets<br>11 |  |      |
|  |                          |                  | 1                                      | 2                              | 3                          | 4                                 | 5           | 6   | 7                           | 8                         | 9                 | 10                         | 11           | 12                                     |      |
| Balance sheets<br>opening stocks         |                          | 1                |  |                                |                            |                                   |             |   |                             |                           | 17260<br>21400    |                            | 2600         |  |      |
| Goods & services<br>account              |                          | 2                |  |                                | 3775                       |                                   |             | 1124  | 3858                        |                           | 905<br>-16        |                            |              |  |      |
| Production<br>account                    |                          | 3                |  | 7947<br>606                    |                            |                                   |             |   |                             |                           |                   |                            |              |  |      |
| Distribution<br>of income<br>account     | Primary inc.<br>distrib. | 4                |  |                                | 4189<br>589                | 3762                              |             | 201   |                             |                           |                   |                            |              |  |      |
|  | Second. inc.<br>distrib. | 5                |  |                                |                            | 4158<br>589                       | 2829        | 86  |                             |                           |                   |                            |              |  |      |
| Current external<br>transactions account |                          | 6                |  | 1093                           |                            | 232                               | 85          |   |                             |                           |                   |                            |              |  |      |
| Use of income<br>account                 |                          | 7                |  |                                |                            |                                   | 4159<br>589 |   |                             |                           |                   |                            |              |  |      |
| Accu-<br>mulation<br>accounts            | National<br>Economy      | Net<br>worth     | 8                                      | 17460                          |                            |                                   |             |   | 301<br>589                  | -4                        | -589<br>-2<br>551 | 1                          |              | 18307                                  |      |
|  |                          | Liabili-<br>ties | 9                                      | 21200                          |                            |                                   |             |   |                             |                           | 1503<br>797       |                            | 129<br>164   | 23793                                  |      |
|  | Rest of<br>the world     | Net<br>worth     | 10                                     | -200                           |                            |                                   |             |   | -1                          |                           | 4                 | 0<br>-10<br>0              | -1           |  | -208 |
|  |                          | Liabili-<br>ties | 11                                     | 2800                           |                            |                                   |             |   |                             |                           |                   | 127<br>174                 |              |  | 3101 |
| Balance sheets<br>closing stocks         |                          | 12               |  |                                |                            |                                   |             |   |                             |                           | 18099<br>24001    |                            | 2893         |  |      |

TABLE 2.9  
Simplified matrix  
presentation of the  
integrated accounts for  
the nation

|                                       |                       | 1           | 2              | 3              | Distribution of income account |                | 6    | 7              | Accumulation accounts |                         |                            |                  | 12    |        |
|---------------------------------------|-----------------------|-------------|----------------|----------------|--------------------------------|----------------|------|----------------|-----------------------|-------------------------|----------------------------|------------------|-------|--------|
|                                       |                       |             |                |                | Primary                        | Second.        |      |                | National Economy      |                         | Rest of the World          |                  |       |        |
|                                       |                       |             |                |                |                                |                |      |                | Capital transfers     | Assets                  | Capital transfers          | Assets           |       |        |
|                                       |                       |             |                |                | 4                              | 5              |      |                | 8                     | 9                       | 10                         | 11               |       |        |
| Balance sheets opening stocks         |                       | 1           |                |                |                                |                |      |                |                       | x1.9a<br>x1.9b          |                            | x1.11            |       |        |
| Goods & services account              |                       | 2           |                | x2.3           |                                |                | x2.6 | x2.7           |                       | x2.9a<br>x2.9b          |                            |                  |       |        |
| Production account                    |                       | 3           | x3.2a<br>x3.2b |                |                                |                |      |                |                       |                         |                            |                  |       |        |
| Distribution of income account        | Primary inc. distrib. | 4           |                | x4.3a<br>x4.3b | x4.4                           |                | x4.6 |                |                       |                         |                            |                  |       |        |
|                                       | Second. inc. distrib. | 5           |                |                | x5.4a<br>x5.4b                 | x5.5           | x5.6 |                |                       |                         |                            |                  |       |        |
| Current external transactions account |                       | 6           | x6.2           |                | x6.4                           | x6.5           |      |                |                       |                         |                            |                  |       |        |
| Use of income account                 |                       | 7           |                |                |                                | x7.5a<br>x7.5b |      |                |                       |                         |                            |                  |       |        |
| Accumulation accounts                 | National Economy      | Net worth   | 8              | x8.1           |                                |                |      | x8.7a<br>x8.7b | x8.8                  | x8.9a<br>x8.9b<br>x8.9c | x8.10                      |                  | x8.12 |        |
|                                       |                       | Liabilities | 9              | x9.1           |                                |                |      |                |                       | x9.9a<br>x9.9b          |                            | x9.11a<br>x9.11b | x9.12 |        |
|                                       | Rest of the world     | Net worth   | 10             | x10.1          |                                |                |      | x10.6          |                       | x10.8                   | x10.9a<br>x10.9b<br>x10.9c | x10.10           |       | x10.12 |
|                                       |                       | Liabilities | 11             | x11.1          |                                |                |      |                |                       |                         | x11.9a<br>x11.9b           |                  |       | x11.12 |
| Balance sheets closing stocks         |                       | 12          |                |                |                                |                |      |                |                       | x12.9a<br>x12.9b        |                            | x12.11           |       |        |

TABLE 2.9 Simplified matrix presentation

## EXPLANATION OF THE MATRIX ELEMENTS:

|        |  |
|--------|--|
| x3.2a  | Output   |
| x3.2b  | Taxes on products (net)  |
| -----  |  |
| x2.3   | Intermediate consumption<br>Intermediate consumption   |
| -----  |  |
| x4.3a  | Domestic product<br>DOMESTIC PRODUCT, NET  |
| x4.3b  | Consumption of fixed capital   |
| -----  |  |
| x2.6   | Imports/Exports<br>Exports of goods and services   |
| x6.2   | Imports of goods and services  |
| -----  |  |
| x2.7   | Final consumption<br>Final consumption   |
| -----  |  |
| x2.9a  | Gross capital formation<br>Gross fixed capital formation   |
| x2.9b  | Changes in stocks  |
| -----  |  |
| x4.4   | Primary income flows<br>Primary income flows (except taxes on products, net) between resident units                  |
| x4.6   | Primary income flows from the rest of the world  |
| x6.4   | Primary income flows to the rest of the world  |
| -----  |  |
| x5.4a  | NATIONAL INCOME, NET   |
| x5.4b  | Consumption of fixed capital   |
| -----  |  |
| x5.5   | Transfers of redistribution<br>Transfers of redistribution between resident units                                    |
| x5.6   | Transfers of redistribution from the rest of the world   |
| x6.5   | Transfers of redistribution to the rest of the world   |
| -----  |  |
| x7.5a  | DISPOSABLE INCOME, NET   |
| x7.5b  | Consumption of fixed capital   |
| -----  |  |
| x8.7a  | SAVING, NET  |
| x8.7b  | Consumption of fixed capital   |
| x10.6  | Current external balance   |
| -----  |  |
| x8.8   | Capital transfers<br>Capital transfers, payable (-), national economy  |
| x8.10  | Capital transfers, receivable national economy   |
| x10.8  | Capital transfers, receivable, rest of the world   |
| x10.10 | Capital transfers, payable (-), rest of the world  |
| -----  |  |
| x8.9a  | Consumption of fixed capital (-)   |
| -----  |  |
| x10.9c | Net purchases of land and other non produced assets  |
| -----  |  |
| x9.9a  | Financial assets and liabilities<br>Net acquisition of fin. assets/ incurrence of liabilities between resident units |
| x9.11a | Net acquisition of fin. assets of the rest of the world<br>/incurrence of liabilities of the national economy        |
| x11.9a | Net acquisition of fin. assets of the national economy<br>/incurrence of liabilities of the rest of the world        |
| -----  |  |

|        |                                   |  |
|--------|-----------------------------------|--|
|        | -----                             |  |
|        | Other changes in volume of assets |  |
| x8.9b  |                                   | Other changes in volume of assets (net), national economy  |
| x10.9a |                                   | Other changes in volume of assets (net), rest of the world                                       |
|        | -----                             |  |
|        | Revaluation                       |  |
| x8.9c  |                                   | Revaluation of assets and liabilities (net), national economy                                    |
| x9.9b  |                                   | Revaluation of financial assets/liabilities between resident units                               |
| x9.11b |                                   | Revaluation of financial assets of the rest of the world/<br>liabilities of the national economy |
| x11.9b |                                   | Revaluation of financial assets of the national economy/<br>liabilities of the rest of the world |
| x10.9b |                                   | Revaluation of financial assets and liabilities (net),<br>rest of the world                      |
|        | -----                             |  |
|        | Balance sheets                    |  |
|        | Opening stocks:                   |  |
| x1.9a  |                                   | Opening stocks non-financial assets, national economy  |
| x1.9b  |                                   | Opening stocks financial assets, national economy  |
| x1.11  |                                   | Opening stocks financial assets, rest of the world   |
| x9.1   |                                   | Opening stocks liabilities, national economy   |
| x11.1  |                                   | Opening stocks liabilities, rest of the world  |
| x8.1   |                                   | Opening stocks net worth, national economy   |
| x10.1  |                                   | Opening stocks net worth, rest of the world  |
|        | Closing stocks:                   |  |
| x12.9a |                                   | Closing stocks non-financial assets, national economy  |
| x12.9b |                                   | Closing stocks financial assets, national economy  |
| x12.11 |                                   | Closing stocks financial assets, rest of the world   |
| x9.12  |                                   | Closing stocks liabilities, national economy   |
| x11.12 |                                   | Closing stocks liabilities, rest of the world  |
| x8.12  |                                   | Closing stocks net worth, national economy   |
| x10.12 |                                   | Closing stocks net worth, rest of the world  |
|        | -----                             |  |

TABLE 2.9 Simplified matrix presentation

EXPLANATION OF THE MATRIX ELEMENTS:  
-----

|        |   |
|--------|---|
| x1.9a  | Opening stocks non-financial assets, national economy   |
| x1.9b  | Opening stocks financial assets, national economy   |
| x1.11  | Opening stocks financial assets, rest of the world  |
| x2.3   | Intermediate consumption  |
| x2.6   | Exports of goods and services   |
| x2.7   | Final consumption   |
| x2.9a  | Gross fixed capital formation   |
| x2.9b  | Changes in stocks   |
| x3.2a  | Output  |
| x3.2b  | Taxes on products   |
| x4.3a  | DOMESTIC PRODUCT, NET   |
| x4.3b  | Consumption of fixed capital  |
| x4.4   | Primary income flows (except taxes on products, net) between resident units                                   |
| x4.6   | Primary income flows from the rest of the world   |
| x5.4a  | NATIONAL INCOME, NET  |
| x5.4b  | Consumption of fixed capital  |
| x5.5   | Transfers of redistribution between resident units  |
| x5.6   | Transfers of redistribution from the rest of the world  |
| x6.2   | Imports of goods and services   |
| x6.4   | Primary income flows to the rest of the world   |
| x6.5   | Transfers of redistribution to the rest of the world  |
| x7.5a  | DISPOSABLE INCOME, NET  |
| x7.5b  | Consumption of fixed capital  |
| x8.1   | Opening stocks net worth, national economy  |
| x8.7a  | SAVING, NET   |
| x8.7b  | Consumption of fixed capital  |
| x8.8   | Capital transfers, payable (-), national economy  |
| x8.9a  | Consumption of fixed capital (-)  |
| x8.9b  | Other changes in volume of assets (net), national economy   |
| x8.9c  | Revaluation of assets and liabilities (net), national economy   |
| x8.10  | Capital transfers, receivable national economy  |
| x8.12  | Closing stocks net worth, national economy  |
| x9.1   | Opening stocks liabilities, national economy  |
| x9.9a  | Net acquisition of fin. assets/ incurrence of liabilities between resident units                              |
| x9.9b  | Revaluation of financial assets/liabilities between resident units  |
| x9.11a | Net acquisition of fin. assets of the rest of the world<br>/incurrence of liabilities of the national economy |
| x9.11b | Revaluation of financial assets of the rest of the world/<br>liabilities of the national economy              |
| x9.12  | Closing stocks liabilities, national economy  |
| x10.1  | Opening stocks net worth, rest of the world   |
| x10.6  | Current external balance  |
| x10.8  | Capital transfers, receivable, rest of the world  |
| x10.9a | Other changes in volume of assets (net), rest of the world  |
| x10.9b | Revaluation of financial assets and liabilities (net),<br>rest of the world                                   |
| x10.9c | Net purchases of land and other non produced assets   |
| x10.10 | Capital transfers, payable (-), rest of the world   |
| x10.12 | Closing stocks net worth, rest of the world   |
| x11.1  | Opening stocks liabilities, rest of the world   |
| x11.9a | Net acquisition of fin. assets of the national economy<br>/incurrence of liabilities of the rest of the world |
| x11.9b | Revaluation of financial assets of the national economy/<br>liabilities of the rest of the world              |
| x11.12 | Closing stocks liabilities, rest of the world   |
| x12.9a | Closing stocks non-financial assets, national economy   |
| x12.9b | Closing stocks financial assets, national economy   |
| x12.11 | Closing stocks financial assets, rest of the world  |

TABLE 2.10 Classification

CLASSIFICATION OF TRANSACTIONS, ASSETS, LIABILITIES AND INSTITUTIONAL SECTORS  
=====

## Classification of transactions

## I. TRANSACTIONS IN GOODS AND SERVICES

## Output

- Market output
- Non-market output

## Intermediate consumption

## Gross capital formation

- Gross fixed capital formation
  - Gross fixed tangible capital formation
  - Gross fixed intangible capital formation
- Changes in stocks

## Final consumption expenditure

- Individual consumption expenditure
- Collective consumption expenditure

## Actual final consumption

- Actual individual consumption
- Actual collective consumption

## Exports of goods and services

- Exports of goods
- Exports of services

## Imports of goods and services

- Imports of goods
- Imports of services

## II. DISTRIBUTIVE TRANSACTIONS

## Compensation of employees

- Gross wages and salaries
- Employers' social contributions
  - Employers' actual social contributions
  - Employers' imputed social contributions

## Taxes on production and imports

- Taxes on products
  - Value added type taxes (VAT)
  - Taxes on imports excl. VAT
    - Import duties
    - Taxes on imports excl. VAT and duties
  - Export taxes
  - Taxes on products, except VAT, import and export taxes
- Other taxes linked to production



TABLE 2.10 Classification

## Subsidies

- Subsidies on products
  - Import subsidies
  - Export subsidies
  - Other subsidies on products
- Other subsidies linked to production

## Property income

- Interest
  - Distributed income of corporate enterprises
  - Dividends
    - Dividends (corporations)
    - Withdrawals from income of quasi-corporations
  - Reinvested earnings on direct foreign investment
- Imputed property income to insurance policy holders
- Land rent and royalties

## Current taxes on income, wealth, etc.

- Taxes on income
- Other current taxes

## Other current transfers

- Social contributions
  - Actual social contributions
    - Employers' actual social contributions
    - Employees social contributions
    - Social contributions by self and nonemployed persons
  - Voluntary social contributions
  - Imputed social contributions
- Social benefits in cash
  - Social security benefits in cash
  - Unfunded employee social benefits
  - Social assistance benefits in cash
- Social transfers in kind
  - Social benefits in kind
    - Social security benefits, reimbursements
    - Social security benefits in kind
    - Social assistance benefits in kind
  - Individualized non-market services  
(not incl. in social benefits)
- Miscellaneous current transfers
  - Net casualty insurance premiums
  - Casualty insurance claims
  - Current transfers within government
  - Current international cooperation
  - Other miscellaneous current transfers

## Capital transfers

- Capital taxes
- Investment grants
- Other capital transfers

TABLE 2.10 Classification

## III. TRANSACTIONS IN FINANCIAL INSTRUMENTS

## Gold and SDR's

## Currency and deposits

- Currency
- Transferable deposits
- Other deposits

## Securities other than shares

- Short-term
- Long-term

## Loans

- Short-term
- Long-term

## Shares and other equity

## Insurance technical reserves

- Net equity of households on life insurance reserves and on pension funds
- Prepayment of premiums and reserves against unsettled claims for casualty insurance

## Other accounts receivable/payable

- Trade credits and advances
- Other

## IV. OTHER ACCUMULATION TRANSACTIONS

## Consumption of fixed capital

## Net purchases of land and other non-produced assets

- Net purchases of land and other tangible non-produced assets
- Net purchases of intangible non-produced assets

## Other volume changes in assets and liabilities

- Economic appearance of non-produced assets
- Economic disappearance of non-produced assets
- Destruction of assets by non-insurable risks
  - Destruction of assets by non-insurable risks, natural catastrophies
  - Destruction of assets by non-insurable risks, political events
- Uncompensated seizures
- Adjustment of the residual value of assets

TABLE 2.10 Classification

Nominal holding gains or losses (due to  
changes in actual prices)  
Neutral revaluation (in proportion  
to general price level)  
Real holding gains or losses (due to  
changes in relative prices)

Changes in classification and structure  
Changes in sector classification and structure  
Changes in classification of assets and liabilities

TABLE 2.10 Classification

## Classification of assets

## Non-financial assets

## Produced assets

## Stocks

- Materials and supplies
- Work in progress
  - Work in progress on natural growth products
  - Other work in progress
- Finished goods
- Goods for resale

## Fixed assets

- Tangible fixed produced assets
  - Residential buildings
  - Other buildings and construction works
    - Non-residential buildings
    - Other construction works
- Equipment
  - Transport equipment
  - Machinery and equipment
- Natural cultivated assets
  - Animals for breeding, dairy, draught, etc.
  - Timber tracts and cultivated forests
  - Plantations (orchards, vineyards, etc.)
  - Fisheries
- Tangible artistic work
- Intangible fixed produced assets
  - Research and development assets
  - Capitalized mineral exploration cost
  - Computer software
  - Literary artistic work

## Non-produced assets

## Tangible non-produced assets

- Land
  - Land underlying buildings and works (memo item)
  - Cultivated land (other than plantations, etc.)
  - Recreational land
  - Other land
- Subsoil assets
  - Coal, oil and natural gas reserves
  - Metallic mineral reserves
  - Non-metallic mineral reserves
- Historical monuments
- Antiques and other art objects (incl. precious metals and stones held by households)

## Intangible non-produced assets

TABLE 2.10 Classification

## Financial assets

## Gold and SDR's

## Currency and deposits

Currency

Transferable deposits

Other deposits

## Securities other than shares

Short-term

Long-term

## Loans

Short-term

Long-term

## Shares and other equity

## Insurance technical reserves

Net equity of households on life insurance  
reserves and on pension fundsPrepayment of premiums and reserves against  
unsettled claims for casualty insurance

## Other accounts receivable/payable

Trade credits and advances

Other

TABLE 2.10 Classification

Classification of institutional  
sectors

## National Economy

## Non-financial corporations

- Public non-financial corporations
- National private non-financial corporations
- Foreign controlled non-financial corporations

## Financial corporations

- Central Bank
- Other depository institutions
  - Deposit money institutions
    - Public
    - National private
    - Foreign controlled
  - Other
    - Public
    - National private
    - Foreign controlled
- Other financial intermediaries, except
  - insurance companies and pension funds
    - Public
    - National private
    - Foreign controlled
- Financial auxiliaries
  - Public
  - National private
  - Foreign controlled
- Insurance companies and pension funds
  - Public
  - National private
  - Foreign controlled

## General government

- Central government
- State government
- Local government
- Social security funds
  - Central government social security funds
  - State government social security funds
  - Local government social security funds

- Central government \*
  - Central government
  - Central government social security funds
- State government \*
  - State government
  - State government social security funds
- Local government \*
  - Local government
  - Local government social security funds

TABLE 2.10 Classification

Households

Households excluding non-profit  
institutions serving households  
Employers  
Own account workers  
Employees  
Recipients of property and transfer income  
Recipients of property income  
Recipients of pensions  
Recipients of other transfers  
  
Non-profit institutions serving households

Rest of the world

-----  
\*) incl. social security funds of this level of government

TABLE 2.10 Classification

M a i n a g g r e g a t e s

National Expenditure

Domestic product (GDP/NDP)

National income (GNI,NNI)

National disposable income

National saving

Changes in national wealth

National wealth

External balance of goods and services

Current external balance

Net lending/net borrowing of the nation

Net external financial position of the nation



TABLE 2.10 Classification

## Balancing items

## National economy

Value added

Operating surplus  
Mixed income

Entrepreneurial income

Primary income

Disposable income

Adjusted disposable income

Saving

Changes in net worth (due to saving and net  
capital transfers)

Net lending/net borrowing

Changes in net worth (due to other changes  
in volume of assets)Changes in net worth (due to changes in actual prices)  
Changes in net worth (due to neutral revaluation)  
Changes in net worth (due to changes in relative prices)

Changes in net worth, total

Net worth

## Rest of the world

External balance of goods and services

Current external balance

Changes in net worth (due to current external balance  
and net capital transfers)

Net lending/net borrowing

Changes in net worth (due to  
other changes in volume of assets  
changes in actual prices  
neutral revaluation  
real holding gains/losses)

Changes in net worth, total

Net worth

TABLE 2.10 - ADD 1 Complimentary Classification

Elements of complementary classification  
=====

## Output

|                  |                   |
|------------------|-------------------|
| Main output      | Main product      |
| Secondary output | Secondary product |

## Output (not trade)

- Output sold
- Output bartered
- Other types of provision of output
  - Own-account intermediate consumption
  - Own-account household final consumption
    - Services of owner occupied dwellings
    - Other
  - Own-account fixed capital formation
  - Output distributed in kind as compensation of employees
  - Output distributed as transfers in kind
  - Insurance service charge
    - Casualty insurance service charge
    - Life insurance and pension funds service charge
  - Implicit service charge for financial intermediation
  - Non-market output (gvt.,NPI)
- Changes in stocks of work in progress and finished goods
  - Additions to stocks of work in progress and finished goods (=output) (+)
  - Withdrawals from stocks of work in progress and finished goods (-)
  - Current losses in stocks of work in progress and finished goods (-)

## Output (in trade)

- Sales of goods for resale
- Purchases of goods for resale (-) \*)
- Changes in stocks of goods for resale
  - Additions to stocks of goods for resale (=purchases) (+)
  - Withdrawals from stocks of goods for resale (-)
  - Current losses in stocks of goods for resale (-)

## Intermediate consumption

- Purchases of intermediate products
- Acquisition of intermediate products through barter
- Other types of acquisition of intermediate products
  - Own-account intermediate consumption
  - Transfers of intermediate products received in kind
- Changes in stocks of materials and supplies
  - Addition to stocks of materials and supplies (-)
  - Withdrawals from stocks of materials and supplies (+)
  - Current losses of stocks of materials and supplies (+)

\*)Goods used for other purposes than sales (e.g. final or intermediate consumption, transfers, etc.) are excluded from purchases of goods for resale

## Gross fixed capital formation

- Consumption of fixed capit\_l (-)
- Net fixed capital formation

TABLE 2.10 - ADD 1 Complimentary Classification

## Gross fixed capital formation

Purchases of capital products  
   residential buildings  
   other  
 Sales of second-hand capital products (-)  
 Acquisition of capital products through barter  
 Other types of acquisition of capital products  
   Own-account fixed capital formation  
     residential buildings  
     other  
 Transfers of capital products received in kind  
 Capital products distributed as capital transfers in kind (-)  
 Financial leasing

## Net addition to the stock of fixed assets

= gross fixed capital formation  
 - consumption of fixed capital  
 - other changes in volume of fixed assets, net

## Changes in stocks (see also output and intermediate consumption)

Addition to stocks  
 Withdrawals from stocks (-)  
 Current losses in stocks (-)

## Changes in stocks (in the absence of changes in prices)

Closing stocks  
 Opening stocks (-)  
 Exceptional losses in stocks (-)

## Final Consumption (households excluding NPI)

Purchases of final consumption products  
 Sales of second-hand final consumption products (-)  
 Acquisition of final consumption products through barter  
 Other types of acquisition of final consumption products  
 Entering both, final consumption expenditure and actual final consumption  
   Own-account final consumption  
     Own-account final consumption in subsistence economy  
     Services of owner-occupied dwellings  
     Domestic services  
     Other own-account final consumption  
   Compensation of employees/ wages and salaries in kind  
   Transfers in kind received from non-government/NPI origin  
   Insurance service charge  
   Implicit service charge for financial intermediation  
 Entering only actual final consumption  
   Social transfers in kind

## Exports of goods

of which:  
   Exports of goods imported for processing  
   Exports of goods for processing  
   Exports of repairs to capital goods  
   Transfers in kind to the rest of the world  
     Current  
     Capital  
   Direct purchases in the domestic market by non-residents

Barter  
 Intra company flows

TABLE 2.10 - ADD 1 Complimentary Classification

## Export of services

## of which:

- Current transfers to the rest of the world
- Exports of insurance service charge
- Exports of implicit service charge for financial intermediation
- Direct purchases in the domestic market by non-residents

## Imports of goods

## of which:

- Imports of goods for processing
- Re-import of goods after processing
- Imports of repair to capital goods
- Transfers in kind from the rest of the world
  - Current
  - Capital
- Direct purchases abroad by residents

- Barter
- Intra company flows

## Imports of services

## of which:

- Current transfers in kind from the rest of the world
- Imports of insurance service charge
- Imports of implicit service charge for financial intermediation
- Direct purchases abroad by residents

## Gross wages and salaries

- in cash
- in kind

## Gross wages and salaries

- Employees social contributions
- Net wages and salaries
  - in cash
  - in kind

- Taxes on production and imports, net
- Taxes on products, net
- Other taxes linked to production, net
- Taxes on imports, excluding VAT, net

## Other miscellaneous current transfers

## of which:

- Transfers between households
  - in cash
  - in kind
- Remittances from family members living abroad
  - in cash
  - in kind

TABLE 2.10 - ADD 1 Complimentary Classification

Social benefits in cash \*)  
Social transfers in kind \*)

\*)can be further broken down by type of risk covered

Current international cooperation  
in cash  
in kind

## Interest

Nominal interest  
(-/+)  
Implicit service charge for financial intermediation  
= Interest  
Inflation component  
Real interest

Gross casualty insurance premiums earned  
+ Imputed property income to insurance policy holders  
= Casualty insurance service charge  
+ Net casualty insurance premiums (=Casualty insurance claims)  
+ Changes in actuarial reserves and reserves for with-profit insurance \*)  
- Holding gains/losses allocated to insurance policy holders and victims \*\*)

\*)if any  
\*\*) not measurable

Gross life insurance premiums and contributions to pension funds earned  
+ Imputed property income to insurance policy holders  
Life insurance and pension funds service charge  
Life insurance and pension funds claims/benefits  
+ Changes in actuarial reserves and reserves for with-profit insurance  
- Holding gains/losses allocated to insurance policy holders

Changes in assets (households, rest of the world)/liabilities (financial corporations,  
rest of the world)  
in net equity of households on life insurance reserves and on pension funds  
= Changes in actuarial reserves and reserves for with-profit insurance  
- Holding gains/losses allocated to insurance policy holders and included in reserves  
= Additions to actuarial reserves and reserves for with-profit insurance  
- Holding gains/losses allocated to insurance policy holders and included in reserves  
- Life insurance and pension funds claims/benefits  
+ Holding gains/losses allocated to insurance policy holders and included in claims and benefits

## Land rent and royalties

in cash  
in kind

TABLE 2.10 - ADD 1 Complimentary Classification

## Export of services

## of which:

Current transfers to the rest of the world  
 Exports of insurance service charge  
 Exports of implicit service charge for financial intermediation  
 Direct purchases in the domestic market by non-residents

## Imports of goods

## of which:

Imports of goods for processing  
 Re-import of goods after processing  
 Imports of repair to capital goods  
 Transfers in kind from the rest of the world  
 Current  
 Capital  
 Direct purchases abroad by residents

Barter  
 Intra company flows

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## of which:

Current transfers in kind from the rest of the world  
 Imports of insurance service charge  
 Imports of implicit service charge for financial intermediation  
 Direct purchases abroad by residents

## Gross wages and salaries

in cash  
 in kind

## Gross wages and salaries

Employees social contributions  
 Net wages and salaries  
 in cash  
 in kind

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 in cash  
 in kind  
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 in cash  
 in kind

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+ Holding gains/losses allocated to insurance policy holders and included in claims and benefits

## Land rent and royalties

in cash  
in kind

TABLE 2.10 - ADD 1 Complimentary Classification

## Capital transfers

- in cash
- in kind
  - of which cancellation of bad debt

## Net acquisition of financial assets

- Gross acquisition of financial assets
- Disposition of financial assets (-)

## Net incurrence of liabilities

- Gross incurrence of liabilities
- Repayments of liabilities (-)

## Economic appearance of non-produced assets

- Land transferred to human activity
- Discovery of subsoil assets
- Counterpart of first sale of historical documents
- Counterpart of first sale of antiques and other objects
- Counterpart of first sale of options

## Economic disappearance of non-produced assets

- Depletion of subsoil assets
- Expiration of non utilized options

## Adjustment of the residual value of assets

- Adjustment of fixed capital formation
- Capital gains/losses in disposal and scrapping of assets
- Exceptional losses in stocks (insurable risks)
- Assetization of consumer durables used as stores of wealth
- Allocation of capital gains/losses to insurance policy holders

## Net worth

- Provisions for bad debts, etc.
- Net worth adjusted for bad debts, etc.

## Changes in net worth, total

- Changes in provisions for bad debts, etc.
- Changes in net worth adjusted for bad debts, etc.



## TABLE 2.10 - ADD 1 Complimentary Classification

## Changes in real net worth

- Changes in net worth, total
- Changes in net worth due to neutral revaluation (-)

## Additional balancing items

- Overall deficit/surplus (gvt.)
- Disposable income
  - Discretionary disposable income
  - Disposable income in kind
- Market value added/non-market value added
- Market GDP/non-market GDP

## Classification of financial investments

- External financial assets
- External liabilities
- Monetary gold
- Special drawing rights
- Shares
- Other equity
- Shares and other equity
  - quoted
  - non quoted

LIST OF PRELIMINARY WORKING DRAFT CHAPTERS OF THE  
REVISED SNA

|              |   |
|--------------|---|
| Chapter I    | Introduction  |
| Chapter II   | An Overview of the System   |
| Chapter III  | Institutional Units and Residence   |
| Chapter IV   | Sectors and Sub-sectors   |
| Chapter V    | The Production Accounts   |
| Chapter VI   | Final Expenditures  |
| Chapter VII  | Production Accounts for Industries and the<br>Input-Output Tables             |
| Chapter VIII | Taxes and Other Transfers   |
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| Annex 2      | GFS-SNA Relationships   |
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| Annex 6      | The Leasing of Equipment and the Renting of<br>Buildings                      |

## GLOSSARY OF ABBREVIATIONS

|           |  |
|-----------|--|
| EGS       | Expert Group Meeting on SNA Structure, Geneva, 18-27 June 1986   |
| EGPQC     | Expert Group Meeting on Price and Quantity Comparisons, Luxembourg, 10-14 November 1986  |
| EGEST     | Expert Group Meeting on External Sector Transactions, Washington, 23 March to 2 April 1987   |
| EGHS      | Expert Group Meeting on the Household Sector, Florence, 31 August - 4 September 1987   |
| EGPSA     | Expert Group Meeting on the Public Sector, Washington, 25-29 January 1988  |
| EGPAIOT   | Expert Group Meeting on the Production Accounts and Input-Output Tables, Vienna, 21-30 March 1988  |
| EGFFB     | Expert Group Meeting on Financial Flows and Balances, Washington, 6-14 September 1988  |
| EGSNA/MPS | Expert Group Meeting on the Reconciliation of SNA/MPS Standards on National Accounting, Moscow, 4-9 December 1989                                  |
| EGC1      | Expert Group Meeting on SNA Co-ordination, Luxembourg, 23-27 January 1989  |
| EGC2      | Expert Group Meeting on SNA Co-ordination, New York, 12-21 July 1989   |
| EGC3      | Expert Group Meeting on SNA Co-ordination, New York 13-22  |
| SNA       | UN <u>System of National Accounts</u>  |
| M-60      | UN <u>Provisional International Guidelines on the National and Sectoral Balance Sheet and Reconciliation Accounts on the SNA, Series M, No. 60</u> |
| M-61      | UN <u>Provisional Guidelines on Statistics of the Distribution of Income, Consumption and Accumulation Accounts, Series M, No. 61</u>              |
| M-64      | UN <u>Manual on National Accounts at Constant Prices, Series M, No. 64</u>   |
| M-68      | UN <u>Guidelines on Statistics of Tangible Assets, Series M, No. 68</u>  |

|       |   |
|-------|---|
| ISIC  | UN <u>International Standard Industrial Classification</u>                |
| CPC   | UN <u>Central Product Classification</u>                                  |
| COFOG | UN <u>Classification of the Functions of Government, Series M, No. 70</u> |
| BPM   | IMF <u>Balance of Payments Manual</u>                                     |
| GFS   | IMF <u>Government Finance Statistics</u>                                  |
| MBS   | IMF <u>Money and Banking Statistics</u>                                   |
| VAT   | Value added tax   |
| GDP   | Gross Domestic Product  |
| GDI   | Gross Domestic Income   |
| GNI   | Gross National Income   |
| NI    | National Income   |
| NDI   | National Disposable Income  |
| NPIs  | Non-Profit Institutions   |
| PNPIs | Private Non-Profit Institutions   |
| SAMs  | Social Accounting Matrices  |

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