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For discussion

Toward the System of National Accounts (SNA) Updates: Ongoing Work on the SNA Research Agenda and Options for a Possible *2008 SNA* Update Process

**Toward the System of National Accounts (SNA) Updates:
Ongoing Work on the SNA Research Agenda and
Options for a Possible 2008 SNA Update Process¹**

This paper describes the ongoing work on the SNA research agenda and the status of the discussion on a possible update of the 2008 SNA. The institutional setting, the different options for the update as well as the main priority areas are covered.

Institutional setting

Work on the SNA research agenda and the maintenance and possible updates of the SNA is coordinated by the *Intersecretariat Working Group on National Accounts (ISWGNA)*. Its members are the United Nations, the IMF, the OECD, the World Bank and Eurostat. Eurostat is the current chair of the group until March 2020 (the chair rotates every two years).

The ISWGNA reports yearly to the United Nations Statistical Commission (UNSC). The ISWGNA is supported by an *Advisory Expert Group (AEG)*. The AEG comprises of national accounts experts, in their personal capacity, from all regions in the world and the ISWGNA member organizations.

The SNA research agenda

In March 2018, the UNSC identified three priority areas for the SNA research agenda, i.e. *globalisation, digitalisation and well-being and sustainability*. In October 2018, for each priority area, the AEG has established a list of specific topics to address as a first priority (see annex I). Research on some of the topics is more advanced than on others (e.g. interim guidance on the treatment of *crypto assets* has already been proposed, while the *valuation of free assets and free digital assets and services* still requires extensive analysis).

Several of these topics cut across domains. It is essential that work on these overlapping topics is appropriately coordinated between the different groups working on them, to preserve the alignment between the SNA and *Balance of Payments Manual (BPM)*.

Regarding the SNA research agenda, the ISWGNA has established three subgroups, one on each priority area, to carry out research work and develop guidance notes. The subgroups are co-chaired by AEG members from national institutions, while international organisations provide the secretariat (the IMF for *globalisation*, Eurostat for *digitalisation* and the OECD for *well-being and sustainability*). The UNSD ensures the overarching coordination on cross cutting issues.

¹ Prepared by Lena Frej Ohlsson, Head of Unit Integrated Global Accounts and Balance of Payments, Eurostat.

To cover all the relevant perspectives, ensure consistency and exploit synergies with research work in other statistical fields, the subgroups include experts from different domains (e.g. balance of payments, social statistics, environmental statistics and accounts), as well as from national statistical institutes, international organisations, and academia.

The subgroups are expected to prepare draft guidance notes in the first half of 2020. At the AEG annual meeting of 1-3 October 2019, the subgroups' reported progress to date and provided guidance on the direction to take the work forward. As the work has just started, it is too early to elaborate on the different topics under the three headings, in this note.

Options for a possible 2008 SNA update process

The work of the subgroups may result in recommendations that: a) could affect the 'core' of the 2008 SNA, b) provide clarifications and interpretations of the current SNA; and c) provide guidance on more social and environmental elements in the context of the SNA. Annex I provides an indication of how each priority issue in the SNA research agenda may affect the 2008 SNA.

Different approaches could be followed to update the SNA. In the past, the SNA has been updated mainly through successive *major updates* since the original 1953 version, namely in 1968, 1993, and 2008.

In 1999, the UNSC established an *incremental procedure* for a continuous updating of the 1993 SNA, as a way to maintain the systems' relevance. The incremental mechanism is foreseen to introduce a) editorial amendments, b) clarifications beyond dispute; c) interpretations or d) changes. This procedure is still valid, although so far it has been used only in exceptional cases.

The two approaches could be used in combination: the incremental procedure may be used in a first phase to complete the work on the SNA research agenda, be agile and responsive to user needs and speed up the testing of the agreed solutions, which would make the actual implementation of an updated SNA smoother. However, to include the work on the research agenda by way of an incremental update of the SNA poses risks in terms of the SNA coherence and international comparability. Incremental work on the research agenda should therefore be followed by a major update, introducing the bulk of the necessary changes in one go. In addition, it will be essential to support developing countries in experimenting the new features that are relevant for them.

A crucial element to consider for a possible 2008 SNA update, whatever approach is chosen, is the need to preserve and possibly further enhance the alignment between the SNA and the other macroeconomic standards, namely the *Balance of Payments and International Investment Position Manual*, *Government Finance Statistics Manual*, *Monetary and Financial Statistics Manual* and the *System of Environmental-Economic Accounting*. Existing

coordination among the respective reference groups (ISWGNA, BOPCOM, GFS AC, UN CEEA) should be reviewed².

Until a decision is taken on when the next version of the SNA will be prepared, it is expected work would continue to focus on:

- resolving issues on the SNA research agenda;
- producing/updating guidance notes and manuals which could be used for experimentation and testing of the guidance;
- testing the feasibility of proposals put forward in the guidance notes; and
- expanding worldwide the implementation of the SNA.

An update of the 2008 SNA would be launched as soon as a ‘critical mass’ of necessary changes is reached.

Next steps

The BOPCOM members are invited to take note of the work on the SNA research agenda and the options for a possible 2008 SNA update process and to discuss coordination with the ISWGNA to ensure that the alignment between the SNA and BPM is preserved.

Questions for the Committee:

- *What are the Committee’s views on its involvement in the SNA research agenda and update?*
- *What are the Committee’s views on the specific topics on the SNA and the relevance for balance of payments?*

² In the meantime, a Friends of the Chair (FoC) Group ‘on the future of economic statistics’, agreed by the 2019 UNSC, met on 28-30 May 2019 in New York. The wide-ranging discussion, including on the governance of economic statistics, may ultimately affect the ISWGNA work on the SNA research agenda.

Annex I - Priority research issues and possible impact on the 2008 SNA

Globalisation

Co-chairs –Michael Connelly (CSO Ireland) and Paul Roberts (Australian Bureau of Statistics)

- Economic ownership and recording of intellectual property products*
- Treatment of multinational enterprises and special purpose entities*
- Intra MNE flows*
- CIF-FOB valuation of imports/exports*
- Identifying economic presence and residency*

Digitalisation

Co-chairs: Erich Strassner (BEA – US) and Sri (Liz) Soelistyowati (Statistics Indonesia)

- Framework for a satellite account on the digital economy
- Valuation of free assets and free services*
- Recording of data in the national accounts*
- Crypto assets
- Price and volume measurement of goods and services affected by digitalisation*
- Digital trade*

Wellbeing and sustainability

Co-chairs: Carol Coy (Jamaica) and Catherine van Rompaey (Statistics Canada)

- Unpaid household work
- Distribution of household income, expenditure and wealth
- Environmental-economic accounting
- Education and human capital

- Health and social conditions
- Defining a broader framework for capturing economic activities, well-being and sustainability

* Potentially affecting the core of *2008 SNA*