SNA research agenda

Meeting of the Technical Advisory Group on Economic Statistics in the Arab region

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Cairo, Egypt

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Outline of presentation

- Background
- SNA research agenda
Background

- Many national accounting issues may need further consideration and reflection
- Developing guidance to address these issues may take time to resolve
- Advisory Expert Group (AEG) on National Accounts
  - Provides guidance on issues related to the practical implementation, clarifications and interpretation of the 2008 SNA
  - Discusses new emerging issues and identifies ways to address them
- These emerging issues are included in the SNA research agenda
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- Financial intermediation service indirectly measured (FISIM)
- Accounting for pensions
- Global production
- Globalization
- Valuation of natural resources
- Treatment of statistical units in supply and use tables (SUTs) and institutional sector accounts
- Internet economy
- Islamic banking in the System of National Accounts (SNA)
- Informal sector
- Measuring resource extraction industries
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**FISIM**

- Research continues on further developing
  - Conceptual arguments to include or exclude credit default risk in FISIM calculation
  - Methods to calculate price and volume changes of FISIM

- Long-term research agenda includes
  - Further development of the “costs of funds” approach to determine the reference rate and of possible alternative approaches (vintage reference rate)
  - Consideration of the financial instruments and unit scope of FISIM
  - Connection between the recommendations on implementing FISIM and the definition of income
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Accounting on pensions

- Further clarification is needed in the
  - Delineation and measurement of pension entitlements
  - Articulation of when to record transactions, other flows and positions of defined benefit pension schemes in the core accounts

- Classification of the imputed property income on the liabilities between a pension manager and defined benefit pension fund needs to be determined

- Nature of investment income (holding gains and losses) related to pension funds and investment funds will be further investigated under the broader issue of the concept of income

- Criteria to differentiate between employer-related pension funds and social security need to be assessed
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Global production

- Concrete recommendations on the detection of factoryless producers (FGPs) will be developed
- Practical evidence from countries on the transactions of FGPs will be collected to develop further guidance on their treatment
- More extended research on emerging types of global production arrangements, particularly in the area of services, will be addressed
Globalization

- A measurement framework for international trade and economic globalization, based on the existing statistical standards and international recommendations, is needed to address issues of:
  - Micro-data linking of business and trade statistics
  - Integration of economic, environmental and social dimensions of trade and globalization
  - Global value chains

- UNSD is currently preparing a handbook on “Accounting for Global Value Chains: a System of Extended National Accounts and Integrated Business Statistics” to address these issues
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Valuation of natural resources

- Valuation of natural assets based on the net present value (NPV) method assumes that the asset market is in equilibrium, implying that the market value of the asset is equal to the sum of discounted future income associated with the exploitation of the asset.

- Volatility in commodity prices leads to significant uncertainty about their future development and the value of the asset.

- Further research is needed to address volatile asset values where the valuation of natural assets exclusively relies on current commodity prices or their expected value in the future.
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Treatment of statistical units in SUTs and institutional sector accounts

- Increasing international fragmentation of production, coupled with the growing emergence of new types of producers, has weakened underlying assumptions of homogeneity in the definition of establishments

- A Task Force on Statistical Units (TFSU) has been established to
  - Review the 2008 SNA recommendations on statistical units (including institutional units)
  - Reflect on whether or not the recommendations on statistical units need to be adjusted in the future
  - Provide a clear view of what needs to be measured in the economy in order to identify ways to improve the definitions
Internet economy

- Information technology has introduced a profusion of new products, processes and market channels, and new business models

- The conceptual framework of the SNA is robust in capturing the internet (digital) economy

- Some challenges in measuring some of the transactions, including the capturing of price and volume measures

- Guidance on the recording and measurement of internet related activities in the national accounts is needed
Islamic banking in the SNA

- Conclusions of the 10th AEG meeting
  - Noted the difference in business arrangements between Islamic Banking and conventional banking
  - Recognized the systemic importance of Islamic Banking for some economies and their relative rapid growth
  - Agreed that further research on the statistical implications of Islamic Banking in the national accounts is required and that practical guidance on the treatment of Islamic Banking transactions needs to be developed
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Islamic banking in the SNA - future steps

- Discuss statistical implications of Islamic banking in the national accounts
- Provide practical guidance on the treatment of Islamic banking
- Consult experts from countries where Islamic banking is prevalent
  - ESCWA region
  - Indonesia
  - Malaysia
  - Pakistan
  - ???
The informal sector plays an important role in developing economies, where a large proportion of people work in the informal sector. However, an exhaustive measurement of the size of the informal sector and the contribution of informal sector activities and informal employment to GDP is particularly challenging.

The supply and use framework, with a possible distinction between formal and informal activities, provides the greatest potential in which available source data are combined and balanced to arrive at exhaustive estimates of economic activity.
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Measuring resource extraction industries

- A set of template tables is being prepared to show national accounts statistics on natural resources in a standard presentation to support macroeconomic analysis of natural resources.

- Natural resources covered are those that are extracted and sold by the mining industries, including oil and gas extraction.

- The template tables use the concepts recommended in the 2008 SNA.
  - This facilitates comparisons of the natural resource industries with other parts of the economy and across economies.
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- For more information, please visit http://unstats.un.org/unsd/nationalaccount/aeg.asp
- The list of issues under discussion are also available on http://unstats.un.org/unsd/nationalaccount/UnderDiscussion.asp
Thank you