



# Economic and Social Council

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## Economic Commission for Europe

### Conference of European Statisticians

#### Group of Experts on National Accounts

##### Seventeenth session

Geneva, 22-25 May 2018

Item 1 of the provisional agenda

#### Adoption of the agenda and election of officers

### Annotated provisional agenda for the seventeenth session

To be held at the Palais des Nations, Geneva starting on 22 May at 9:30. The room of the meeting is still to be decided.

#### I. Provisional agenda

1. Adoption of the agenda and election of officers

#### A. First Module: Special Session for Eastern Europe, Caucasus and Central Asia, South East Europe and other interested countries

2. Financial corporations: units, subsectors, data sources and methods to estimate their production, import and export
3. Measuring export and imports of tourist and travel services
4. Strengthening the collaboration between the compilers of macroeconomic statistics in the region: further steps

#### B. Second Module: Joint Group of Experts on National Accounts

5. Globalization
  - (a) ownership of intellectual property products (IPPs)
  - (b) data sharing
  - (c) recent advances in measuring global production and global consumption
  - (d) measuring the impact of globalization

6. The role of satellite accounting within the national accounts
7. Challenges in maintaining consistent time series
8. New data sources and latest innovations in constructing national and international accounts
9. Future work and adoption of the report
10. Other business

## II. Annotations to the provisional agenda

### Item 1. Adoption of the agenda and election of officers

1. The meeting is organized following a decision of the Conference of European Statisticians in June 2017 (ECE/CES/2017/14) and the recommendation of the previous meeting of the Group of Experts on National Accounts in June 2017.

### A. First module: Special Session for Eastern Europe, Caucasus and Central Asia, South East Europe and other interested countries

*Organisers: European Free Trade Association (EFTA), Eurostat, United Nations Statistics Division (UNSD) and UNECE*

*Contributions by: State Statistical Committee and Central Bank of the Republic of Azerbaijan; National Statistical Committee of the Republic of Belarus; Central Bureau of Statistics (CBS) of Israel; National Statistical Office of Mongolia; Bank of Russia; National Bank of Serbia; Central Bank of Uruguay and UN Economic Commission for Latin America and the Caribbean (ECLAC)*

2. This module is devoted to issues related to the implementation and harmonization of the 2008 System of National Accounts (2008 SNA) and the Balance of Payments and International Investment Position Manual, sixth edition (BPM6) in the Eastern Europe, Caucasus and Central Asia (EECCA) and South East Europe (SEE) countries. It will follow up on the workshop Consistency between National Accounts and Balance of Payments Statistics (Minsk, 3-5 October 2017) and will review in more detail the following methodological and practical issues:

### Item 2. Financial corporations: units, subsectors, data sources and methods to estimate their production, import and export

3. *Subsectoring of Financial Corporations: Units and Data Sources* will present the experience of Belarus in dealing with the financial corporations sector in line with the international standard, the 2008 SNA. It will provide short overview of the work on development and implementation of the classification of institutional units. The criteria for allocation of institutional units to the different subsectors of financial corporations using information included in the enterprise register will be explained. The paper will also describe the available data sources for the financial corporations sector.

4. *Financial Corporations: Units, Subsectors and Data Sources* by Bank of Russia will provide information about the list of institutions included in the financial corporations sector of the Russian economy. In 2013 the Bank of Russia became megaregulator and, therefore,

controls, registers and licenses most of the financial institutions. Since October 2014 using information on registered institutions and other legal records the Bank compiles the list of financial institutions by subsectors, which comply with the sector classification of the 2008 SNA. The presentation will also portray the main data sources for statistics on financial institutions and recent developments, which include interaction with other departments responsible for collection and processing of reports under the supervision of the Bank of Russia and expansion of the list of the registered and licensed financial organizations.

5. *Measuring the Output, Import and Export of Financial Services* is devoted to the recording of banking and insurance services in the national accounts and the balance of payments statistics of Azerbaijan. The first part of the presentation provides information on the subsectors and units of the financial corporations sector, the methods and sources of information used to calculate the output of financial intermediation, central bank and insurance services. The second part describes the fundamentals and organizational structure of balance of payments statistics, information sources and basic principles for compiling data on the import and export of financial and insurance services.

6. *Measuring Financial Services in the National Accounts of Israel* by CBS will introduce the methods and data sources for compiling banking, insurance and central bank output in Israel.

### **Item 3: Measuring export and imports of tourist and travel services**

7. *Measuring The Export and Import of Travel Services* by National Bank of Serbia will describe the way in which data for travel services are compiled in the Serbian Balance of Payments (BoP). The presentation will cover data sources and estimation procedures for personal and business travel, including payment card agents reports to the National Bank by type of payment card and estimation model on cash spending.

8. *Mongolian Experience in Measuring Tourist Services* will describe the compilation of tourism statistics by the Bank of Mongolia. The presentation will provide an overview of the data sources and elaborate on the sample surveys conducted by the Bank. The approach taken by the Bank of Mongolia to keep kept compatibility and improve data quality while transitioning to BPM6 and issues for future work will be also covered.

### **Item 4: Strengthening the collaboration between the compilers of macroeconomic statistics in the region: further steps**

9. The underlying methodology, standards and concepts of the most recent versions of the System of National Accounts and the Balance of Payments are consistent with each other. However, large differences in the statistical data produced worldwide still remain in practice, and guidance is needed in order to reconcile the data discrepancies still present in the data released.

10. *Harmonization of BoP and SNA Data in the ECLAC Region* will focus on the harmonization work carried out by a working group recently created under the auspices of the UN ECLAC, to study sources for inconsistencies and promote application of good practices in the region. The presentation outlines the steps undertaken so far by the working group in four areas of work (global overview, foreign direct investment, financial intermediations services indirectly measured (FISIM) and goods and services), and discusses the way forward and future lines of action.

11. The participants from EECCA and SEE countries who attended the workshop Consistency between National Accounts and Balance of Payments Statistics (Minsk. 2017)

also recognized that implementation of the new standards, BPM6 and 2008 SNA, is very challenging for countries. This is why experience and good practice on institutional arrangements, data collection and exchange, dealing with concrete methodological issues and practical solutions to overcome obstacles should be shared. They asked international organizations to provide forums where compilers national accounts, financial and balance of payments statistics could meet on a regular basis and discuss issues of common interest. International organizations could also help by developing or strengthening the practical guidance. The participants in the special session will be invited to discuss the issue further and suggest concrete activities that could be supported by UNECE and partner organizations.

## **B. Second Module: Joint Group of Experts on National Accounts**

### **Item 5: Globalization**

*Organisers: Statistics Finland, Eurostat, OECD and UNECE*

*Contributions by: Statistics Canada; Statistics Finland; Central Bank of Hungary (Magyar Nemzeti Bank (MNB)), Central Bank of Ireland; Central Statistics Office (CSO) of Ireland; Italian National Institute of Statistics (ISTAT); National Institute of Statistics, Geography and Informatics (INEGI) of Mexico; Statistics Netherlands; United Kingdom Office for National Statistics (ONS, to be confirmed); United States Bureau of Economic Analysis (US BEA); Eurostat; OECD, UNECE and UNSD*

12. This agenda item will follow up on the implementation of the recommendations of the Guide to Measuring Global Production and decisions of the sixteenth session of the Group of Experts on National Accounts: Measuring Global Production. It also builds on recent work undertaken by Eurostat, OECD and UNECE on measuring digitalization, international transactions in IPPs and data sharing. The discussion will focus on the following topics:

#### **(a) Ownership of intellectual property products**

13. Because of their intangible nature and ability to be used at the same time by multiple users in various locations, IPPs have been an effective tool for profit shifting of multinational enterprises (MNEs). Relocating an IPP from one country to another (typically a low tax jurisdiction) can reduce value added in the first country and increase it in the second, as revenue generated by providing access to an IPP (by affiliated and non-affiliated parties) is included in gross domestic product (GDP). Determining the economic owner of the IPP inside an MNE is not a trivial task and guidance was given in the Guide to Measuring Global Production. This session will focus on country practices on identifying economic ownership of IPPs as well as the work undertaken by the joint Eurostat-OECD Task Force on land and other non-financial assets: IPPs.

14. *Economic Ownership of IPP* will present the progress made by the joint Eurostat-OECD Task Force on "Land and other non-financial assets: IPP". The Task Force is reviewing current practices on determining economic ownership of IPP with the aim to establish best practices and provide further guidance to countries.

15. A large body of scholarly research documents strategic behaviour by U.S. MNEs to shift profits across countries to reduce their worldwide tax burden. Much of the existing research has focused on the use of debt payments and inter-firm intellectual property licensing agreements to explain why and how MNEs shift income across national borders. Although this behaviour may decline following the U.S. Tax Reform Act of 2017, there is

evidence that it has had a large impact on measures of economic activity to date. *Strategic Movement of Intellectual Property within U.S. Multinational Enterprises* by BEA will explore how U.S. MNEs use cost sharing agreements between U.S. parent companies and their foreign affiliates as a vehicle for shifting profits to lower tax jurisdictions. The results are consistent with our hypothesis that having a cost sharing agreement is associated with lower profits for U.S. parents and relatively higher profits for foreign affiliates. They provide a microeconomic view of how strategic movement of intellectual property affects the measurement of the national and international accounts.

16. *Research and Development Capitalisation: Where Did We Go Wrong?* by Statistics Netherlands aims to provide new input into the discussion on how economic ownership of IPPs should be understood in a future version of the SNA by looking at the issue from the perspective of the entire global MNE's activities rather than from the fractional views exposed by domestic economy level data. Within the global value chain of MNEs, research and development (R&D) assets are difficult to assign to a domestic economy. This is an issue that national accountants are still researching and for which the international guidance is currently incomplete. This paper is an attempt to contribute to the discussion by establishing a bridge between the micro and macro worlds. The translation of information on the MNE's business structure to the national accounts framework will give an indication of real world distortions national accountants will encounter when measuring the activities of MNEs on a domestic economy basis.

17. *Reflections on the relationship between Special Purpose Entities (SPEs) and the ownership of IPPs* by MNB is based on recent experiences and debates in Hungary. Under globalization processes, a widespread phenomenon is the presence of pass-through activities. They can include not only financial but also some non-financial activities such as the transfer of the (legal) ownership of IPPs. This raises the question how they should be recorded and handled in macroeconomic statistics, taking into account the production activities, which these IPPs support. This problem can be tackled from the point of view of global production or of the presence and operation of SPEs. It is also a question of how the production and expenditure side of national accounts can be reconciled in such cases. In Hungary there are firms which provide examples of the intersection points of these areas and their analysis could help the discussion about recording such activities.

#### **(b) Data sharing**

18. This item presents the progress of work of the UNECE Task Force on exchange and sharing of economic data. It will also discuss countries' and international organizations' experience and activities in examining MNEs. It aims at further enhancing the cooperation among large and complex enterprises units (LCUs) and taking steps towards establishing global LCU network.

19. The *Progress Report of the Task Force* will discuss real data exchange cases and Memoranda of Understanding regulating them, analysing the challenges and benefits experienced by participating offices. On this basis, the Task Force has identified the main obstacles and enablers of the exchange and sharing of economic data in national statistical offices (NSOs). Ten different aspects including elements that either prevent or facilitate data sharing will be presented for discussion. Further, the Task Force has made a summary of types of MNEs that are most relevant for data exchange and listed critical data that needs to be shared. The Task Force plans to develop the listing of critical data further, along with developing a conceptual description of MNE structures. All the above mentioned inputs will be used for developing tools and principles of data exchange. A panel of the Task Force

members will elaborate on the main findings and the way forward. The Task Force will seek feedback and information on innovative approaches used by countries.

20. *The Role of Large and Complex Enterprises Units* by CSO of Ireland and UNECE will reflect on the organisation and role of LCU units for the exchange of MNEs data among NSOs. The Task Force will follow on the recommendations of the Guide to Measuring Global Production and review the progress of countries and lessons learned. The presentation will also discuss possibilities in establishing global LCU network.

21. *Globalization and National Accounts* will present on-going work in Italy. Globalization has a pervasive impact on official statistics. Its effects cannot be considered neither a domain specific problem nor an issue to be tackled by a small group of experts. NSOs have to develop the best strategies to minimize the inconsistencies for the whole chain of economic statistics. The Italian answer to deal with these challenges is a joint project between National Accounts and Business Statistics Directorates aiming at improving consistency in the treatment of MNEs. According to the new organizational model of ISTAT, the LCU is not a unit but a network of experts of different domains inside the Business Statistics that cooperate with the National Accounts with the aim of having a common and coherent treatment for specific and complex cases. The main challenge is to increase the ISTAT capability to consistently manage incoming information flows from large MNEs.

22. The review of *Eurostat activities in the area of LCUs* will conclude the item on data sharing.

### **(c) Recent advances in measuring global production and global consumption**

23. The rise of digital platforms and the digitisation of the economy in general impacts not only the way businesses operate (e.g., automation of industrial production), but also the way in which households and enterprises engage with each other (e.g. digital intermediation). This facilitates the exchange of goods and services, in particular across borders, where consumers can become direct importers thus turning them into ‘global consumers’, but also can present significant measurement challenges. This item will highlight the work being done on measuring the digital economy.

24. *Report from the Advisory Group on Digital Economy* by OECD provides an overview of the findings and deliberations to-date and describes progress towards the development of a digital economy satellite account. The digital economy is creating a number of measurement challenges for key macroeconomic statistics, such as GDP. While many of these challenges are not conceptually new, there is a growing perception that digitalisation may be exacerbating practical measurement problems. Some of the criticism comes from a misunderstanding of what GDP was designed to measure (i.e., production of (near) market activities) and part comes from the fact that statistics related to the digitalisation of the economy are largely hidden. As a first step, the OECD (Ahmad and Schreyer, 2016) reviewed the conceptual GDP accounting framework and found that the framework is up to the challenge of adequately measuring GDP in a digitalised economy. While the accounting framework is robust, there are some conceptual and practical measurement challenges. Therefore, the OECD has created an Advisory Group on Measuring GDP in a Digitalised Economy, which is advancing the development of digital economy satellite accounts.

25. *Measuring Uber, AirBnB and Netflix Transactions in the Canadian National Accounts* presents the efforts of Statistics Canada to evaluate the impact of digital platforms on the economy. The digitalization of the economy is transforming the ways in which goods and

services are delivered and consumed. Despite these changes, there is little statistical information currently available that helps us understand the economic, social and environmental impacts of an increasingly digitalized world. While conceptual frameworks for measuring the economy are equipped to capture new digitalized transactions, the statistical infrastructure of many NSOs, may need to be adapted to address the measurement challenges brought on by an increasingly ‘disruptive’ digital economy. It is important that NSOs, such as Statistics Canada, produce meaningful statistics that will help policy makers, businesses and the public assess the effect that digitalization is having on the economy and society at large.

26. *Measuring E-commerce in Mexico* provides overview of the efforts undertaken by INEGI to capture the impact of digitalization on GDP. Internet has changed the way in which different actors of the economy and the society interact, and these interactions could be both local and international. One of the main challenges when we talk about the digital economy is to assess the contribution of the information and communication technology sector to GDP generated through the evolution of technology, the emergence of digital businesses, the expansion of electronic commerce and financial services. For this reason INEGI, as a first step, developed a new indicator to measure the value added of e-commerce activities and evaluate the share of e-commerce in total value added. The necessary basic statistics are generated from a number of sources such as the Economic Census, establishment surveys and household surveys. Since 2009, the Economic Censuses incorporated a question related to the volume of Internet sales. Based on the information from the latest Economic Census and supply and use table (SUT) INEGI estimated that the share of electronic transactions in the 2013 GDP of Mexico comes to 3 per cent.

27. The sharing economy is widely understood as the sharing of spare assets or skills through digital means, however there is currently no internationally agreed definition. *Measuring the sharing economy of the UK* by ONS proposes a working definition of the UK sharing economy and a framework for identifying its businesses and users. This conceptual framework supports the collection and dissemination of statistics on sharing economy activities. Taken from our National Accounts, new descriptive statistics on business data also shed light on characteristics of sharing-economy businesses such as employment costs, advertising and marketing, and turnover. ONS provides new estimates of the number and characteristics of individuals who use an intermediary app or website to book accommodation or transport from another individual. ONS has also undertaken a data science project to see if it is possible to systematically identify sharing economy companies using variables such as birth date, turnover, UK Standard Industrial Classification (consistent with NACE Rev.2) and employment. Together, these data provide an invaluable insight into UK sharing economy activity.

#### **(d) Measuring impact of globalization**

28. As a result of globalisation, there is considerable tension between the nature of the economic activity and the measurement system that attempts to keep up with it. The unit of analysis is the economic area (the “island”), and the task is to measure the economic activity within the island and the transactions between islands. But increasingly, companies are global, ownership is global and economic activity takes place in a geographically dispersed way. *Tracking the International Footprint of Global Firms* by BIS and Central Bank of Ireland will analyse a number of issues created by this tension, draw lessons from them and propose ways for addressing them.

29. *Progress of work of the UN Expert Group on International Trade and Economic Globalization Statistics* by UNSD will provide an update on the preparation of the

Handbook on Accounting for Global Value Chains to reflect the recommendations of the UN Expert Group during its last meeting in June 2017.

### **Item 6: The role of satellite accounting within the national accounts**

*Organiser: Statistics Canada*

*Contributions by: National Statistical Service of Armenia, Statistics Finland; Central Statistics Office of Hungary; Statistics Indonesia (Badan Pusat Statistik (BPS)); INEGI, Mexico; Statistics Norway; ONS of the United Kingdom; United States Bureau of Economic Analysis (BEA); UNECE*

30. Over the last number of years, there has been an increasing tendency for countries to develop satellite accounts. As society and the economy evolve, satellite accounts provide a convenient and efficient way for statistical organizations to both ‘experiment’ and provide users with relevant information that address their specific needs. The 2008 SNA outlines two types of satellite accounts. The first type involves a rearrangement of the classifications or data (e.g. more detail or alternative aggregations) and possible addition of complementary information to the existing core accounts. These satellite accounts do not change the underlying concepts of the core system but provide an expanded perspective on a particular sector, group of products or activity. The second type of accounts seeks to change the underlying concepts of the core system. This would involve, for example, changing the concept of production (e.g. including volunteer activities as production), consumption or capital formation. Under this item countries will present experience with both types of satellite accounts as well as the work of the UNECE Task Forces on Satellite Accounts for Education and Training and on Satellite Accounts for Unpaid Household Work. It will conclude with a discussion about the future of satellite accounting within the context of national accounts.

31. *Report from the Task Force on Satellite Accounts for Education and Training (SAE)* will provide information on the progress with the pilot testing of SAE in different UNECE countries. The Guide on Measuring Human Capital (2016) provides a first attempt to estimate and record human capital in a way that is aligned with the principles of national accounts and comparable among countries. The Guide recommended that as a next step, countries should develop a satellite account on education and training. In addition to providing estimate of the total expenditure on education and training and thus improved cost-based measures of human capital, the objective of such a satellite account is also to distinguish the various expenditures, including the identification of the financing arrangements for these expenditures. It extends the production boundary of the SNA only slightly by recognizing the output from the internal expenditures on education and training by employers. The presentation will inform on the results of the pilot testing of SAE in a number of countries and present some of the methodological challenges identified so far: measuring of in-house training, internship, ancillary expenditures, etc.

32. *The United Kingdom’s Satellite Accounts for Education and Training* by ONS will focus on the main objectives of these accounts. In addition, it will explain the methodology and the data sources that have been used for the UK case. Last but not least, the paper will present the main tables of the Satellite Account on Education and Training and analysis on the results.

33. *The Guide on Valuing Unpaid Household Service Work*, prepared by UNECE Task Force, responds to the need to go beyond measuring the market-based activities in economic statistics. The exclusion of unpaid household service work may introduce a bias in various



areas of economic analysis. A proper recognition and valuation of unpaid household service work would allow a better assessment of the economic and social impact of policy options. The objective of the Guide is to support NSOs in selecting and applying methods for valuing own-use production of services, and in compiling Household Satellite Accounts. The Task Force included representatives from 10 national statistical offices, international organizations and universities, and was led by the United Kingdom Office for National Statistics. The CES plenary session endorsed the Guide in 2017.

34. *Household Satellite Accounts* by Statistics Finland will introduce the time series for 2001-2012 and more detailed results for 2012 according to the UNECE Guide on valuing unpaid household service work.

35. *Using Big Data to Strengthen the Tourism Satellite Account of Mexico* elaborates on the experience of INEGI in the use of non-traditional data sources to improve statistics. Currently Mexico produces seven satellite accounts on culture, non-profit institutions, environment, health, tourism, unpaid work and housing. INEGI has further plans in improving measurement of ecosystem services and social economy, human capital, transport, construction, generational accounts, digital economy, illegal economy and security. The tourism satellite account is of great relevance for Mexico as it allows measuring the development of one of the most important activities generating income and jobs in the economy. The experience in using big data in the area of tourism may be expanded to the other activities like culture and environment.

36. *Tourism Satellite Account* by the Hungarian CSO presents the development in compiling tourism satellite accounts since the first issue in 2004. The responsible unit is the tourism statistics section in cooperation with the national accounts unit and the labour force unit. At the beginning the work was supported by the National Economic Ministry and recently by the Hungarian Tourism Agency. Production of tourism accounts was paused in 2010-2013 due to the implementation of the new methodological changes. However, the continuous time series have been recalculated now. Today the methodology follows the international recommendations. The expected results are the measurement of the tourism socio-economic importance and ensuring comparability of tourism statistics to other economic sectors and to other countries. Another goal is examining of the structure of tourism (value added, job creation and investment by branches).

37. *Toward an Outdoor Recreation Satellite Account* by US BEA describes new work to develop such a satellite account. It reviews the context in the United States for how and why the project was launched, the institutional arrangements and stakeholder interest, highlights and challenges of the methodology and data sources, prototype results, and next steps.

38. *Non-profit Institutions Serving Households Sector in the Armenian National Accounts* provides an overview of the Armenian non-profit institutions serving household (NPISH) sector, the data sources and methods used to compile the accounts. The National Statistical Service of the Republic of Armenia, conducted a survey of NPISHs between July and August 2016. The objective of the survey was to collect data that would help determine financing of the NPISHs, products and national accounts activities in which the NPISHs can be classified, measure employment and compensation of employees, estimate intermediate consumption, investment, transfers, other current expenditure and investment grants.

39. *Compilation of Satellite Accounts in Indonesia* will present the experience of Indonesia with satellite accounting, which begun by the development of national Input Output Table and Social Accounting Matrix in 1975. In this period, the compilation was supported by Statistics Netherlands and Government of Japan. In the next period,

compilation of satellite accounts was broadened by covering national Flow of Funds series, Financial Social Accounting Matrix 2005, and national and regional Tourism Satellite Accounts. However, compilations of satellite accounts before 2015 was not fully consistent with other statistics, i.e. GDP, regional GDP or BoP, as Indonesian national accounts framework was not fully developed. In 2015, Indonesia started to implement national accounts framework with support from Australian Bureau of Statistics (ABS) and IMF, followed by compiling and releasing Input Output Table for 2010. In recent years, Indonesia has also released other consistent satellite accounts, such as Tourism Satellite Accounts 2016, Input Output Table on Creative Economy 2014, and Maritime GDP 2010-2016. In the near future, Indonesia will also release Social Accounting Matrix 2010 and develop Environmental Accounts. The paper will discuss the many benefits brought by the development of satellite accounts to both the users and compilers of statistics and will describe some of the experienced challenges.

#### **Item 7: Challenges in maintaining consistent time series**

*Organiser: Bureau of Economic Analysis, United States*

*Contributions by: Central Bank of Armenia; CBS of Israel; National Bank of Moldova; National Statistical Office of Mongolia; Statistics Netherlands; Statistics Norway; US BEA; Eurostat; OECD and UNSD*

40. The discussion under this item will focus on highlights and challenges of developing time series statistics. It aims to share country examples in dealing with revisions of time series and considerations on revision policies including finding the balance between the need for updated time series, resource constraints and other resource demands. Rationales for revision policies and how these policies have evolved over time, and decisions on whether and how to harmonize revision policies will be addressed, as well as experiences in backcasting and nowcasting techniques to improve time-series statistics.

41. *Time Series Considerations in Updating the U.S. National Economic Accounts* will focus on the US BEA's perspective on highlights and challenges of developing time series statistics for the National Accounts. The presentation will describe the approach to dealing with revisions to time series based on data from National and International Accounts and other sources, and new thinking on BEA revision policies and why they have evolved over time. Additionally, it will describe approaches and tradeoffs to backcasting and nowcasting through benchmarking processes. Lastly, a preview of new considerations to the estimation of the U.S. national accounts and how they differ from current practice, mostly through the goal of simultaneous release of GDP expenditure, income, and production will be presented.

42. *Backcasting of National Account Benchmark Revisions* goes into methods developed recently at Statistic Netherlands for the backcasting of time series, both for the SUTs and for the institutional sector accounts. The main purpose of these new methods is limiting the amount of time required for backcasting benchmark revisions. Both advantages and disadvantages of the applied methods will be discussed.

43. *The Process of Revising the Israeli National Accounts* by CBS elaborates on a clear conflict between the requirements for high quality and for timeliness in the publication of national accounts data. The publication of national accounts data within a short timeframe after the accounting period contributes to lower accuracy of the published data and will require their subsequent review and revision. Overcoming this conflict is a challenge for macroeconomic statistics. The paper will present the process and experience of preparing the data for the Israeli National Accounts. It specifically describes the procedure for publishing

initial estimates of the GDP and its main components, as well as the policy and procedure for their subsequent review and revision. The paper will also present the results of an analysis of the reasons and scope of revision to annual and quarterly estimates of national accounts.

44. *Challenges in Developing Time Series for International Accounts During The Conversion from BPM5 to BPM6* by the National Bank of Moldova will reflect the experience from the transition to BPM6, which took four years. An additional effort is planned for 2018 in order to reconcile the annual international investment position (IIP) time series with BoP data until 2009 and IIP and external debt annual data for 2001-2008. During the transition process there was additional elaboration of statistical indicators according to the previous methodology. The transition was carried out gradually and was accompanied by methodological explanations for statistical users.

45. *Integrated Approach for Revising National Accounts and Bop* will discuss how Statistics Norway maintains harmonized time series today, based on lessons learned from earlier major revisions. In Norway there has always been a strong demand from researchers for long and consistent time series. Consistency between annual and quarterly series as well as consistency between national accounts, balance of payments and government finance statistics has been important. Thus, a lot of attention was paid to harmonizing the revision policies not only within Statistics Norway, but also with international organizations. Statistics Norway presently publishes consistent time series back to 1970 on an annual basis, while quarterly series go back to 1978.

46. *Updating the GDP Time Series Using Annual Supply and Use Table* presents the current experience of the National Statistical Office of Mongolia in compiling SUT. The SUT provide a detailed picture of the country's economic situation and the structure of the national economy, interconnections and the role of leading sectors. It also shows the supply of goods and services for intermediate consumption and final use. The SUTs are the starting point in compilation of national accounts as they produce consistent and reconciled GDP estimates from the production, expenditure, and income side. Mongolia has started the annual SUT compilation in 2011. This presentation explains the current methodology for developing SUT, the data sources, including how to use the BPM5 and BPM6 results, issues and future challenges.

47. *Harmonizing BoP and NA Revision Policies* by the Central Bank of Armenia will provide an overview of recent developments in building revision policy for BoP and national accounts series. Since 2011 Balance of Payments is compiled by the Central bank. In 2014 the Bank discontinued compiling and publishing data according to BPM5 and adopted a revision policy for BoP and other external accounts. There are several formal and informal agreements on cooperation with the national statistical office, including on data revision, revision calendar and data exchange between the two agencies.

48. *Harmonizing revision policies in the EU* by Eurostat describes recent efforts of EU countries to come to a closer alignment of routine and benchmark revision policies across countries and across domains (e.g. national accounts and balance of payments).

49. There is a high demand for methodological guidance in applying backcasting techniques to maintain coherent timeseries in national accounts. In this context, the United Nations Statistics Division (UNSD) is preparing a *Handbook on National Accounts Backcasting* to provide national statistical offices with appropriate guidelines and advice. The Handbook will discuss in detail the need for backcasted national accounts data, the

design and management of a backcasting process, different methodological approaches for backcasting, quality assurance, and communication issues.

**Item 8: New data sources and latest innovations in constructing national and international accounts Session organizer**

*Organiser: Office for National Statistics, United Kingdom*

*Contributions by: Australian Bureau of Statistics; Statistics Canada; Bank of Finland; Bank of Italy; ONS of the United Kingdom; European Commission, Joint Research Centre and Eurostat*

50. *Recent enhancements to maintain the quality of national accounts* in Australia will introduce some of the enhancements undertaken by ABS to maintain and improve the quality of the Australian National Accounts. These enhancements will position the ABS to meet the contemporary and emerging needs of government, business and the community. In 2017, the first Annual Australian Labour Accounts were published for 2010-11 to 2015-16. Work is now underway to develop quarterly Labour Accounts that will be published a week after quarterly National Accounts. Increasing importance has been placed on the use of administrative data within the Australian National Accounts. Australia is also embarking upon the use of constrained optimisation to balance the accounts. In 2018, this technique will be trialled on the Input-Output tables, with the intention to implement it more broadly across the accounts. This high performance tool will deliver benefits that include reducing the balancing workload to allow staff to focus on expert analyses.

51. *What Happens When You Ask Canadians to Report the Price They Pay for Weed?* by Statistics Canada will provide an overview of the different cross-government activities currently being undertaken to measure the economic and social implications related to the legalization of cannabis. Given that the production, consumption and distribution of cannabis is currently illegal, the government of Canada has had to rely on non-traditional methods to obtain and estimate the prevalence of use, consumption and production of cannabis in Canada. The presentation will focus on some of the more innovation methods that have been attempted and the lessons learned.

52. *Integrated Monetary Financial Institution's Data Collection Framework at the Bank of Finland* presents a case study on the data collection process, tools and services of the Monetary Financial Institutions' (MFI) data at the Bank of Finland. In Finland the statistical reporting requirements for the MFIs' have been integrated into one framework. Datasets collected on a granular level makes it possible to compile statistics for different purposes and with different aggregation levels from the same coherent dataset. Time series for the ECB and international organizations are compiled by the Bank of Finland. Data are also sent via pipeline to Statistics Finland for the compilation of BoP and Financial Accounts. The supervisory needs are not integrated into the statistical data collection, but the Financial Supervisory Authority has the right to use the statistical data for supervisory purposes. All units included in the target population are surveyed. The data collection is carried out via two different modes: data files according to predefined reporting framework and the web-survey questionnaire. Furthermore, part of the data validation is integrated already into data collection. The response burden is minimized by collecting directly only the part of the data that cannot be derived from the reference sources. After the data has entered into the compilation systems, it is enriched and all needed estimations are made. Cooperation with the respondent agents is important part of the statistical work and is carried out via seminars and continuous respondent support. Respondent satisfaction is measured annually via

satisfaction survey. The target is to have high service level and satisfaction for data providers and users.

53. *Household Investments through Italian Managed Financial Products* by Bank of Italy analyses for the first time the portfolio investments underlying the Italian asset management products held by Italian households in the 2014-2016 period. The aim is to highlight the ultimate destination of the household savings and to provide elements which can be useful in the assessment of the different types of risk affecting savers. The results show that the indirect portfolio is primarily composed of Italian government bonds, while the proportion of the Italian private bonds and shares is negligible. In the three years the proportion of the bonds and shares issued by foreign intermediaries and firms has risen: at the end of 2016 the Italian households were investing indirectly in French and US non-financial enterprises a share higher than in the Italian non-financial enterprises. The rise of the share of mutual funds is almost entirely due to the funds established under the Luxembourg law. The composition of Italian households' financial assets arising from the reclassification of the indirect investments highlights an increase of the share of Italian debt securities, due to the government bonds, and of the foreign investments (debt securities and mutual fund shares).

54. The increasing volume and diversity of data sources to inform, and strengthen, the quality of economic statistics provides a huge opportunity for NSOs. *Data science, big data and economic statistics, including 'superfast GDP'* will outline how the Data Science Campus at the UK ONS is using data science tools and machine learning techniques, together with big data sources, to improve our understanding of the UK's economy. The presentation will cover the Campus' work programme including:

- Growth of SMEs;
- Regional GDP estimates;
- Measures of 'superfast GDP';
- Social and economic indicators from images; and
- Internet products and trade in goods.

55. *Overview of the Construction Process of the EU Inter-Country Supply, Use And Input-Output Tables (Figaro Tables) with a Special Focus on the Treatment of Goods Sent Abroad for Processing* by European Commission, Joint Research Centre and Eurostat discusses the extension from national to inter-country Supply and Use and Input-Output tables (SUIOTs). It consists of splitting the national SUTs domestic exports (f.o.b) by country of destination (and importing industry) and by type of use (intermediate or final), which in turn produces indirect estimations of imports of intermediate and final goods and services among countries of origin (and exported products). It could also be the other way round, splitting national SUTs imports by countries of origin. The two approaches should not differ, in principle, as long as the view of bilateral trade among countries is balanced at the level of each good and service and both exports and imports are valued f.o.b. However, this is not the case in official statistics, mostly due to trade asymmetries and the different valuation of exports (f.o.b.) and imports (c.i.f.). This paper however justifies the first choice for various reasons and describes the full process of construction of the EU inter-country SUIOTs with a particular focus on the balanced view of trade and the treatment of goods sent abroad for processing, including some indications about the necessary assumptions made in the absence of official data about trading partners and type and destination of the processed goods.

**Item 8. Future work and adoption of the report**

56. In this session, the proposals for future work will be presented and discussed. The report containing main decisions of the meeting will be put for adoption.

**Item 9. Other business**

57. Participants wishing to propose points under this item are requested to inform the secretariat as soon as possible.

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