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### Economic Commission for Europe

#### Conference of European Statisticians

#### Group of Experts on National Accounts

##### Twentieth session

Online, 17, 18, 20, 21, 25 and 26 May 2021

Item 8 of the provisional agenda

##### Future work and adoption of the report

### Report

#### Note by the Secretariat

##### *Summary*

The meeting was organized following a decision of the Conference of European Statisticians in June 2020 (ECE/CES/2020/16 and ECE/CES/16/Add.1) and the recommendation of the previous meeting of the Group of Experts on National Accounts in September 2020 (ECE/CES/GE.20/2020/2). Due to the COVID-19 pandemic it was held online.

The present document is the report of the meeting and is provided to inform the Conference of European Statisticians of the organization and outcomes of the meeting.

## I. Introduction

1. The Meeting of the Group of Experts on National Accounts was held online on 17, 18, 20, 21, 25 and 26 May 2021. The meeting attracted big interest from country experts. In total 373 participants took part. The meeting was attended by representatives from Albania, Argentina, Armenia, Australia, Austria, Azerbaijan, Belarus, Belgium, Brazil, Bulgaria, Canada, Chile, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cyprus, Czech republic, Denmark, Estonia, Finland, France, Georgia, Germany, Hungary, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Mali, Malta, Mexico, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Serbia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Turkey, Turkmenistan, Ukraine, United Kingdom, United States, Uruguay, Uzbekistan and Viet Nam.
2. The meeting was also attended by representatives from the African Development Bank (AfDB), Bank for International Settlements (BIS), Eurasian Economic Commission, European Central Bank (ECB), European Commission (Eurostat and Joint Research Centre), European Free Trade Association (EFTA), International Monetary Fund (IMF), International Public Sector Accounting Standards Board (IPSASB), Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT), Organisation for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United Nations Economic Commission for Latin America and the Caribbean (UNECLAC), United Nations Economic and Social Commission for Western Asia (UNESWA), United Nations Statistical Institute for Asia and the Pacific (UN SIAP), United Nations Statistics Division (UNSD), United Nations Development Programme in Turkmenistan and World Bank. The non-governmental organization International Services Trade Information Agency also participated in the meeting.
3. Mr. Gerard Eding from Statistics Netherlands chaired the meeting of the Group of Experts on National Accounts.
4. The provisional agenda was adopted.

## II. Organization of the meeting

5. Eurostat welcomed the participants on behalf of the co-organizers of the meeting: Eurostat, IMF, OECD, UNECE, UNSD and the World Bank. The meeting is organized under the coordination of the UNECE Steering Group on National Accounts and in cooperation with the EFTA Statistical Office, which provided the platform and the interpretation.
6. The main focus of the 2021 meeting of the Group of Experts on National Accounts was on the progress of the Task Teams working on the Updates of the System of National Accounts, 2008 (2008 SNA) and the Balance of Payments Manual, sixth edition (BPM6), which are expected to be finalized in 2025. This work is of capital importance for the future of national accounts, balance of payments and other macroeconomic statistics. It aims to align the international guidelines with (new) user needs, (new) developments in the economy and provide insights for the analysis of the national and the global economies in the era of globalization and digitalization and at a time when the attention to social and environmental aspects, to well-being and sustainability has hugely increased. In addition, the new and innovative data collection processing and modelling methods developed by countries during the COVID pandemic, which will continue to serve the statistical community, thereafter, were also part of the focus of this meeting.
7. The following substantive topics were discussed during the five online sessions:
  - Update of the System of National Accounts, 2008 (2008 SNA)
  - Communication
  - Digitalization

- Well-being and sustainability
- Globalization
- Post-COVID-19: Looking forward
- Future work and adoption of the report

### III. Summary of the main conclusions reached at the meeting

8. The main conclusions of the meeting are given below. All documents for the meeting are available at: <https://unece.org/statistics/events/group-experts-national-accounts-online>

#### A. Update of the System of National Accounts, 2008 (2008 SNA)

9. The session was organized by IMF and UNSD and chaired by Gerard Eding (Statistics Netherlands and chair of the UNECE Steering Group on National Accounts). The presentation was provided by Herman Smith (UNSD) and James Tebrake (IMF) moderated the discussion.

10. The presentation outlined the progress in updating the 2008 SNA which goes in line with the update of the BPM6 and other related macroeconomic statistical standards and classifications. A number of work streams were launched to resolve issues related to priority areas, each of them organized by a Task Team. The Task Teams are developing guidance notes for each of the prioritized issues covering both the conceptual implications and the practical aspects and feasibility of implementing the proposed recommendations.

11. Significant efforts have been done to ensure coordination between the work on SNA and BPM Updates in order to ensure a coherent set of manuals and reduce duplication of work. For this purpose, in seven areas joint Task Teams have also been established.

12. The Task Teams that are addressing the four priority areas of the SNA research agenda – globalisation, digitalisation, well-being and sustainability and communication have made significant progress over the last year. The SNA Update is now entering into a phase where certain guidance notes will be sent to countries to assess their feasibility (testing). One guidance note has already been circulated and eight more have recently been approved by the Advisory Expert Group on National Accounts for global consultation. Some more will be submitted by the end of the year. The global consultations should be also seen by the countries as an opportunity to consult their users and bring their point of view in the discussion.

13. Another significant step to formulate the final recommendations for updating the SNA is the baseline assessment and the experimentation of the guidance notes. It will start already in 2021 and will be an important procedural change compared to previous updates because the recommendations will be tested before they can finally be included in the new SNA, to verify their practical applicability. Countries from different regions are encouraged to identify the recommendations which will have most significant impact on their accounts and whenever possible volunteer to produce experimental estimates and test the feasibility of the guidance notes.

14. The participants highly welcomed the progress overview and the information on the next steps in the SNA Update, provided during the session. They noted that the alignment of the SNA and BPM is of crucial importance. Further efforts are needed to ensure coordination not only at the level of Task Teams, but also among the respective national compilers in the countries when the consultations are carried out. Besides being essential to assess the feasibility of the guidance notes the testing will also provide first insights in the impact of the recommendations on the accounts. This is why it is important that countries get involved in the consultation and testing process.

## **B. Communication**

15. This session was organised by the Office for National Statistics (ONS) UK, IMF and World Bank, and chaired and moderated by Sanjiv Mahajan (ONS, UK). It included presentations from ONS UK, Federal Statistical Office of Germany, African Development Bank and IMF, providing the structure, aims and the progress to date of each of the SNA Communication Task Team (CMTT) sub-teams and a presentation of country experience from INEGI Mexico.

16. On the taxonomy, communication of economic vintages, economic updates/revisions and economic products were covered together with some evolving proposals, for example use of dates in release titles. On terminology, harmonising the standards and branding the statistical standards were covered, including some proposals on terms, accounts and definitions. On alignment, a framework (e.g. concepts, classifications, tables, etc.) and the communication of levels of compliance were covered and whether a scoring system utilised. On the compilers' hub, the various development stages to date were covered and the different parts of the site development which are looking very user friendly with a range of functionality.

17. The importance of communicating economic statistics to users using relevant tools and easier to understand language was evident as well as improving comparability. The participant agreed that we need to improve communication and tailor it to the different types of users. The compilers hub will be an important tool for sharing information and experience. There was broad support for the proposals and additional ideas as well as the need for caution, for example, not going too far in using simplified technical terms and avoiding the use of explicit scoring in terms of alignment to international guidance. The approaches used by INEGI also linked well to the CMTT sub-team proposals.

18. The guidance notes would be out for global consultation late this year and would also include testing.

## **C. Digitalization**

19. The session on the digitalization research agenda of the SNA was organized by US Bureau of Economic Analysis (US BEA) and Eurostat and included contributions from Bank of Russia, Eurostat, the OECD, Statistics Canada, and the US BEA. It was chaired by Erich Strassner (US BEA) and moderated by John Verrinder (Eurostat). The SNA Research Agenda Task Team on Digitalization also contributed to the session.

20. Digitalization's disruption of business models and its impact on changes in production and consumption as well as on labour markets creates the need to bring better visibility to digitalization in the next update of the SNA. The session presented an update on the progress to develop draft recommendations as well as country experiences on research to support the SNA update. The session highlighted five key areas related to the research agenda on digitalization: making digitalization more visible within the SNA; the recording and valuation of data from a conceptual and practical perspective; the treatment of "free" products in the core SNA framework and in a satellite account; measurement of cross-border digital trade and a summary of other research items on the digitalization task team's research agenda.

21. Participants welcomed the work and acknowledged the contributions and progress achieved on the SNA research agenda while also noting the extent to which more research and experimentation is necessary for moving forward. The Canadian Digital Supply and Use Tables (DSUTs) provided a comprehensive view of basic economic transactions related to the digital economy while also describing assumptions, methods, and future work to support development of DSUT and high-priority indicators on the digital economy. The conceptual presentation by the OECD on the recording of data as a produced nonfinancial asset shed light on the current thinking about the definition of data and the extent to which observable phenomena (OP) procurement costs ought to be included along with recording and processing costs to value data. The US BEA presented estimates to value the data economy through a sum-of-costs approach using big data and data science techniques. Each presentation advanced the discussion while also identifying many associated challenges with

how to practically measure other aspects of data if treated as intellectual property products, namely, depreciation, price indexes, services lives, and other capital costs.

22. The presentation on free products by the US BEA on behalf of the digitalization task team described forthcoming guidance for the core SNA framework as well as treatment of free products through the “barter” approach in a satellite account, where free services of the digital platform are exchanged for information collected on the user of the free service. This ties together a relationship between OP in the treatment of data and OP in the treatment of transactions for a satellite account on free services. The presentation on measuring digital trade by Russia demonstrated the growing importance of digital trade in the global economy while also describing opportunities and challenges in economic measurement with strengths and weaknesses on data, assumptions, and methods. Lastly, the presentation by Eurostat on behalf of the digitalization task team briefly overviewed progress on other important digitalization agenda items: price and volume measures affected by digitalization, as well as the treatment of artificial intelligence, crypto assets and cloud computing.

23. Participants acknowledged and agreed on the need to continue progress on the digitalization research agenda. The complexity of issues continues to challenge our existing frameworks and approaches to measurement. Topics such as the economic role of data and the valuation of free products still need further conceptual work. At the same time the statistical community continues to look forward to examples on ways to develop practical measurement on DSUTs, high priority indicators, data and free services while also noting there is a need to improve measurement on other tracks of digitalization. Further discussion on these issues will take place during the 5th meeting of the OECD Informal Advisory Group on Measuring GDP in a Digitalised Economy (9-10 June 2021). Countries are invited to engage in and provide input to ongoing discussions on the research agenda on digitalization.

#### **D. Well-being and sustainability**

24. The two days session was organized and chaired by the World Bank and the OECD, and covered four sub-sessions on specific topics as addressed by the ISWGNA Task Team on Well-being and Sustainability, i.e. (1) the development of a broader framework for well-being and sustainability, (2) distributions of household income, consumption, saving and wealth, (3) labour, education and human capital, and (4) environmental-economic accounting. It was chaired by Catherine van Rompaey (World bank) and Jorrit Zwijnenburg (OECD) and moderated by John Mitchell (OECD).

25. The first sub-session, on the broader framework, included an update of the work on developing a broader framework as part of the SNA Research Agenda (by the World Bank and the OECD), and presentations by INEGI Mexico and Statistics Norway on their experiences in compiling satellite accounts on topics related to well-being and sustainability, such as environmental economic accounts, health accounts, tourism accounts, culture accounts, and accounts on unpaid household work.

26. The second sub-session, on distributional national accounts, focused on experiences in compiling distributional results in line with national accounts totals. It included a presentation on experimental quarterly distributional estimates on income, consumption and wealth for Canada (by Statistics Canada), experiences in the compilation of experimental estimates on income, consumption and saving for Costa Rica (by the World Bank), and the compilation of quarterly distributional financial accounts for the United States (by the US Federal Reserve).

27. The third sub-session, on labour, education and human capital, included a presentation by the Australian Bureau of Statistics on proposed guidance in this area under, a presentation on the Israeli satellite account for education and training by the Central Bureau of Statistics for Israel, and a presentation on current and future initiatives for measuring human capital in the United Kingdom by the UK ONS.

28. The fourth and final sub-session, on environmental economic accounting, included a presentation by the IMF on proposed options for the recording of emissions permits in the SNA, work on renewable energy assets in the context of the World Bank’s comprehensive

wealth measures in the Changing Wealth of Nations, and a presentation by Statistics Netherlands demonstrating how information from the SNA and SEEA can be combined to address policy relevant areas such as the circular economy, footprints and carbon accounts.

29. The presentations and subsequent discussions showed the importance and high policy interest in data on well-being and sustainability, linked to the System of National Accounts. This has only become more relevant during the current Covid-19 crisis. Many countries already compile national accounts statistics on specific subjects, often in the form of dedicated satellite accounts, which are gaining a great deal of user interest. It was highlighted that, in addition to providing relevant output for users, these accounts also help improve the quality of existing national accounts estimates, by providing useful feedback loops. In line with the recommendations from a CES Bureau in-depth review an inventory of country satellite accounts was developed and was announced to the participants (available at: <https://statswiki.unece.org/display/SAOI/Satellite+Accounts++Online+Inventory+Home> )

30. The Well-being and Sustainability Task Team is developing guidance notes on a range of topics, drawing from existing guidance and country experiences in the various areas. This aims to assist countries in compiling results and strengthens the relevance of this information in the context of official standards for macroeconomic statistics. As it concerns a multidimensional topic, the Task Team aims to develop a broader framework to bring this information together in a coherent way, highlighting multiple linkages among the various underlying subjects and with estimates in the central framework of the SNA. All of the guidance developed will feed into the updated SNA.

31. Whereas countries already have rich experiences in compiling results on the various topics, the presentations highlighted compilation issues in some cases. Countries may face different challenges depending on data availability and the setup of their statistical systems. It will be important for countries to assess the relevance of each topic and feasibility of compiling aligned with proposed guidance. Countries are encouraged to be flexible in the topics they choose to focus on and the level of detail with which they compile results. It may also be useful for NSOs to reach out to policy partners and explore possibilities to secure external funding for this work.

32. Some of the guidance notes for well-being and sustainability will become available for global consultation over coming weeks. Participants are encouraged to review the notes and provide feedback. If participants have specific questions on the guidance or on any of the presentations in the well-being and sustainability sessions , they are invited to contact the presenters, the chairs of the task team (Catherine van Rompaey and Gabriela Saborio) or the task team Secretariat (Jorrit Zwijnenburg).

## **E. Globalization**

33. The session was organized by the Central Statistical Office (CSO) of Ireland and the IMF, chaired by Michael Connolly (CSO Ireland) and moderated by Jennifer Ribarsky (IMF). The session included contributions from Australian Bureau of Statistics, CSO Ireland, National Bank of Moldova, National Bank of Serbia, Deutsche Bundesbank, Eurostat, Statistics Netherlands, Statistics Canada and INEGI Mexico.

34. An overview of the work of the Globalization Task Team was presented with a specific focus on the global consultation of the guidance note on Valuation of Exports and Imports of Goods (cif/fob). In the consultation 117 economies submitted complete responses, on the potential adoption of invoice (transaction) values for the valuation of imports and exports of goods in the updated international standards. Illustration by Moldova, Serbia and Germany showed the availability of invoice value data for international trade in goods, but Germany noted that the countries that have an International Transaction Reporting System (ITRS) in place may have fewer problems in adopting invoice values than countries which have to introduce an additional direct survey. The discussion noted that obtaining data on international freight and insurance may be the bigger challenge for countries to overcome. Thus, if the proposal is adopted, participants noted that practical guidance on the development of new procedures and/or statistical sources for international trade in goods and

services should be developed including questions on international freight and insurance services in surveys.

35. The presentation and discussion on the European Network of Multinational Enterprise (MNEs) Groups Coordinators (MNEnet) focused on how the activities of MNEs can be monitored in a systematic, coordinated, and cost-effective way, in particular to ensure the data on MNEs are consistent in business and macroeconomic statistics. Within the European Statistical System work has begun in establishing such a coordinated network. The Bureau of the Conference of European Statisticians has strongly encouraged UNECE to work together with Eurostat in liaising with the ESS network of MNE Coordinators. Eurostat expressed its interest in international cooperation for broadening the knowledge sharing beyond the European network and participants encouraged UNECE, together with Eurostat, to consider an online kick-off event based on the experience and material available in EU and other countries. Eurostat and UNECE would discuss and consider the appropriate timing of the event.

36. The last set of presentations by the Netherlands, Canada, and Mexico focused on the impact of MNEs on macroeconomic statistics. The Netherlands and Canadian presentations illustrated the compilation and provision of more detailed statistics related to MNE activities through additional subsectoring of foreign controlled units and domestically controlled MNEs. The Mexican presentation highlighted how data sharing and improvement in granularity can help improve trade asymmetries. Discussion focused on the need to be careful with the use of public financial statements. Policy users try to make adjustments to national accounts data using the public financial statements, but the detail is often not sufficient to identify items such as R&D and intellectual property and its associated depreciation. It was also noted that countries are exploring different solutions in dealing with data sharing constraints and there are benefits to working within each country's parameters of exchanging data as it helps with asymmetries.

## **F. Post-COVID: Looking forward**

37. The session was organized by Statistics Canada and US BEA and included presentations by Statistics Canada, Statistics Finland, US BEA, IMF, Bank for International Settlements (BIS) and South African Reserve Bank (SARB). It was chaired by Tony Labillois (Statistics Canada) and moderated by Erich Strassner (US BEA).

38. The purpose of the session was to consider the lessons learned and what economic measurement innovations could be taken forward in the post-COVID environment. The presentations by US BEA and Statistics Finland provided excellent examples of novel data sets such as payment card data and volume indicators that could be used to produce statistical measures during the pandemic.

39. The presentations by Statistics Canada, BIS and IMF highlighted the need of modernizing technology and working in collaborative manner. Statistics Canada illustrated the advantages of moving to open source software and modern software system, a process that is happening currently in several statistical offices. The presentation by BIS and SARB called that innovation of official statistics should be done collaboratively by central banks and statistical offices, so that both agencies could make better use of the updated information. Finally, IMF presentation provided evidence on the use of novel data sets for increasing timeliness of national accounts.

40. The presentations and the following discussion revealed that the system of economic statistics was evolving rapidly before the pandemic to respond to more complex user needs. This process was already well reflected in the SNA Research Agenda, well documented from global user consultations and very well-articulated in the previous sessions. Nevertheless, the process was enormously accelerated since COVID-19 has been prevalent in our lives and has affected all data compilers, as they had to navigate through a completely uncharted territory, full of challenges and opportunities. Compilers of statistics have proven that they can innovate, adapt quickly and provide data in near real-time.

41. Timeliness, high frequency and granular data were three absolutely essential key elements for users and policy makers during the pandemic. Quarterly and even monthly updates were far from being timely enough for policy makers. Compilers developed and used fast, simple, relevant, automated processes to leverage non-traditional data sources and to produce useful indicators that can better capture the turning points when they are properly integrated in the existing and evolving framework.

42. Collaboration between the different actors of the statistical system has become instrumental in the post-pandemic world to address fast evolving data needs. The statistical framework and the infrastructure should be designed to be conducive to leverage the increasing mass of information available as a substitute or complement to our existing statistical programs. Collaboration, data sharing, exchange of national experiences, co-development between countries and organizations can contribute to avoid duplication of efforts and fast track the modernisation of statistical framework, IT and statistical infrastructures in the post-COVID era and produce more timely, frequent and granular data. Statistical offices have to work more closely together in a more practical and multi-faceted way, not only on development and adoption of standards, but as importantly on the most innovative tools to ingest, compile, integrate and share timely and relevant data. It is essential for the success towards more coherence, flexibility, scalability, transparency and traceability of modern economic measures and macroeconomic accounts for meeting adequately the fast-evolving users' needs.

## **F. Other business and future work**

43. The participants are invited to continue their engagement with the discussions on the SNA update. Further comments and questions on all the documents that were presented and posted at the meeting website could be sent to UNECE ([national.accounts@un.org](mailto:national.accounts@un.org)) or the respective session organizers and presenters. They will be considered in the update of the guidance notes.

44. The next meeting of the Group of Experts on National Accounts will be organized on 17-20 May 2022. Taking into account the importance of involving all countries in the conceptual and practical discussion of the SNA update process the agenda of the 2022 meeting will focus on the priority areas of the SNA research agenda. Issues related to data sharing of economic data and the links between the economy and the environment should also be addressed. The following topics were suggested for the agenda of the meeting:

- SNA/BPM Update; testing of the guidance notes
- Communication
- Globalization, including Data sharing and LCUs
- Digitalization
- Well-being and sustainability, including Environment and the Economy.
- Informal economy

45. Additional topics that could be considered include technological innovation, use of new data sources, compilation of satellite accounts, high frequency indicators and measuring the economic impact of COVID.

46. The participants asked the UNECE Secretariat to inform the CES Bureau on the outcome of the meeting and to follow up on the recommended further work.