

Korea–China Statistical Cooperation in National Accounts

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1. Korea's Bilateral Statistical Cooperation

The purpose of bilateral statistical cooperation is to further the development of official government statistics and to maintain amicable cooperative relations. Bilateral statistical cooperation involves searching for solutions to common statistical issues, learning and teaching the latest statistical techniques, and exchanging statistical information and personnel.

The Korea National Statistical Office (KNSO) has made bilateral agreements with many different central statistical institutions such as those of Japan, China, Germany, Mongolia, Thailand, Vietnam and Iran. Most of the bilateral statistical meetings are held regularly once or twice a year.

The first bilateral statistical cooperation agreement was made with Japan in April, 1982. The next was with China in 1993. Both of these are remain in force up to now.

2. Korea-China Statistical Cooperation

In 1993, a delegation from the KNSO visited the National Bureau of Statistics (NBS) in China and made an agreement to maintain regular statistical cooperation on a continual basis. Since then, the Korea-China Statistical Meeting (KCSM) has been held twice a year, alternately in Daejeon Korea and Beijing China. This year, the first meeting was held in May in China and the second one in July in Korea.

The KCSM has discussed general topics rather than technical ones. They can be summarized into two broad categories; the government statistical system and important statistical surveys, The detailed aspects of the

government statistical system are statistical laws, statistical organizations, the statistical education system, the data collection system, the statistical coordination system and the statistical workforce. The statistical surveys discussed at the KCSM are the service industry survey, the transportation survey, the wholesale and retail trade survey, the consumer price survey, the manufacturing survey, the economic census, the housing census and the population census. Other topics covered at the KCSM are statistical public relations, the format of statistical publication, industrial classification standards and survey techniques.

Issues concerning national accounts have not appeared on the agenda of the KCSM. I think this is mainly due to the characteristic of the KCSM that it was created mainly to develop the cooperative relations with the KNSO and the NBS. National accounts topics are likely to be specific and technical, and therefore, they have not been introduced on the agenda of the KCSM.

Another probable reason might be that the Bank of Korea (BOK) compiles the national accounts of Korea. This may lead the KNSO to have less interest in national accounts topics.

The number of participants has been about 10-15 persons. As to the cost of the KCSM, the airfare of participants is paid by the sending country, and the accommodation and food of participants are provided by the host country. The cost of holding a meeting for is paid by the host country.

3. National Accounts in Korea

The BOK compiles the national accounts of Korea including Gross Domestic Product (GDP) statistics, Balance of Payments tables, Flow of Funds tables and Input-Output tables. The BOK is developing National

Balance Sheets and these will be published in 2008. The history of national accounts in Korea is as follows.

(GDP Statistics)

- **1957:** The BOK is designated as official statistical institution to compile GDP statistics.
- **1958:** The BOK publishes the GDP statistics by kind of economic activity and expenditure on GDP during the period of 1953-57, according the 1953 System of National Accounts (SNA).
- **1968:** The BOK starts to publish quarterly GDP to meet the increasing demand for short-term economic indicators.
- **1989:** The BOK consolidates GDP statistics and Input-Output tables, according to the 1968 SNA.
- **2004:** The BOK had revises GDP statistics on the basis of the 1993 SNA recommendations. The major changes are as follows.
 - Change producer prices into basic prices in the evaluation of output
 - Allocate the Financial Intermediary Services Indirectly Measured (FISM), which had previously been distributed wholly to intermediate consumption of industries, between intermediate consumption and final consumption expenditure.
 - Record expenditures on computer software and mineral exploration as investment expenditures instead of intermediate expenditures
 - Record military expenditures on airports, harbors, hospital facilities and transportation vehicles as investment expenditures.

(Balance of Payments Tables)

- **1958:** The BOK publishes Balance of Payments tables on a half yearly basis. The tables are compiled according to the IMF Manual on Balance of Payments.
- **1968:** Quarterly Balance of Payment tables are compiled as the amount of external trade has increased rapidly.
- **1979:** Monthly Balance of Payment tables were compiled as the need of timely data on the movement of external trades was on the rise.

(Flow of Funds Tables)

- **1965:** The BOK starts to compile annual flow of funds tables in Korea.
- **1971:** The BOK starts to publish quarterly flow of funds tables in Korea.
- **2006:** The BOK revises and publishes flow of funds tables in Korea, according to the 1993 SNA recommendations.

(Input-Output Tables)

- **1964:** For the first time, the BOK publishes official I-O tables for the year 1960. They were compiled to provide basic statistics for the 1st Five Year Economic Development Plan in Korea.
- **1964-2007:** Twenty I-O tables of Korea are compiled and published by the BOK. These are composed of ten benchmark I-O tables and ten updated I-O tables.
 - Ten benchmark I-O tables, which are based on the industry surveys, have been published for the years of 1963, 1966, 1970, 1975, 1980, 1985, 1990, 1995 and 2000.

- Ten updated I-O tables, which are extrapolated with the previous benchmark year I-O tables, have been compiled and published for the year between two benchmark I-O tables.

(National Balance Sheets)

- National Balance Sheets of Korea have not so far been compiled.
- The KNSO has compiled capital stock statistics of Korea four times based on the survey for the years of 1968, 1977, 1987 and 1997.
- New capital stock statistics are being compiled by the KNSO based on the Perpetual Inventory Method (PIM). The annual capital stock statistics will be published in 2008.
- Based on the capital stock statistics, the BOK will compile and publish annual National Balance Sheets of Korea from 2009.

4. Possible National Accounts Topics at the KCSM

Estimating the financial sector has been one of the most difficult tasks in compiling national accounts. Issues concerning the calculation and allocation of FISIM would attract attention from both sides.

The methods of compiling Input-Output tables would present interesting topics, too. Korea compiles square Input-Output tables on a commodity by commodity basis in the same way that China does. There may be much common experience to share between our two countries.

As mentioned, the BOK is trying to compile national balance sheets. A lot of new issues have been arisen recently and therefore, the BOK would be happy to discuss issues in compiling balance sheets with other national accountants at the NBS.

The BOK has altered the main indicator for the quarterly GDP growth rate from change compared to a year earlier to change compared to the preceding quarter. To acquire the quarter-on-quarter growth rate, seasonally adjusted series have to be first calculated. Various seasonal adjustment methods have been tested and applied to get the seasonally-adjusted GDP series. Chain-linked volume indices are under developing in Korea now. The BOK has great interest in topics of compiling chain-linked volume indices of GDP.

5. Cooperation in National Accounts

To enhance statistical cooperation in national accounts between Korea and China, it is desirable to hold a regular workshops or seminars, which encourage the in-depth discussion of common issues.

However, it will take time to arrange a new workshop or seminar specifically for national accounts issues. Since national accounts are one of the statistical responsibilities of the BOK and the NBS, a budget allocation for the national accounts meeting should be set aside and ring-fenced from other competing statistical programs.

Another way to set in motion a statistical cooperation in national accounts would be to make use of the KCSM. The BOK and the NBS could suggest national accounts issues to be included on the agenda for the KCSM. Or a sub-group meeting on national accounts might be created under the auspices of the KCSM.