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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
STATISTICS AND DATA DIRECTORATE**

Working Party on Financial Statistics

**Summary Record: Meeting of the Joint Working Party on Financial Statistics and
Working Party on National Accounts**

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SUMMARY RECORD OF THE JOINT MEETING OF THE WORKING PARTY ON FINANCIAL STATISTICS AND WORKING PARTY ON NATIONAL ACCOUNTS

6 November 2018 (09:30 am) – 7 November 2018 (5.45 pm)

Session 1: Opening statement

1. Peter van de Ven, Head of the National Accounts Division (OECD), gave a short opening address. He introduced himself, welcomed the participants to the joint meeting of the Working Party on Financial Statistics (WPFS) and Working Party on National Accounts (WPNA), and thanked Delegates for their willingness to share their experience and for their contributions to the various sessions.
2. Subsequently, Peter handed over the meeting to Emmanuel Manolikakis (Statistics Canada), member of the WPFS Bureau to open the meeting. Emmanuel chaired session 2, Aycan Özek (Central Bank of the Republic of Turkey) session 3, Gary Dunnet (Statistics New Zealand) session 4, Susan McIntosh (U.S. Federal Reserve) session 5, and Peter van de Ven (OECD/SDD) sessions 6 and 7.
3. Jorrit Zwijnenburg, Head of the Sectoral National Accounts section (OECD) and responsible for the Secretariats of the WPFS and WPNA, welcomed the Delegates and thanked all those who contributed to this joint WPFS-WPNA meeting. He then provided information on the organisation of the meeting.

Adoption of the agenda

4. Delegates adopted the draft agenda of the meeting of the joint WPFS-WPNA [COM/SDD/DAF/A(2018)2].

Adoption of the minutes of the 2017 WPFS meeting

5. The minutes of the 2017 joint meeting of the Working Party on Financial Statistics and Working Party on National Accounts COM/SDD/DAF/M(2017)2 were approved without any further comments.

Address by Martine Durand

6. Martine Durand, OECD Chief Statistician and Director of the Statistics and Data Directorate (SDD), welcomed the Delegates and thanked them for their participation in the meetings of the OECD Working Parties on Financial Statistics and National Accounts. She particularly welcomed the colleagues from Lithuania who for the first time participated as members of the OECD, and Colombia who will soon become an official member. She also particularly welcomed the OECD key partner countries and pre-accession countries.
7. Martine began by explaining the new abbreviation of the Directorate's name, which has changed from *Statistics Directorate* to *Statistics and Data Directorate*. This is to reflect the increased importance of 'data' and the increased exploration and use of new and alternative data sources in the statistical process. For that reason, the Directorate now includes a new division 'smart data practices and solutions' that is tasked to introduce new types of data sources.
8. When looking at the agenda, Martine noticed that it covers many interesting and important topics, which figure high on the policy and research agenda of member countries. She would like to highlight three specific issues, i.e. digitalisation, globalisation, and well-being and sustainability.
9. With regard to digitalisation, Martine explained that last year the OECD launched a big horizontal project, 'Going Digital', with the aim to get a better understanding of how digitalisation is affecting economies and societies. The project includes a specific measurement module, amongst others dealing

with the development of a satellite account to better monitor the digital economy, the issue on how to account for free services such as those provided by social media and platforms, and the increasing role of data and how to account for this phenomenon in the system of national accounts. These issues will be further discussed later this week at the meeting of the Informal Advisory Group on Measuring GDP in a Digitalised Economy. Finally, she highlighted that a 'Going Digital' summit would take place on 11-12 March, also including a full session on the issue of measurement.

10. The second area emphasised by Martine was globalisation, which poses important challenges in the measurement and recording of national accounts. In 2017, the CSSP set up a reflection group, including representatives from the user side of the national accounts community, to discuss challenges posed by globalisation and to come up with recommendations. One of these recommendations is to reflect on the criteria to determine statistical residence of units, reviewing whether current criteria are still up to the task. Another recommendation relates to developing clear criteria for establishing presence of production, specifically in cases where IPPs play a significant role. Another recommendation is to develop a common understanding of the most pertinent additional breakdowns, e.g. by ownership and control, that should be provided in the national accounts, not only in supply and use tables, but also in the institutional sector accounts. Finally, she highlighted the OECD ADIMA project in which publicly available information on multinational enterprises (MNEs) is collected to obtain more insight in global multinational activities.

11. The final work area mentioned by Martine was the topic of well-being and sustainability. She emphasised that various projects are going on in this area, such as emphasising household disposable income and consumption as important indicators in addition to GDP, compiling household distributional data in line with national accounts, and implementing the system of environmental-economic accounting. However, more can and needs to be done in this area. An important issue in all of this is to come up with a structured approach to present the relevant information, to deepen the analysis, and to assess all these developments in conjunction. She informed the group on the work of the High Level Expert Group on the Measurement of Economic Performance and Societal Progress that acted as a follow up to the work of the Stiglitz-Sen-Fitoussi Commission. This group will release its report on the 27th of November at the 6th OECD Forum on Well-being in Korea. The report will touch upon a lot of the issues as addressed in the first Stiglitz report, but also cover new topics such as the measurement of natural capital and of human capital.

12. Looking ahead, Martine mentioned two major horizontal projects that will be launched soon, and that may be of interest to the joint WPFS-WPNA meeting. The first is on infrastructure and how to better measure its role in the economy. The second project is on housing. All in all, a lot of challenges are still ahead, with an important role for the members of the WPNA and WPFS.

13. In response to Martine's address, Sanjiv explained that these are indeed challenging times for economic statistics. He likes the use of horizontal projects to address some of these issues, although one always has to be careful for a too large scope and too much governance. Furthermore, further collaboration between international organisations should be encouraged as well as with the accounting world, referring to the recent change in the treatment of leasing in international accounting standards. Martine responded that horizontal projects are often necessary to effectively tackle issues and to ensure that expertise from various areas is combined within projects. Regarding cooperation between international organisations, there is already a lot of coordination via the Inter-Secretariat Working Group on National Accounts (ISWGNA) and the Advisory Expert Group on National Accounts (AEG), although there is always room for more. In follow-up, Peter provided more context on the work of the AEG, explaining that their main task is to discuss important issues such as raised by Martine and to come up with guidance notes on how to deal with specific issues. Martine also stressed the important role of member countries in governing boards to highlight areas for more cooperation. Furthermore, she agreed with the need for further collaboration with the accounting world.

Announcement of upcoming IARIW conference

14. Andrey Kosarev (CISSTAT) provided information on the upcoming IARIW conference that will take place on the 17th and 18th of September 2019 in Moscow. The title of the conference is “experiences and challenges in measuring income and wealth in Eastern Europe and CIS countries”, and they would welcome methodological papers on measurement problems, even if they focus on other parts of the world.

Update on change in OECD collection templates

15. Jorrit Zwijnenburg (OECD) provided an update of upcoming changes in the OECD collection templates. These relate to recommendation II.8 of the G-20 Data Gaps Initiative and to the inclusion of some voluntary items as discussed at the meeting of the WPFS-WPNA in 2016. He provided some background information with regard to both initiatives and presented an overview of the main changes. The new items will be progressively reflected in the OECD collection templates, starting as of June 2019, with a full integration by 2021. The OECD also liaises with Eurostat and the ECB to coordinate the updates of their collection templates with regard to data for European countries. Furthermore, he explained that in the context of the G20 Data Gaps Initiative (DGI), the OECD is working on a compilation guide on institutional sector accounts, for which a questionnaire has been sent out to G20 economies and other member countries of the Financial Stability Board (FSB) to obtain more information how countries compile their institutional sector accounts. This questionnaire includes questions on data sources, specific adjustments, balancing procedures, etc. Countries are requested to provide information by the 18th of January.

16. In response to a question by Susanne Goldhammer (Destatis), Jorrit explained that the OECD is planning to re-use information that is already available at Eurostat and the ECB. Countries are only asked to provide additional information, for example when the provided information is no longer up-to-date. Peter van de Ven (OECD) added that it would also be very helpful if countries could send (links to) specific papers that are available on country practices.

Session 2: Net lending/net borrowing: What’s the true value?

17. Emmanuel introduced the session by explaining that from a conceptual point of view, net lending/net borrowing derived from the non-financial accounts should be equal to the one derived from the financial accounts. Although arriving at full consistency of transactions and positions is perhaps the single most important goal of national accounts, most countries face problems in compiling consistent estimates for net lending/net borrowing. In this session, experiences will be exchanged on ways to analyse and bridge (in)consistencies between net lending/net borrowing from the non-financial and the financial accounts.

18. The session opened with a presentation by Amanda Seneviratne (Australian Bureau of Statistics) on “Net lending/net borrowing by sector in Australia”. She explained that ABS already publishes net errors and omissions (NEO) as an indication of the difference between net lending/net borrowing from the two accounts for 25 years. In the past, the ABS was pursuing a strategy of mainly adjusting ‘other accounts receivable and payable’ in order to minimise NEO for the various sectors and to arrive at full consistency for the central government. In 2014, this approach was no longer deemed appropriate. From then onwards, NEO was left unadjusted for all sectors except central government for which both flows and stocks of other accounts receivable and payable were adjusted to get rid of NEO. Cumulative NEOs over time are upwards (and highest) for the household sector and downwards for the financial and non-financial corporations’ sector. The most likely underlying reasons for NEOs relate to measurement issues for items such as mixed income, dividends, property income attributable to policyholders, gross fixed capital formation, insurance technical reserves, and accounts receivable and payable. Currently the ABS is undertaking quality reviews of important estimates within the sectoral accounts that have a significant impact on the net lending/net borrowing, which will also help in prioritising future quality assurance work.

19. Aycan Ozek (Central Bank of Turkey) made a presentation on the way the Central Bank of Turkey is aiming to arrive at consistency between the financial and the non-financial accounts. She explained that non-financial accounts are compiled by Turkstat, whereas financial accounts are compiled by the Central Bank of Turkey. After the first publication of non-financial accounts in 2016, it was decided to create an Integrated Accounts Working Group in 2017 to reconcile the results. The group analysed the differences for the various sectors, focusing on data sources used, differences in sector coverage and methodological differences. In a workshop in 2018, they discussed how they can further improve the estimates and eliminate the discrepancies. This led to a list of improvements of which most have been implemented in the meantime. A second workshop is scheduled for December 2018 to further discuss remaining differences, and they will continue to organise semi-annual workshops in the future.

20. Susan McIntosh (U.S. Federal Reserve) welcomed both presentations and stressed the importance of putting NEO in perspective by presenting it as percentage of GDP. Furthermore, it is important to realise that the issues do not necessarily concentrate in the financial accounts (as may often be assumed), but may easily stem from issues in the non-financial accounts. Finally, close cooperation between central banks and statistical offices on analysing and reconciling the accounts is very important. In the United States, it really helped in further breaking down sectors into more detailed subsectors to be able to pinpoint where the issues are concentrating. Sanjiv Mahajan (Office for National Statistics, U.K.) mentioned the importance of further harmonisation in arriving at consistency between non-financial and financial accounts, for example with regard to time schedules, revision policies, data sources etc. In this respect, he stressed that this does not necessarily imply that the same institution should be responsible for compiling both sets of accounts. He also emphasised that if a country gets an unbalanced data set, this may provide very relevant information on the quality of the data and on where specific issues may exist, particularly if there appears to be a systematic difference over time. He mentioned that it would also be interesting to assess what the results would look like if non-financial accounts would be adjusted to a higher degree in the alignment with financial accounts, and to assess whether the resulting numbers might explain the productivity puzzle. Emmanuel Manolikakis (Statistics Canada) stressed the importance to also look at the other changes in assets account. Depending on the underlying data sources, it may be the case that revaluations and other changes are mixed up with financial transactions. Amanda acknowledged that this is indeed an important point which is taken into account when assessing errors and omissions at the ABS.

21. Claudia Dziobek (IMF) asked how the two countries convey the messages that can be derived from this information in an understandable way. Amanda responded that this is indeed be a challenge. Liaising with the most relevant users is a first priority in that respect. Christine Skistims (Deutsche Bundesbank) asked Amanda whether the opposite signs for the cumulative NEO for households and for corporations might be due to balancing mechanisms. A similar issue was raised by Celestino Giron (ECB). He was also interested to know whether there was a specific explanation for the fact that at the end of the series financial corporations seemed to have turned into net borrowers. Amanda responded that the presented results are part of work in progress and that they are still looking into underlying reasons for specific patterns and their plausibility. To Celestino's question whether the ABS is planning to also get rid of the NEOs for the other sectors in the future, Amanda responded that this will not be the case. On the one hand, there is not enough information to do so and on the other hand, several users such as the treasury and the central bank expressed that there is a lot of information in showing errors and omissions. Catherine van Rompaey (Statistics Canada) explained that Statistics Canada often faces the challenge of maintaining coherence between the accounts at turning points in the economic cycle, because the early estimates do not necessarily predict the economic cycle as well as later estimates. Amanda confirmed that the ABS faces similar issues and that she indeed has the impression that there is some relation between NEOs and the business cycle.

22. In response to a question by Filipa Lima (Bank of Portugal), Aycan explained that full consistency between the accounts is the ultimate goal of the project, but as a minimum, they would like to be able to explain any differences. Furthermore, there are no plans yet for a joint publication of results by the Central Bank and Turkstat, but they would like to explore the possibilities in the near future, possibly on the basis

of a gentleman's' agreement. Celestino Giron (ECB) asked whether they are planning to have full consistency between the rest of the world and balance of payments, and whether he understood correctly that any remaining differences between the two would be solved by adjusting the non-financial accounts. Ayca explained that full consistency may be achieved in the longer term, but not in the short term because the balance of payments currently do not apply accrual accounting. That is why in the meantime they indeed adapt the non-financial accounts to arrive at zero errors and omissions.

23. Emmanuel concluded with a brief summary of both presentations and thanked both presenters.

Session 3: The use of administrative data

24. Ayca Ozek (Central Bank of Turkey) introduced the session on the use of administrative data. She stressed the importance of exchanging best practices regarding national arrangements for getting access to administrative data and regarding the use of administrative data in compiling statistics. This touches upon important issues such as the impact on compilation processes, costs of producing statistics, the quality of statistics, and opportunities for increased granularity in national accounts statistics via improved linking of micro and macro data.

25. Claudia Dziobek (IMF) made a presentation on ongoing research activities on big data at the IMF. She explained that the use of big data for policymaking became a key priority of the Fund's new strategy in 2016 with the release of an IMF Staff discussion note that explained the potential, challenges and statistical implications of big data. They set up an internal working group on big data, conducted a survey across member countries on its use, and they try to learn from leading agencies on the use of big data. They also created a so-called iLab, which is an environment that supports staff in innovative work. She highlighted two pilot projects in which big data is used to compile statistics. The first project supports the use of innovative sources in member countries to develop new monthly and quarterly indicators of economic activity (e.g. scanner data for private consumption estimates). The second project tries to arrive at economic indicators on the basis of big data sources (e.g. measurement of person-to-person transfers on the basis of mobile money transfer data). Claudia explained that these results look encouraging but she emphasized that there are still many challenges ahead, such as access to private databases, confidentiality issues, conceptual differences with statistical standards, and potential lack of an IT framework and skills to work with big data.

26. Peter thanked for the interesting presentation and asked whether these initiatives are mainly intended to compile existing statistics or that they focus on supplementary results. In that regard, Massimo Coletta (Banca d'Italia) was interested to know how these new indicators relate to the existing ones. Claudia explained that they mainly try to mimic current indicators and look whether the use of big data may improve their timeliness. Furthermore, they try to assess whether some of these data sources may help in covering data gaps in countries. The latter is particularly important for some non-OECD countries.

27. Sanjiv Mahajan (Office for National Statistics, U.K.) expressed his support for the iLab. It allows people to be more creative, which is important for innovation, but also for improving existing sources and methods. He asked whether Claudia could already provide some examples of early successes or point out where the value for money is from the use of big data. Claudia explained that, although they are still in the early stages of research, some results look promising, but that it is difficult to show significant solid output at this moment. Erich Strassner (BEA) thanked Claudia for her presentation and informed on some activities that have been employed at the BEA in this respect, for example in relation to the use of scanner data and other data sets to supplement the accounts. However, he also raised concerns about the sustainability of big data sources over time and the costs of accessing them, and wondered whether this was captured in the IMF strategy, for example striving for a combination of big data sources with more traditional data sources. Claudia explained that they were really in the early stages and that for now they mainly dealt with countries that did not have any data at all, so it was mainly replacing no data with some data.

28. Catherine van Rompaey (Statistics Canada) explained that Statistics Canada is also conducting quite some work in this area, but one specific issue they ran into recently is the issue of privacy. She was interested to know whether the IMF has already thought about how to deal with this issue, as this is likely to become more important in the increased use of big data and administrative data sources by statistical authorities. Francisco Guillén Martín (INEGI, Mexico) raised a similar issue with regard to ideas of the IMF on how to deal with the confidentiality of the underlying data. Claudia acknowledged the importance of the confidentiality issue. What they do is explore possible legal issues surrounding the big data when they assess the possibilities of using these data to compile statistics. She also explained that such a process usually takes quite some time, to arrive at a good common understanding on the content and the reliability of the data, as well as on the possible usefulness of the data. Francisco also asked whether the IMF is considering drafting a handbook on how countries can best deal with big data sources on the basis of best practices from countries. Claudia explained that this is not the case at the moment, but it would be good to further explore how to share best practices with all relevant agencies.

29. Filipa Lima (Bank of Portugal) made a presentation on the development of the new Portuguese Central Credit Register (CRR), which implied moving from a borrower-by-borrower to a loan-by-loan register. It is a single database which includes information that is relevant for various stakeholders. It has been developed in response to the Anacredit project of the ECB, but as it covers far more attributes, it has proven to be a powerful analytical instrument for other central bank tasks, in addition to the compilation of central bank statistics. In the register, information is linked at the micro level on the basis of a unique identifier. It led to new statistical output, for example in the form of a new set of daily data, aimed to keep track of major credit events. Furthermore, they addressed some data gaps related to residential and commercial real estate. Finally, she highlighted that the new register also implied some organisational changes, as these types of new, more granular datasets require different skill sets.

30. Pramesti Puspitasari (Central bank of Indonesia) and Francisco Guillén Martín (INEGI, Mexico) asked if Filipa could provide more information on the use of the unique identifier. Filipa explained that all registered entities in Portugal are identified with a unique fiscal number available for statistical purposes. Sanjiv Mahajan (Office for National Statistics, U.K.) was interested to know how they managed the transition of staff, the investment costs of the project and whether users have been given access to the dataset. Regarding the transition, Filipa explained that they invested in existing personnel by providing tailored trainings in order to enhance IT and data management skills. As data are anonymised, they are indeed available for research purposes. Celestino Giron (ECB) asked about potential use of the data in relation to from-whom-to-whom information. Filipa confirmed that it will provide possibilities to also compile this information broken down into residual maturity and possibly for interest flows. Information by risk class could be envisaged at a later stage. Peter van de Ven (OECD) asked about the maintenance costs, in terms of updating and integrating different databases. Filipa explained that a dedicated team of 15 people worked on the project for two years, but as a large part of the process has been automated, the maintenance will involve far less people. Fabrice Bidaud (Banque de France) and Galina Vasilyeva (Bank of Russia) asked about the procedures for checking the quality of the data. Filipa explained that this is achieved in two steps: first data are validated via automated procedures and then some tailor-made interventions for monitoring the evolution of time series, bank characteristics, etc. take place.

31. Emmanuel Manolikakis (Statistics Canada) made a presentation on the strategies and plans to include more alternative data sources in the compilation of Canadian macro-economic statistics. Whereas traditionally they relied heavily on survey programmes and tax files as underlying data sources, over the last years they have explored the use of alternative data sources including administrative data, big data and sensory data. The immediate externalities of this practice is a reduction in the response burden, an increased accuracy and data granularity, as well as a broad decline of collection costs. Emmanuel provided various examples of where survey data have been replaced by alternative data sources, also listing some of the challenges that needed to be overcome in being able to use the data. He also provided examples of new

data sources that will be explored in the near future, amongst others the use of credit registry information for loans, payments data for consumption expenditure, and satellite imaging for agricultural production.

32. Michael Manamela (Statistics South Africa) asked about the costs related to the changeover to these alternative data sources. Furthermore, he was interested to know more about the continuity risks with these data, for example, when you need to purchase information. Emmanuel replied that a survey is generally more expensive than administrative data, which are usually acquired without or at relatively low costs. He acknowledged that there are indeed risks associated with the continuity of data. This is something they are currently looking into. As a last resort, they can always fall back on the statistics act. To a question by Claudia Dziobek (IMF) on whether the data are shared with other agencies, Emmanuel explained that once the data reach Statistics Canada, they become the owners of the information. Information as added by Statistics Canada is usually not shared with other agencies. To the question by Amanda Seneviratne (Australian Bureau of Statistics) what type of employees are involved in the project, Emmanuel explained that it involves a lot of experts from various fields and with various types of skills throughout the agency. Erich Strassner (U.S. Bureau of Economic Analysis) explained that the BEA experiences difficulties in obtaining access to administrative data. He wondered how Statistics Canada managed to obtain data from businesses. Emmanuel explained that the Statistical Office is entitled to obtain any information deemed useful for statistical purposes and that surveys are often mandatory. Sanjiv Mahajan (Office for National Statistics, U.K.) asked if bridge tables exist to convert bank account statements into expenditure information at product level. Emmanuel explained that they combine it with additional data sources (e.g. scanner data and a retail commodity survey). Peter van de Ven (OECD) asked how the micro-macro link is maintained in aligning the data to national accounts totals. Emmanuel explained that the registers are not exhaustive, so they usually benchmark data to the national accounts totals. For this purpose, they pro-rate the differences to all records.

33. Gary Dunnet (Statistics New Zealand) made a presentation on the maximisation of the use of administrative data in the production of quarterly financial statistics, leaving the option of surveying businesses as last resort. This was driven by the increased demand for business data, the pressure to reduce respondent burden, and the need to create statistical efficiencies. He explained their approach to assess the applicability of possible data sources, the main challenges that needed to be overcome and the current state of play with regard to the work.

34. To a question by Filipa Lima (Bank of Portugal) on whether there are any examples of applicability with regard to financial statistics, Gary explained that this is not yet the case. Sanjiv Mahajan (Office for National Statistics, U.K.) asked whether the administrative data could be used for early estimates or only for later estimates, and how they deal with representativeness of business below a certain cut-off threshold. Gary explained that the results as derived from the administrative data already show a lot of stability for early estimates. For business that may not be captured within the administrative data source, Gary explained that this issue is not very different from sample surveys. The only challenge in this regard is how to capture and account for small businesses that are growing fast.

35. Louisa Nolan (Office for National Statistics, U.K.) presented work done by the ONS on exploring new data sources, new tools, and new technologies to enhance and supplement official statistics using big data and data science. They created a Data Science Campus last year which looks into the usefulness of data science, not only as a new approach to compiling economic statistics, but also as a complementary tool to enhance existing sources without necessarily replacing them. Although potentially granting a faster data processing, a higher data granularity, and the possibility of tapping on new data sources, the campus' experience highlighted some challenging issues worth considering. First, a deep understanding of the dataset, from quality to usability, lies at the core of this exercise. Secondly, a team of mixed-skilled experts, able to explore new innovative techniques and approaches, is crucial to get the most out of it. Lastly, access to data can be challenging as private data are often confidential and their availability may not be immediate. She provided some examples of the creation of new indicators using payments' data, text-mining software

and synthetic data sets. She concluded that this experience proved that innovation is not just about finding new data sources, but rather the adoption of an innovative approach to work, where skills and competencies can be easily transferred in multidisciplinary contexts.

36. Erich Strassner (U.S. Bureau of Economic Analysis) explained that the BEA has also been experimenting with the use of machine learning techniques in deriving early estimates. In that regard, he was wondering where the ONS already has some examples where they went from prototype to production. Louisa explained that there are some examples. However, she also explained that the outcome is not always a specific indicator, but that the results may also be used as a plausibility check for certain indicators, e.g. early estimates of GDP. Claudia Dziobek (IMF) asked why they specifically created a synthetic database. Louisa explained that such a dataset may circumvent certain confidentiality issues surrounding actual datasets. To a question by Peter van de Ven (OECD), Louisa confirmed that all the codes as developed in the project are shared on Git-Hub and that they are currently working with the UN Global Platform to share the information more widely. Massimo Coletta (Banca d'Italia) asked whether results may be sensitive to the selection of the underlying dataset and what kind of tools could be useful in selecting the right data source. Louisa explained that they are looking into a quality framework for big data and data science at large. They start from the current framework and are probably going to include some sensitivity analyses to test the stability of the results. However, this is still work in progress.

37. Aycan Ozek summarized and thanked all the presenters for their contributions.

Session 4: Accounting for globalisation

38. Gary Dunnet (Statistics New Zealand) opened the session on accounting for globalisation, explaining that globalisation is a major topic within the compilation of national accounts and is seen as one of the top three priorities by the CSSP. This session consists of nine presentations, covering various topics in harmonising national accounts data with balance of payments, new developments in compiling from-whom-to-whom information with respect to rest-of-the-world information, how to deal with the issue of intellectual property products (IPPs), issues in relation to the measurement of trade in goods and services, and experiences in the measurement of activities of multinational enterprises.

39. Filipa Lima (Bank of Portugal) made a presentation on experiences of the Bank of Portugal in tracking multinational enterprises (MNEs). She noted the difficulties in recording MNEs due to their complex structures and the fact that in her view current statistical standards do not provide sufficient guidance on how to properly measure them. Instrumental in mapping MNEs operating in Portugal is the Business Groups' database, which has information on all registered companies in Portugal. The database contains information on the relationships within each business group, coverage of the geographical dispersions of the activities, and also identifies the countries where the ultimate controlling unit (UCI) is based. In the past, four separate entities (i.e. the ministry of justice, the ministry of finance, the national statistical institute and the central bank) collected this type of information, but this is now all included in this central database. Filipa emphasised that although the database allows for a deeper understanding of MNEs and the interlinkages between economies, more cooperation is needed between statistical authorities, both at the national and international level, to further improve the understanding of how MNEs operate.

40. Marco Marinucci (Banca d'Italia) inquired about the attribution of control in the case of joint ventures. In this regard, Celestino Giron (ECB) asked how control is assessed when there are complex cross-participations between companies. Filipa responded that, unless they have strong evidence from other sources, they rely on the information provided by the companies themselves. Susanne Goldhammer (Destatis) asked whether legal changes were necessary to establish the database and who has access to what. Filipa replied that the new structure enables the joint use of this database by the four organisations. However, each authority only has access to the data which are relevant for them, and this is laid down in law. To a question by Yong Keng Low (Department of Statistics, Singapore) whether the database also

captures small and non-complex MNEs, Filipa explained that they try to cover all business groups in the register. Sanjiv Mahajan (Office for National Statistics, U.K.) asked how they deal with conflicting information. Filipa noted that they have a lot of inconsistencies in the reported data but that they try to clean it up as much as possible on the basis of a simple algorithm. To a question by Erich Strassner (U.S. Bureau of Economic Analysis) whether the database will be used in the national accounts, Filipa responded that it will be used in the compilation of FDI data, but possibly also in the compilation of financial accounts and balance sheets. Pedro Oliveira (INE, Portugal) added that they also use the database in the compilation of non-financial accounts and supply and use tables. They are also exploring the possibilities to use it for making breakdowns by type of ownership in the accounts. Finally, Claudia Dziobek (IMF) asked whether the Tom Sawyer software that is used in the process, lends itself to expand this type of MNE analysis to a multinational or global level. Filipa replied that this would certainly be possible.

41. Sanjiv Mahajan (Office for National Statistics, U.K.) made a presentation in which he showed the complexities in correctly recording activities of MNEs and how profiling may be used to solve some of these problems. He provided an overview of the various concepts, laws and data sharing initiatives that have been created within the (inter)national statistical community to improve the knowledge of and the reporting on MNEs, and explained that the ONS has created an international business unit that attempts to improve the ONS's awareness of MNEs within the United Kingdom. By acting as a single point of contact and by instigating tailored surveys to enterprises, they are able to significantly reduce the burden on MNEs, which will hopefully lead to improved information on the organisational setup of MNEs. Sanjiv explained that the process is working well and has many benefits. However, it is extremely resource intensive and requires analysts with a broad range of skills. Further steps to improve measurement of MNEs across countries would include an alignment of trade and business statistics concepts, an increase in the international exchange of information, which may require various legal arrangements.

42. Yong Keng Low (Singapore Department of Statistics) asked how they were able to improve the cooperation with companies in the profiling exercise. Sanjiv explained that large organisations are more willing to assist if they know that the amount of surveys they are required to complete is likely to be reduced. Yuko Ueno (Cabinet Office of Japan) asked how the information feeds into the compilation of national accounts. Sanjiv responded that the information will feed through the whole chain of economic statistics and eventually also improve the quality and consistency of information included in the national accounts. Yuko also wanted to know if the split between MNEs and non-MNEs is more important than between exporting and non-exporting firms. Sanjiv explained that the latter is indeed very relevant in relation to the compilation of extended SUTs. Susanne Goldhammer (Destatis) asked whether they created new software or a specific new database to manage all the new information they received from the companies. Sanjiv confirmed that they are developing specific profiling tools, but this is still in early stages. Peter van de Ven (OECD) asked how Sanjiv felt about software such as Tom Sawyer, as presented by Filipa. Sanjiv explained that he feels this may indeed provide relevant input.

43. Erich Strassner (BEA) commented that an important question in this debate is how we are going to share information about MNEs across countries. In his view, this might be something where the OECD could play a role. Francisco Guillén Martín (INEGI, Mexico) confirmed that data sharing is probably one of the biggest challenges and that it is important that we look for a practical way forward. Peter van de Ven (OECD) responded that he is also thinking about this issue and has the feeling that this may be easier within Europe than across OECD countries. He would very much welcome ideas and suggestions to address this issue, e.g. should we create a kind of statistical bubble in which countries can bilaterally discuss and solve asymmetries; should we set up a small group to think about this and present something at next years' meeting? Sanjiv responded that exchange of information is crucial and that the difficulty of sharing is not a matter of technical infeasibility, but an issue of legal restrictions. One also has to realise that a lot of information is already publicly available and that we already have some networks to facilitate exchange of information.

44. Matthew MacDonald (Statistics Canada) presented preliminary results from a new Survey of Global Supply, Production and Distribution Chain Activities in Canada. This survey provides information on a range of global production activities and is used to assess their impact on the Canadian system of macroeconomic accounts. It was launched in April 2018 and is directed to 300 Canadian companies known to be conducting global production, asking for information on a range of activities. The survey will be used to fill data gaps to implement international standards for goods for processing and merchanting, and will serve to enhance the quality of the Canadian balance of payments in conjunction with customs data and other administrative data. Provisional results show that both manufacturers and wholesalers are active in global production and distribution activities; that they are both involved in merchanting and factoryless goods production; and that foreign and Canadian enterprises supplied and owned materials and parts of production which are relatively small in value terms. Matthew explained that the survey will be repeated to create longer time series. For this purpose they will also expand the scope to other industries.

45. Kristian Taskinen (Statistics Finland) shared the Finnish experience with this type of survey and the specific problem that they face in obtaining correct information, mainly related to the use of different terminology in business accounting and in national accounts. Better alignment would definitely benefit the collection of the relevant information. Dylan Rassier (U.S. Bureau of Economic Analysis) mentioned that they faced similar issues in trying to obtain information on factoryless goods production, merchanting and goods for processing. It looks like companies often do not understand the questions on these activities. Matthew explained that they used a focus group where they meet with some of the companies to check whether the wording they use in the questionnaires is appropriate. Sanjiv Mahajan (Office for National Statistics, U.K.) confirmed the importance of using language that firms are more familiar with and in this regard explained that the ONS asked several countries what questions should be asked to obtain the relevant information.

46. Dylan Rassier (U.S. Bureau of Economic Analysis) was also interested to know whether there have been any reclassifications on the basis of the survey results, but Matthew explained that this has not been the case. Peter van de Ven (OECD) was wondering whether some of these activities may be concentrated in a limited number of companies that may not be very well captured by sample surveys. In this regard, Gary Dunnet (Statistics New Zealand) recalled that Statistics Canada explored the size of factoryless goods production a few years ago in relation to research done by Michael Connolly for the guide on global production. Tihomira Dimova (UNECE) added that in the context of this guide, they have been exploring best practices to detect these types of arrangements, although this did not lead to a best practice on types of questions to ask. It turned out that profiling is very important and that engaging with the firm is key to obtain the relevant information. Matthew responded that they try to cover most of the companies involved in these activities, but it may indeed be the case that some relevant players are missing. Finally, Sanjiv Mahajan (Office for National Statistics, U.K.) was interested to know whether Statistics Canada is also planning to cover service industries, as the current focus in the statistical community seems to be on goods. Matthew agreed with Sanjiv that including services would be a good idea.

47. Henry Vargas Campos (Central Bank of Costa Rica) presented a paper on the integration of FDI data and extended SUTs into the national accounts [COM/SDD/DAF(2018)4]. One of the main drivers for this project was the strong need of users for better data relating to the impact of foreign ownership, as Costa Rica is a very open economy. He explained that up until 2016 balance of payments and national accounts included different results on cross-border flows and positions, due to the use of different data sources. However, starting in 2017 efforts have been undertaken to harmonise the results. A new, single survey for non-financial corporations that includes an FDI component has been introduced, which, combined with administrative data sources, will allow Costa Rica to produce supply and use tables that are broken down into units that are under foreign control versus those under domestic control. The results will be incorporated in the national accounts which will then also be disaggregated to explicitly show results associated with FDI.

48. Sanjiv Mahajan (Office for National Statistics, U.K.) asked whether Costa Rica collects the input structures of the different companies broken down by size and ownership on a regular basis, or whether they rely on assumptions and technical solutions to obtain these results. In that regard, Dylan Rassier (BEA) was interested to know whether they use a single expansion factor for all companies or whether they distinguish between companies of different sizes, as the latter would normally be preferable. Henri responded that for some industries companies showed to have very similar input structures, but that for others they needed to expand the samples to capture the various structures. With regard to expansion factors, they have a control group for which they have full coverage. On the basis of this information they are able to test the impact of different expansion factors to assess what works best for the parts that are only captured on the basis of sample results. Furthermore, Dylan Rassier (BEA) asked how they determine in which industry to classify the activities of the MNE in case it is involved in multiple activities. Henri explained that they use different surveys for the various establishments of a company. Pramesti Puspitasari (Central Bank of Indonesia) asked how they identified the companies for inclusion in the FDI survey. Henri explained that they have a business register, based on different data sources, that provides background information on the various companies. This is used in targeting the relevant companies. To a question by Kristian Taskinen (Statistics Finland) Henri replied that the survey is done on a quarterly and annual basis.

49. The session on globalisation continued on Wednesday morning with a presentation by Filippo Gregorini (Eurostat) on the European approach to globalisation. He presented the various initiatives in Europe to improve the reporting and measurement of macroeconomic indicators impacted by globalisation, such as the Early Warning System, the GNI pilot project, the IGA taskforce, FIGARO, the European Group Register, and the European Profiling project. These projects are at various levels of completion and require different levels of information and resources from national statistical offices. He explained that, while each project is capable of improving a specific area of concern, the work is very challenging, among other things due to the overall complex nature of the work, the many different stakeholders involved, and the lack of timely and comprehensive information from the units. In follow-up, Fabienne Fortanier (OECD) provided some information on the work that the OECD is doing within the ADIMA project, which is aiming to create a database with information on MNEs, including information on important economic variables at the aggregated level and broken down by countries.

50. Dylan Rassier (BEA) underlined the importance of these initiatives and asked about the possibility for non-European countries to participate in the Early Warning System, whether as an extension of the current system or as a new mechanism. Filippo explained that there is not yet a formal way to include OECD countries, but that this would be very welcome. Dylan also asked whether there have been discussions on highlighting other indicators in addition to GNI to provide more insight in economic developments. John Verrinder (Eurostat) explained that this is part of an ongoing discussion. Vanessa Baugnet (National Bank of Belgium) asked whether the work in the European Profiling project was conducted by Eurostat or by national statistical authorities. Filippo explained that the information is provided by national experts. In response to a second question by Vanessa, he explained that more information on the so-called QDR-methodology as used in FIGARO is available in a methodological paper that he would send to her. Sanjiv Mahajan (Office for National Statistics, U.K.) commented that the issue of globalisation re-iterates the importance of a close cooperation between business statistics, national accounts and balance of payments. He added that additional guidance on economic ownership was required as this turned out to be fundamental to many of the globalisation issues. Sixto Muriel de le Riva (INE, Spain) asked if this work would be leading to an official update of the international standards. John Verrinder (Eurostat) responded that the SNA research agenda is focusing on globalisation, digitalisation, and well-being and sustainability. Some of this work could indeed feed into a future update, but there is no set plan at this stage to undertake such an update.

51. Liz Holmquist (U.S. Federal Reserve) and David Wasshausen (U.S. Bureau of Economic Analysis) jointly presented the impact of the 2017 Tax Cuts and Jobs Act on the economic accounts in the United States. The broad goals of the tax change was to bring cash and cash equivalents currently held offshore

by MNEs back into the domestic economy. The legislative changes included a redefinition of tax brackets and changes to marginal tax rates, a reduction in the corporate tax rate from 35% to 21%, and a lower rate for a one-time taxation of repatriated profits earned overseas from 1987-2017. The presenters displayed various series where the impact of the legislative changes was easily observable. One important issue was that they recorded all of the one-time tax on earnings overseas in 2017, even if it was not actually paid in 2017. As the source data for the tax estimates are quite lagged, this also implied estimating part of this amount. The exact amount will not be known for several years. They also showed how companies used this additional cash in the domestic economy. This included paying out additional dividends, reducing debt, investing in capital goods, as well as participating in share buy-backs.

52. Amanda Seneviratne (ABS) complimented the two organisations for working so closely together and asked how they were able to share data between the two. Liz and David explained that there was a very good cooperation between the organisations, but whereas a lot of non-published information was exchanged, no confidential data was actually exchanged. Sanjiv Mahajan (Office for National Statistics, U.K.) asked whether for the purpose of allocating amounts to the various subsectors, they explored different methods than FDI to use as a proxy. Liz explained that it was felt that FDI would provide a very good proxy, but that it might be interesting to explore some alternatives. John Verrinder (Eurostat) wondered whether they have already seen any restructuring in response to these tax changes. He was also interested to know how they are going to deal with currently published estimates, when actual data will come in. Liz and David replied that the published data will certainly be revised in the future when actual data come in. They also expect to see some restructuring, but have not observed major changes so far. Catherine Van Rompaey (Statistics Canada) asked how they handled the external communication, as this may have been very political. David acknowledged that this was key. That is why they used FAQs, hired a public affair's specialist and set up meetings with relevant users amongst other things to explain the message. Finally, Peter van de Ven (OECD) asked why they opted for accrual accounting of the tax payments. David explained that this is a choice, but that the most important thing is to be consistent and transparent on how you deal with this.

53. In his presentation "Tools for practical data sharing", Kristian Taskinen (Statistics Finland) presented results of the work done by UNECE Task Force on exchange and sharing of economic data. This group aims to promote data exchange between statistical institutions, particularly data on MNEs. He explained that the Task Force identified enablers and obstacles for data sharing, and innovative ways to exchange data on MNEs. He also showed some examples of one-off and regular data sharing at aggregated level and at micro data level. He also explained that the Task Force developed a confidentiality agreement for data exchange. After the presentation, Remi Peltola (UNECE) informed that Eurostat, the OECD and UNECE will jointly organise the next meeting of the national accounts expert group in April 2019, where a significant part of the agenda will be dedicated to the discussion on data sharing and work on large case units.

54. Filipa Lima (Bank of Portugal) asked whether the Task Force also discussed data sharing between national statistical offices and central banks. Kristian acknowledged the importance of this form of data exchange, but explained that the Task Force only focused on cross-border data sharing. Ann Lisbeth (Norway) asked what kind of data is going to be shared and how various countries will benefit from this. In response, Sanjiv Mahajan (Office for National Statistics, U.K.), as a member of the Task Force, underlined the importance of this work to get a better understanding of the global structure of the MNE and to obtain consistent data across all countries. This was confirmed by Kristian, also underlining the importance of exchanging successful cases of data exchange. He also explained that it not only concerns quantitative information, but also metadata accompanying the data including information on business structures. Peter van de Ven (OECD) commented that some countries seem to have very strict rules in sharing even publicly available data. It would be a big step forward if we could agree on the openness of this type of data. Claudia Dziobek (IMF) underlined this point and mentioned that it might be an idea to

discuss these issues with relevant companies. In some cases, specific information may be sensitive, but in other cases, they may be fine with us mentioning their names and sharing information.

55. Leo Hiemstra (Statistics Netherlands) presented a paper on the CIF/FOB recording of imports and exports in the national accounts and the balance of payments” [COM/SDD/DAF(2018)5]. He explained that this recording may create possible distortions as you need a lot of information to make the correct recordings, e.g. on actual terms of delivery, residency of the carriers, the total costs involved as well as the distribution of these costs. Statistics Netherlands currently has to rely on a lot of assumptions in relation to these inputs. The results from this model, however, do not fit very well in the supply and use tables. Therefore, Statistics Netherlands proposes a recording of imports and exports of goods on the basis of the actually observed transaction values, which will overcome a lot of the practical and conceptual problems. They would be very interested to hear how other countries feel about this proposal.

56. Sanjiv Mahajan (Office for National Statistics, U.K.) commented that part of this issue is also caused by a minor inconsistency between 2008 SNA and BPM6, and there is a need for guidance to solve this discrepancy pragmatically until the manuals are brought in line. Ann Lisbet Brathaug (Statistics Norway) and Michael Wolf (Statistics Sweden) explained the efforts of Norway and Sweden to pragmatically solve the distortion of these recording problems by using transactions data. Ann Lisbet explained that they arrive at similar totals in national accounts and balance of payments for total trade, but that the split between goods and services is slightly different. Michael explained that this will also be the case for Sweden in the near future. Pedro Oliveira (INE, Portugal) explained that they also struggle with CIF valuation in the external trade. Therefore, he thinks it is indeed good to have a discussion on how to solve issues around the CIF/FOB adjustments, for example by using actual transaction values. Pramesti Puspitasari (Central Bank of Indonesia) asked how Statistics Netherlands derives the residency of the carriers. Leo replied that the flag is not regarded as a good criterion for deciding the residency. They are looking at information in the contract to obtain information who is paying for what part of the transport chain. Fabienne Fortanier (OECD) informed the group that similar proposals have been made at a Eurostat meeting on balance of payments statistics and at the OECD Working Party on Trade in Goods and Services, and that there was a lot of support for the solution as presented by Leo. They are planning to do a stock-taking survey how countries feel about this solution. As a follow-up, Peter van de Ven (OECD) suggested to collect written feedback on this proposal, which may then also feed into a further discussion of this topic at the upcoming meeting of the Advisory Expert Group at the end of November.

57. The session ended with a presentation by Peter Van de Ven (OECD) on “How to deal with globalisation in the system of national accounts” [COM/SDD/DAF(2018)6 and SDD/CSSP(2018)6]. He explained issues regarding multinational enterprises, knowledge assets, research and development, and IPPs more generally. He explained that these issues complicate the compilation and the interpretation of economic statistics, in some cases leading to alternative indicators for measuring economic activity. He made recommendations to deal with these issues, both within and beyond the current international standards.

58. René Krippes (STATEC, Luxembourg) underlined the importance of assessing the complexities created by increasing globalisation. Massimo Coletta (Bank of Italy) raised two issues with regard to IPPs. First of all, there is a difficulty to evaluate the contribution of the IPP in the production process, as they are often used in a strategic way, e.g. the use of patents to avoid other competitors from entering the market. Secondly, it is difficult to get a good assessment of the earnings derived from IPPs. It is important to acknowledge these issues and to try to come up with guidance on how to deal with them in the compilation of national accounts. Pedro Oliveira (INE, Portugal) acknowledged that there is room for improvement under the current guidance with regard to globalisation issues, particularly around the allocation of economic ownership with regard to IPPs and special purpose entities (SPEs). Michael Wolf (Statistics Sweden) expressed that in relation to SPEs, it is important that we try to convince users to use net concepts instead of gross concepts. Furthermore, there is a need to think about the recording of royalties and licence

flows in relation to the recording of IPP assets, and how this may currently distort productivity figures. He also raised the issue of the recording of branches. He would like to have more international guidelines on how to deal with large companies that mainly operate via branches in various economies. Dylan Rassier (BEA, United States) mentioned that he likes the idea to use alternative national accounts indicators to monitor economic welfare, but that we should avoid coming up with additional indicators for measuring economic activity. In that regard, the issue is more around solving distortions in measures that already exist. He also mentioned that the solution mentioned by Peter to treat IPPs as a kind of supranational asset, is a very nice idea, but may not be very attractive in relation to productivity measurement. It may be best to go with the other solution of allocating IPPs to the ultimate parent. Furthermore, it would be good to see how the work done in the OECD BEPS initiative can feed into the globalisation discussion. Sanjiv Mahajan (Office for National Statistics, U.K.) stressed the importance of involving companies in looking for practical solutions. He also likes the idea of allocating IPPs to the parent company, but this then raises another issue of determining the location of the parent company. One also has to bear in mind that the solution of proportional allocation would require a good practice of data sharing across countries. With regard to SPEs it may be interesting to see if we can consolidate them, as we do for government SPEs. Finally, Claudia Dziobek (IMF) endorsed the idea of finding practical and visible solutions on how to handle with globalisation issues, also in response to a lot of criticism of users that GDP is not keeping up to speed and is not very well reflecting changing economic realities.

59. Peter responded that there are indeed a lot of issues that still need to be resolved and that he is glad with all the support. The discussion will be continued at the upcoming meeting of the AEG. Furthermore, the international community agreed to draft guidance notes on the various globalisation issues as part of the SNA research agenda.

Session 5: Other items for discussion and information

60. Susan McIntosh (U.S. Federal Reserve) opened the final session of the joint meeting, briefly introducing the three presentations.

61. Steve Drew (Office for National Statistics) updated the participants on the re-development of national accounts in the United Kingdom, as a follow-up to his presentation at the 2016 meeting. He presented the new architectural approach, the revised production process, the issues that they faced, and the plans for implementation. He explained that the latter includes the expansion of the current production framework to include products like supply and use tables in previous-year-prices and extended financial accounts including from-whom-to-whom information. The process will be finalised by 2021.

62. Yong Keng Low (Singapore) asked how the ONS strikes a balance between further improving quality of the product breakdown versus increasing response burden of surveys. Steve explained that, as the surveys are focusing on services, they do not target a lot of detail. However, he acknowledged that this is a challenge when it comes down to collecting the data on goods producers. David Wasshausen (BEA, United States) and Sixto Muriel de la Riva (INE, Spain) asked how users responded to the new model and the fact that they went down from three to two GDP estimates. Steve explained that users generally like the fact that monthly GDP has now become available and that they do not really mind that this has had the consequence that the first quarterly estimates are now a bit later than in the past. In this regard, Ann Lisbet Brathaug (Statistics Norway) shared the experience of Statistics Norway with publishing monthly national accounts, covering the main aggregates, as of September 2018. David also asked how they reconcile volume estimates derived on the basis of double deflation versus simply deflating final demand. Steve confirmed that they balance deflated supply and use tables at the detailed level to ensure consistency. To a question by Peter van de Ven (OECD) where they encountered the most challenging issues in this regard, Steve explained that trade deflators showed to be the main challenge. Emmanuel Manolikakis (Statistics Canada) asked how they distributed the roles and responsibilities in compiling the integrated sequence of accounts. Steve responded that for the moment they are using the same approach as they did in the past, i.e. one team for the production accounts and another one for sector accounts. Emmanuel also asked

whether there is a specific reason that the coverage of information on income seems to be much better after 90 days. Steve explained that this is mainly due to the timeliness with which profit data becomes available. In response to a question by Amanda Seneviratne (Australian Bureau of Statistics) on what the ONS is currently publishing with regard to their financial accounts, Steve answered that they are currently publishing standard financial accounts and balance sheets, and that they also publish from-whom-to-whom information, but only showing what is available, as a consequence of which there are still quite a number of data gaps. Susan McIntosh (U.S. Federal Reserve) asked how many people were involved in the project and whether they obtained additional funds to do all this work. Steve answered that probably about 40% more staff was added for the new project. Sanjiv explained that they received some additional funds for this, but that they also drew away some people from production to bring in the required expertise.

63. Jorrit Zwijnenburg (OECD) presented the recent work of the Eurostat-OECD Task Force on land and other non-financial assets, developing recommendations for the compilation of stock estimates of intellectual property products (IPPs). He explained that the Task Force focused on three types of IPPs, i.e. research and development, computer software and databases, and other IPPs. He highlighted the main issues as discussed in the Task Force and summarized the recommendations as included in the report.

64. David Wasshausen (BEA) mentioned that the current recommendations implicitly seem to point to the producer being the economic owner of the IPP, as the main focus is on the production of the IPPs. If you want to know the share of the parent in these IPPs, this would require explicitly asking for this type of information and it may be worthwhile to consider this route. Jorrit confirmed that the current guidance indeed points to the producer being the economic owner in cases of production of IPPs within MNEs. The Task Force also acknowledged that further discussion is needed on how to deal with economic ownership. The report already explores a couple of solutions, but more discussion, in a broader context than the Task Force, is needed to arrive at a robust solution. David also raised the issue of price measurement for own account R&D and software, and whether there are any recommendations to make a productivity or quality adjustment. Jorrit explained that a Task Force survey showed that only few countries are currently applying such a productivity adjustment and that due to its complexity, it was not deemed possible to come up with specific guidance.

65. Amanda Seneviratne (ABS) outlined the potential impact on macroeconomic statistics of recent changes to the treatment of leases in international accounting standards [COM/SDD/DAF(2018)7]. This change implies that, in case of the right to use an asset, the value of the non-financial assets over the lease period will be recognized on the balance sheet of the lessee, with a corresponding lease liability, whereas there won't change anything on the side of the lessor. The consequence of this change is that the lessee is expected to report lower amounts of operating expenses, leading to an increase in GDP from the production and income approach, whereas the results according to the expenditure approach will remain unchanged. Amanda proposed two options for treatment in the national accounts, i.e. to increase the intermediate use of leasing services output; or to reduce the output of leasing services to match the fall in intermediate use. The ABS is in favour of the first option, but would like to hear views from other countries.

66. Emmanuel Manolikakis (Statistics Canada) agreed that this is a significant change and that the colleagues are also looking into this. He agreed that the first option is probably the most practical solution, but it has the downside that we do not necessarily follow economic ownership. This may thus in some cases require adjustments to the data. Amanda agreed that this is an important issue that is already now causing issues in correctly recording lease constructions in the accounts. Michael Wolf (Statistics Sweden) did not have the impression that this would create much problems in the national accounts in Sweden. Whereas MNEs may apply international standards, Statistics Sweden is using the information according to national standards. Amanda acknowledged that not all countries apply international accounting standards, as a consequence of which countries may be affected in different ways. Sanjiv Mahajan (Office of National Statistics, U.K.) explained that the first option would make most sense, as there is only a change to the input data, but not to the output standards. The ONS has also been exploring this issue, trying to

obtain the necessary information from the relevant enterprises. However, it cannot be expected that they will continue providing this information, in addition to what they compile on the basis of international accounting standards. Therefore, it is necessary to look for a longer term solution. He also wondered whether the changes would lead to an increase in gross fixed capital formation in the accounting standards. Gary Dunnet (Statistics New Zealand) explained that they have also been looking into this, as it will most likely also affect the fiscal data that is an important input in their compilation process. John Verrinder (Eurostat) commented that the change to the IFRS was triggered by the asymmetric recording between the lessor and the lessee. Furthermore, the changes also targeted to remove some inconsistencies between IFRS and IAS standards. An important question in this debate is with regard to determining economic ownership, including where the physical asset is located and used. Peter van de Ven (OECD) agreed that the first option is to be preferred, to remain in line with the SNA. It also has to be taken into account that leasing does not always relate to enterprises, but may in some cases also concern households, for which the second option may not seem to provide a feasible solution (e.g. a car lease would imply recording a non-financial asset on their balance sheet which is not done for cars directly owned by households). Furthermore, one also has to look at how the second option may affect results for countries that play a big role in leasing. Applying the second option may easily lower their GDP estimates significantly.

67. Susan concluded the session, summarising the presentations, and thanking the presenters for their contributions.

Session 6: Panel discussion: Managing national accounts

68. Peter van de Ven opened the panel that focused on exchanging experiences in dealing with external communication.

69. Erich Strassner (U.S. Bureau of Economic Analysis) began by stressing the importance of a correct interpretation of what we publish. Since a couple of years, BEA is using a more holistic approach for certain events. This included hiring a public affairs' specialist (a former news reporter) who began setting up a communication's team that is capable of quickly responding to issues and helps out in communicating relevant messages. He gave an example of the work of this team with regard to the recent benchmark revision and he explained that the communication strategy for this already started three years before. This related to criticism regarding their treatment of residual seasonality in the quarterly estimates and the need to properly explain how they were going to address this issue. The strategy involved using various communication channels, e.g. advising bodies, articles, social media, FAQs, tweets and blogs. However, the main contribution came from the time spent via the public affairs' specialist in cultivating some news articles to talk about the issue and about the steps that had been taken to address it, making sure that it was messaged in a correct way. In releasing the results, they also used media briefings to properly explain the process and the results to the various media, giving users the opportunity to raise specific questions before the actual release of the data.

70. Filipa Lima (Bank of Portugal) shared some examples of situations with public debt data that required specific communication. They dealt with that by being very transparent about the issues and on how they address them. Filipa explained that they also try to keep in touch with users as much as possible. Whenever they have major changes (for example in case of a benchmark revision), they try to provide as much information as possible. From time to time they also organise workshops with media in which they provide and discuss information under embargo, which helps in making sure the media conveys the correct message. She also stressed the importance of how to communicate in times of uncertainty, for example when there is speculation in the outside world on how a specific event is going to be recorded. She provided an example in which they explained in a press release how they dealt with it in the short term, but also explaining that this was only provisional and that the recording might change at a later stage. She also stressed the importance of sticking to your release calendar.

71. Gary Dunnet (Statistics New Zealand) explained that at Statistics New Zealand there is a strong expectation that statisticians and economists spend a lot of time on communicating on a regular basis with key users. Over the last couple of years, they had some significant revisions and they have been very proactive in releasing methodological papers and time series information in advance of the data release to explain the changes, so that they can specifically focus on the new results at the time of the new release. They also hired professional communicators that really look at properly conveying the right message. However, as they usually are not experts in statistics, you have to be careful that the message is still correct after rephrasing by these experts. They also introduced a kind of ‘analyst story’, in which analysts explain the main story in the data to be used for a short article, blog or tweet. Furthermore, they started using videos accompanying official press releases. They also apply lock-ups for press releases in which they talk through the data with key users. Recently they also invested in training courses for analysts from various institutions involved in the compilation process. He also shared the [financial times’ visual vocabulary](#), which is an important tool at Statistics New Zealand nowadays, and shows all the different chart types that can be used for which purpose.

72. Karen Kuhn (South African Reserve Bank) explained that the compilation of national accounts in South Africa is a joint effort by the central bank and the statistical office, and that there is a lot of communication between the two organisations. They publish quarterly national accounts in a quarterly bulletin. This also includes a description of the economic developments in the South-African economy. The media receives the relevant data already in advance in a hard copy under embargo, to prepare their publications. Furthermore, an hour before the release there is a meeting with the media to explain the main messages and to answer any questions they may have. Recently they also launched an app via which users can access the quarterly bulletins and make their own graphics and tables. In case of benchmarking and rebasing, they include a note in the quarterly bulletin to explain the main changes, and they publish a special supplement with more detailed information. On an annual basis, they inform their users on new developments within the national accounts via the quarterly bulletin, also providing users the opportunity to provide input.

73. John Verrinder (Eurostat) provided more insights in communication challenges from an international organisations’ perspective. He explained that Eurostat distinguishes between media users and other users, having a specialised team of press officers and a specialised team for user support. They have common tools for presenting results, which are not only used for presenting data more generally, but also for releasing small infographics on social media. He explained that terminology is always a difficult issue in preparing press releases. There is a constant battle between statisticians and the specialised teams on how to communicate. He also shared some good practices of communication as applied by European countries. These include frequently talking to key users; presenting data in coherence with other results; publishing results in pyramid form, i.e. main messages at the top, more detail down, to the very detailed information at the bottom.

74. Peter summarised the contributions on the basis of a couple of key words: ‘professionalising communication’, ‘transparency’, ‘engagement with users’, ‘be reliable’, ‘no surprises’, ‘explaining, clarifying’, ‘not overcomplicate things’. He also stressed that he very much liked the innovation site for experimental data, the visual vocabulary, and the mobile app. He then opened the floor for comments and questions from participants.

75. Sanjiv Mahajan (Office for National Statistics, U.K.) explained that at the ONS they organise theme days to present information in coherence, and that they have specific media training for staff which is very important as it requires specific skills. As users have different needs and interests, it also depends on what you want to communicate to whom. Ann-Lisbet Brathaug (Statistics Norway) asked whether the panellists had any views on how you best present new data. How do we make sure it gets sufficient attention? Catherine van Rompaey (Statistics Canada) explained that they are also using quite a number of strategies mentioned by the panellists, such as social media, infographics, videos, twitter, etc. All analysts

at Statistics Canada are included as media contacts, but they have specific mandatory media training for the spokespeople. These are also prepared for tricky or tough communications, for example in relation to alternative facts that are circulating in the outside world or at times when statistics on a sensitive topic are published. With regard to the latter, she provided the example of the release of results on cannabis. They were very transparent about the methodology and all the assumptions, and provided users with the opportunity to play around with the assumptions. Vanessa Baugnet (National Bank of Belgium) informed about a forthcoming experiment in which the Bank of Belgium will release a key figure every one or two weeks in a very simple and understandable way with some supporting explanations. The innovation is to schedule them in such a way to maximize its impact, for example linking it to specific events in the year. Francisco Guillén Martín (INEGI, Mexico) explained that he feels we need to come up with non-technical language to convey the message in an understandable way. On the other hand, we also need to invest more in the communication with the accounting world, making sure that we speak the same language. Furthermore, he stressed the importance of storytelling and of the use of new tools such as videos, infographics and tweets. Claudia Dziobek (IMF) mentioned that one could look at what colleagues in the fiscal area are doing, using international blogs, only open to experts, which people can explore when they want to publish something on a national accounts' related subject, such as GDP. Furthermore, she explained that at the IMF they receive a lot of training on public speaking and how to deal with the media.

76. Peter asked the panellists to conclude with their main takeaway from the discussion. For Erich the main takeaway was the need for professionalising communication. Filipa focused on simplification of our language and making the message more attractive, for example by complementing the story with nice presentations and infographics. Gary thought that the word 'brand' should be added to Peter's list, as branding of the statistical agency is very important. He is also not that concerned about whether or not the message is picked up in the media, as long as the users are happy with the data. For Karen the main takeaways were 'simple is better' and trying to avoid overcomplicating things. We can learn from each other in that respect. John stressed the importance of visualisations.

77. Peter summarized the main issues from the follow-up discussion: professionalising communication, simplification in terminology to get the message across; visualisation; the importance of branding and trust; transparency; reliability; no surprises; statistical hub for users to play around with data. He thanked the panellists and the participants for their contributions to the panel discussion.

Session 7: Closing of the joint meeting

78. Peter van de Ven thanked all delegates who made presentations and participated in the discussions and closed the joint meeting of the WPFS and WPNA. He also announced that next year's WPFS, joint meeting, and WPNA will be held in the week of November 4 – 8, 2019.