STATISTICS AND DATA DIRECTORATE
COMMITTEE ON STATISTICS AND STATISTICAL POLICY

Cancels & replaces the same document of 18 October 2019

Working Party on National Accounts

Draft Annotated Agenda: Meeting of the Working Party on National Accounts (WPNA)

8 November 2019

OECD Conference Centre

The meeting will start at 09:30 and close at 16:00.

All documents, logistical information and presentations will be available in the ONE Community:
https://community.oecd.org/community/nationalaccounts.

Contact: Mr Peter van de Ven (peter.vandeven@oecd.org) or Mr Jorrit Zwijnenburg (Jorrit.zwijnenburg@oecd.org).

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Meeting of the Working Party on National Accounts

Friday 8 November 2019, 9h30-16h00

09:30 – 09:35

Item 1. Opening

09:35 – 11:00

Item 2. Compiling data on non-financial assets

One of the most important gaps in the compilation of national accounts is the accounting for and valuation of non-financial assets, with a direct impact on net worth. Not only the monitoring of non-financial assets differs across countries, but often a significant share of non-financial wealth, especially data on non-produced assets and valuables, are simply lacking.

Item 2.a. Measuring infrastructure in BEA's national economic accounts
David Wasshausen, US Bureau of Economic Analysis (BEA)

SDD/CSSP/WPNA(2019)3

Presentation

Infrastructure has, once again, become a hot topic, with concerns that underinvestment in infrastructure may be restraining economic growth and improvements in living standards. Moreover, the nature of infrastructure is changing as networks, connectivity, alternative-energy infrastructure, and intangible infrastructure have become increasingly important and the focus of policy debates. Assessing the state of infrastructure in the United States necessitates a return to the basics of economic measurement of infrastructure. Defining the economic boundaries of "infrastructure" is imprecise and somewhat subjective. In this paper, we examine a number of different options for defining infrastructure from a national accounts standpoint. We begin with "base-level" infrastructure (e.g. transportation and utilities) which would reflect a commonly agreed upon definition of "infrastructure." From there, we would expand that core to include additional economic activity that would potentially be included in "infrastructure." After establishing a framework for defining "infrastructure" we describe the methodologies and the source data used by the Bureau of Economic Analysis to estimate U.S. infrastructure investment, depreciation, and net stocks.

Item 2.b. Estimates of quarterly capital stock for the euro area
Stanimira Kosekova, European Central Bank (ECB)

Presentation

ECB analysis, modelling and forecasting requires estimates of quarterly capital stock for the euro area economy and by sector. The presentation informs on the method and estimates compiled to derive net capital stock and housing wealth, based on data available under the ESA 2010 Transmission Programme.

Item 2.c. Data gaps and inconsistencies in the national data on investment and capital stocks
Belen Zinni, OECD Statistics and Data Directorate (SDD)

Presentation

The presentation will highlight some of the data gaps and inconsistencies in the national data on investment matrices and capital stocks, not only for the compilation of data on the developments of multi-factor productivity by industry, but also for monitoring public infrastructure.

Break, 11:00 – 11:30

11:30 – 13:00

Item 3. Price and volume measurement of specific services

Economic growth is the single most important aggregate from the system of national accounts. Productivity analysis is a high priority area in policy and research. All of this directly depends on the volume and price split of current price developments in goods and services. Different practices across countries may impact of the international comparability of volume growth of GDP and underlying activities. The primary focus of this agenda item is on the current practices in deflating goods and services impacted by the fast developments in digitalisation (ICT-equipment, software, telecommunication services, e-commerce, etc.), but it will also include a presentation on recent to measure volume changes for non-market services.

Item 3.a. An analysis of deflators of 'digital' goods and service
Andreas Dollt, Eurostat and Jorrit Zwijnenburg, OECD Statistics and Data Directorate (SDD)

Presentation

In past work, Eurostat and the OECD have identified possible difficulties with price and volume measures for specific goods and services subject to digitalisation. This was a macro-economic approach comparing implicit deflators for different countries. This work will be followed up by selecting some specific industries linked to digitalisation and analysing in more detail possible reasons for observed discrepancies in price and volume measures between countries. The aim is to compare sources and methods used for deflating and deriving volume measures across countries. This analysis might help to identify best practices and reach more harmonised methods and results for volume measures in digitalised economies.

Item 3.b. Price indexes for taxi and ride sharing services for New York City
Ana Aizcorbe, US Bureau of Economic Analysis (BEA)

Presentation

The BEA obtained data for ridesharing and taxi services in New York City to explore potential data sources and methods for constructing price deflators for taxi services (NAICS 485310) and found that price indexes constructed under different assumptions can show very different patterns. In particular, excluding ridesharing from the sample shows appreciably faster growth than an index that includes it. Moreover, there is a potential substitution bias problem: indexes that treat ridesharing and taxi services as the same service show slower price increases than those that treat them as different services.

Item 3.c. Measurement non-market activity
Amanda Seneviratne, Australian Bureau of Statistics (ABS)

Presentation

For the purposes of productivity analysis, the ABS treats three industries as predominantly non-market in nature: health care, education and training, and public administration. These three industries made up around 17% of the Australian economy in 2017-18, with this proportion growing steadily over time. Given the increasing importance of government spending in health and education, against the backdrop of an ageing population, policymakers and researchers are keen to understand the impact of technological progress and innovation in driving efficiencies in the delivery of these services. Leveraging off work done by other National Statistical Offices, the ABS Economic Research Hub has commenced a research program which aims to build robust and sustainable indicators for measuring growth in non-market output volumes for the health and education industries that are: not directly based on input costs, are appropriately weighted, and into which indicators of quality change over time can be integrated. The ABS would appreciate the opportunity to discuss this topic with international experts.

Lunch, 13:00 – 14:30

14:30 – 15:55

Item 4. Illegal activities

Illegal activities should be accounted for in the system of national accounts. They are considered to be part of the production boundary, and it is clear that transactions in illegal goods and services do affect financial holdings. Under this item, recent research on compiling estimates for illegal activities will be presented.

Item 4.a. The legalisation of cannabis in the Canadian SNA
Catherine Van Rompaey, Statistics Canada

Presentation

Cannabis was legalised in Canada in the fall of 2018, requiring Statistics Canada to undertake innovative analysis to estimate the value of activity prior to legalisation, recently integrated into the historical time series of the core macroeconomic accounts. The presentation will chronicle the journey to legalisation in the Canadian SN A, including the substantive work undertaken to build the estimates, the many interesting communication challenges faced, strategies to address them via innovative "StatCannabis" dissemination tools, and engagement with a broad range of stakeholders to inform the public dialogue. Statistics Canada continues to track the split of legal and illegal activity to inform policy post-legalisation. This work was part of a "pathfinder" project to test new innovative practices in Statistics Canada's broader modernisation strategy.

Item 4.b. Including drug trafficking and related illicit financial flows in national accounts
Federico Sallusti, Italian Statistical Office (Istat)

Presentation

The inclusion of (at least some) illegal activities in the measurement of GDP and GNI made illegal economy a relevant topic for national accounts. At the same time, the way in which cross-border financial flows linked to those illegal activities affect the economy and society of countries has also become central in the international agenda: the reduction of illicit financial flows (IFFs) is included in the UN Sustainable Development Goals (SDGs), making the measurement and monitoring of IFFs a central issue. In this context, the presentation and paper propose an integrated approach based on a bottom-up measurement of both drug trafficking and the related IFFs. In particular, on the one hand,

the presentation will show the methodology used by Istat to measure and include relevant aggregates connected with drug trafficking in national accounts. On the other hand, starting from these estimates, the related IFFs are identified and measured. Drug-related national accounts aggregates are estimated using a demand-side approach and the procedure is composed of two stages. The first is aimed at assessing final consumption, based on the information about the number and consumption habits of consumers. In the second stage, starting from final consumption and using a conceptual model that considers the shape of the supply-chain of the Italian drug market, other national accounts aggregates (imports, exports, production, value added and cost by typology) are compiled. Drug-related cross-border flows of resources generated by transactions in the production process (i.e. imports and/or exports) or in the management of the relative proceeds (i.e. financial and/or non-financial investments) should be considered as IFFs. For measuring drug-related IFFs in Italy, a taxonomy of economic operations has been developed, which, on the one hand, provides an "operative" representation of cross-border flows and, on the other hand, assures the coherence with the conceptual structure (and available data) of national accounts and balance of payments.

Item 4.c. Illegal, corrupt and illicit national accounting
Jim Tebrake, International Monetary Fund (IMF)

Presentation

Illegal activities are included in the production boundary of the System of National Accounts. The estimation of these activities is often a challenge for national statistical agencies given the lack of reliable data to produce credible estimates. NSOs are often hesitant to include illegal activities in their core national accounts estimates due to measurement challenges or because the activity is perceived to be small relative to overall economic activity. Digitalization and globalization are opening up new avenues to engage in illegal activities and the velocity of this activity may be increasing. Users are turning to macroeconomic account compilers to provide some "degree of magnitude" estimates of this activity. As an initial step in measuring illegal activities, national account programs could develop an illegal activity satellite account which provide scope or range-based estimates. This paper lays out a potential framework and some of the required data sources for an illegal activity satellite account that could be used to provide some broad upper and lower bound measures of illegal activities.

15:55 – 16:00

Item 5. Closing of the meeting of the OECD Working Party on National Accounts