STATISTICS DIRECTORATE
COMMITTEE ON STATISTICS AND STATISTICAL POLICY

Working Party on National Accounts

SUMMARY RECORD OF THE MEETING OF THE WORKING PARTY ON NATIONAL ACCOUNTS

OECD Conference Centre, Paris
29 October (11:30 am) – 30 October (4:00 pm) 2015
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Session 1: Opening statement

1. Peter van de Ven, Head of the National Accounts Division (OECD/STD), gave a short opening address. He introduced himself, welcomed the participants to the meeting of the Working Party on National Accounts (WPNA), and thanked Delegates for their willingness to share their experience and for their contributions to the various sessions. Subsequently, Peter handed over the meeting to the chair of the WPNA Bureau, Brent Moulton (Bureau of Economic Analysis, U.S.), to chair the WPNA meeting.

Adoption of the agenda

2. Delegates adopted the draft agenda of the meeting of the WPNA [STD/CSSP/WPNA/A(2015)1].

Adoption of the minutes of the 2014 WPNA meeting


Session 2: Globalisation

4. The session began with two presentations dealing with country’s experiences in extending supply and use tables for better capturing the heterogeneity of the domestic enterprises. Simón Guerrero (Bank of Chile) presented “Domestic value-added and import content of exports: Evidence from the Chilean Input-Output Tables 2008-2012”. He discussed the first steps that Chile has taken to break down the supply and use tables into exporters and non-exporters and enterprises engaged in foreign direct investment. He stated that the use of this more detailed information can provide very useful empirical evidence on the evolution of domestic value-added and import content of Chilean exports.

5. In his presentation “The Use of Economic Surveys, Business Records and the Economic Census in Extended Use and Supply Tables”, Francisco Guillén Martin (INEGI, Mexico) described Mexico’s effort to use economic surveys, business records and the economic census to break down supply and use tables.

6. The Chilean and Mexican presentations were discussed together. Sanjiv Mahajan (Office for National Statistics, U.K.) congratulated the presenters for the achievements so far and asked Chile about the level of detail of product information collected to link the domestic economy with the rest of the world. He asked as well if the 30% export to turnover threshold – used to determine if the enterprise is an exporter or non-exporter - was revised on a regular basis. Finally he wondered about how the figures for gross operating surplus were reconciled in view of a 6% difference between firm level data and national accounts information.
7. Turning to Mexico, Sanjiv requested some clarification about the three criteria for identifying the enterprises under consideration, he asked if Mexico was able to identify correctly the industries of the imported products, given most of these would go through distribution (the wholesalers). He also had a question about how many staff members were engaged in this activity and about the response burden to collect this additional information.

8. Henri Vargas (Banco central de Costa Rica) asked the presenters if they were able to identify change of ownership in the supply and use tables. Jennifer Ribarsky (OECD) queried about the institutional unit considered in Mexico, and about Mexico’s plans regarding the identification of factoryless producers, head offices, etc.

9. Peter Van de Ven (OECD) asked the two presenters about the relative priority, from a national perspective, of having either a more detailed industry breakdown or a less detailed industry breakdown but with supplementary disaggregation by ownership or export characteristics.

10. Gantiah Wuryandani (Bank of Indonesia), impressed by the level of detail (111 industries) and the annual frequency of the Chilean supply and use tables, asked if the presenter had experienced any change in the structure of the economy across the different releases of the tables.

11. Chile responded that the level of detail of input data was primarily driven by administrative data which is not sufficiently detailed. He said that the next step is to link this source with surveys (on manufacturing industries and mining services) to arrive at the necessary details. Regarding the exporting threshold, according to the terms of reference of the extended supply and use working group, it is up to each country to define what threshold is relevant. He noted that indeed there are differences in firm level data and supply and use data on gross operating surplus, but he emphasised these differences were rather small. To Costa Rica, he answered not yet having started looking at the ownership characteristic as the current focus was on identifying enterprises engaged in FDI. To Indonesia about the change in structure, he thought this issue could probably be further investigated by linking to information from the surveys on manufacturing and mining.

12. Mexico explained that they have access to very detailed information on the characteristics of the importer (by type of contract, etc.) and the type of products imported. Moreover administrative records and survey information can be efficiently linked using company names. He emphasized the three criteria were developed in order to identify companies involved in global production, and clarified the unit under consideration is the establishment. He confirmed the issue with indirect imports (through wholesalers), and clarified that ownership information is available from the economic census. He finally emphasized that Mexico is cooperating with US and Canada to reduce trade asymmetries.

13. Michael Wolf (Statistics Sweden) presented “Goods, services and the excluded third” [STD/CSSP/WPNA(2015)9]. He discussed issues related to the distinction between goods and services. He said that globalisation has brought up this old issue and discussed this issue in relation to goods for processing, the publishing industry according to ISIC rev.4, the recommendation of ISIC regarding outsourcing of goods production, and merchanting of services.

14. Kees Vennix (Statistics Netherlands) wondered whether the proposals in the paper had been tested with real life examples. Michael Connolly (Irish Central Statistical Office) congratulating for the stimulating paper, noted that the diagram on merchanting of services would benefit from a clearer indication of change of ownership. He stated that there was no misconception in the idea of “merchanting of services”, even if only limited literature is available on the issue. As an illustration, he described the case of a surgeon in New York remotely leading operations in Alaska. Michael noted that he would further think about this example and probably reintroduce an indication of ownership in the merchanting of
services diagram. He emphasised that enterprises should be classified according to their actual production activity and noted that a number of illustrative examples were available in the paper.

15. The session then continued with three presentations by international organisations. Aniodorova (Eurostat), in her presentation “Eurostat’s recent activities in addressing globalisation” [STD/CSSP/WPNA (2015)6], started with providing more information about on-going globalisation related projects in national accounts within the European Union: the “European Consolidated Input-Output Framework Integrated into a Statistical Reference framework on Competitiveness (TIMESUT3)”, and the project on “European Multi-country Supply, Use and Input-Output tables (FIGARO). The FIGARO project is closely related to OECD’s Trade in Value Added (TiVA) project. In her presentation, she further focused on the work related to achieving consistencies of national accounts, balance of payment and business statistics via various projects and studies on the European level. Ani also informed about the creation of a horizontal coordination group on globalisation within Eurostat, starting from January 2016. Ani highlighted the importance of more active cooperation in the area of globalisation with other international agencies, including the European Central Bank at the EU level.

16. Herman Smith (United Nation Statistical Department), in his presentation “System of Extended International and Global Accounts”, informed about the United Nations Statistical Commission work programme on the measurement of international trade and economic globalisation. This programme includes the preparation of a Handbook on a System of Extended International and Global Accounts. The handbook would build on work by the OECD, UNECE, WTO, IMF and others. The expert group in charge of development of the handbook is to be established, the first meeting probably taking place in January 2016.

17. Nadim Ahmad (OECD/STD/TCS), in his presentation “Extended Supply-Use Tables for Internationally Integrated Economic Accounts”, informed about on-going work at the OECD to extend the accounting framework used to develop the TiVA database that puts the measurement of globalisation at the heart of the statistical information system. Nadim pointed that the work focuses on the importance of classifications of various types of firms within the supply and use framework using additional criteria such as ownership and export-intensity, as this does not only provide a more robust basis for tackling heterogeneity (and so improving TiVA estimates), but also because this will enable moving from value added to income.

18. The discussion on the three presentations made by international organisations was taken together. Sanjiv Mahajan (Office of National Statistics, U.K.) commented that the efforts by international organisations should be combined as to not duplicate the work in this area. In their replies all three presenters ensured about the coordination at the international level (e.g., by creating a new inter-secretariat working group looking at the issues of globalisation). Herman Smith responded to Peter van de Ven’s (OECD/STD) question that the Handbook on a System of Extended International and Global Accounts would go beyond the present residence based national accounts framework and that so far no target date has been set for the finalisation of the Handbook.

Session 3: Short-Term Statistics

19. Herman Smith (United Nations Statistical Department) presented the “Report on the progress with the short term statistics programme”. An international programme of work on short-term statistics was formulated by the UNSD and Eurostat, as part of a coordinated statistical response to the economic and financial crisis to provide more timely data and tools for policy makers. The programme covers four thematic areas: (i) business cycle composite indicators; (ii) economic tendency surveys; (iii) rapid estimates; and (iv) data template and analytical indicators. Handbooks are being prepared to provide best
practices and harmonised principles on the compilation of these statistics to improve their availability and international comparability.

20. Peter van de Ven (OECD/STD) wanted to know what was currently considered as priority by those involved with writing the handbooks. In response, Herman explained that the filling of the actual data gaps identified was considered priority, part of which they intend to trigger with the handbooks. Ian Ewing (Australian Bureau of Statistics) pointed out that the statistical office might not necessarily be the best institution to compile the relevant short term indicators. In Australia, for example, some of the relevant indicators are compiled for internal use only by the central bank. Furthermore, private businesses compile their own estimates, and thus, considering the mixed record of the performance of the relevant indicators, Ian questioned the value added of publishing these indicators. Sanjiv Mahajan (Office of National Statistics, U.K.) remarked on the competition between indicators produced by public entities and those produced by private enterprises, and further emphasised the importance of educating the users to distinguish qualitative and quantitative indicators. Claudia Dziobek (IMF) wondered to what extent one could raise awareness that these indicators do not have to be compiled by statistical offices since their compilation could impose a problem for offices with limited financial resources.

21. Roberto Astolfi (OECD/STD) presented “How did the OECD Composite Leading Indicators perform during the Great Recession? A real-time analysis with a focus on G7 countries” [STD/CSSP/WPNA (2015)15]. The OECD Composite Leading Indicators (CLIs) are qualitative indicators designed to anticipate turning points in the economy. Roberto presented the OECD real-time analysis, which is based on the provisional and partially revised data that were actually available at the time of compiling and disseminating the relevant CLIs. Roberto stated that the results show that the CLIs were able to anticipate the Great Recession in G7 countries some months in advance, although they could not provide an indication on the depth of the coming crisis.

22. Brent Moulton (Bureau of Economic Analysis, U.S.) asked to what extent the CLIs showed the severity of the crisis. There has been an OECD study that showed some of the indicators peaking and then descending earlier than others. Sanjiv Mahajan (Office of National Statistics, U.K.) inquired about the impact of revisions on the CLIs. Roberto said that there has not yet been a study on the impact of revisions on the CLIs, as the leading indicators at country level may vary over time, but that such a study may be done in the future. Responding to the question by Claudia Dziobek (IMF) whether the selection of indicators varies across countries, Roberto explained that the selection of indicators is purely based on performance and practical considerations (e.g., availability), and thus varies across countries.

23. In “Estimating European quarterly GDP flashes” [STD/CSSP/WPNA (2015)7], Arto Kokinnen (Eurostat) presented the experience of Eurostat in estimating European quarterly flash estimates with a timeliness of 30 days after the end of the quarter. European national accounts rely on the transmission of data of 28 Member States and hence need to be aggregated. The Member States transmit seasonally adjusted chain-linked volume QoQ growth rates. The aggregation is done by using the weighted growth rate method with annual weights, which could potentially yield biased results. However, neither the comparison of flash estimates with the level data nor the revisions at T+65 or T+100 reveal a strong bias. Eurostat is currently discussing the possibility of publishing the flashes at T+30 days. A decision is foreseen in December 2015.

24. In the follow-up discussion, several countries shared their own experience in the compilation of flash estimates. Catherine van Rompaey (Statistics Canada) explained that Canada publishes QNA at T+60 days, but also provides a monthly GDP estimate including a breakdown of value added by industry, which satisfies user demands. Ann Lisbeth Brathaug (Statistics Norway) explained that, after having conducted a survey among users, Statistics Norway decided not to publish a flash estimate but to reduce the release of QNA from T+65 days to T+45, because users wanted all data more timely and not just the growth rate of
GDP. Simón Guerrero Hurtado (Bank of Chile) described that Chile publishes data for value added by industry at T+30 to satisfy user demands. Responding to a question asked by Peter van de Ven (OECD/STD), the Chilean delegate explained that the aggregates perform quite well but that data for some industries may have quite significant revisions. Sanjiv Mahajan (Office of National Statistics, U.K.) illustrated that the U.K. is discussing to revise their current release schedule from T+25 days (second and third estimates at T+55 and T+85, respectively) to T+29 days which would allow for improved data content. Francisco Guillén Martin (INEGI, Mexico) informed that Mexico releases data for the first time at T+30 instead of T+52. Answering a question of Mr. Yosuke Tada (Cabinet Office, Government of Japan), Arto explained that users prefer the QoQ chain-linked volume growth rates over nominal GDP level data, which is why it is not produced. Several delegates, including the ECB being one of the main data users of European statistics, also stressed the importance of communicating reasons for revisions in a comprehensive way.

Session 4: Managing National Accounts

25. In his presentation “The compilation program and the organisational arrangements in Chile”, Simón Guerrero’s (Bank of Chile) described the various aspects of the compilation program, which is organised in cycles, and the organisational arrangements in Chile. Each cycle starts with a benchmark compilation which sets the methods and statistical infrastructure for the follow up estimates. This work is done by 62 professionals divided into three divisions. Presently, each division covers different aspects and stages of the statistical production, such as compilation, balancing and publication of data. In constant search for improvement, several changes are planned, such as deepening the implementation of 2008 SNA, the introduction of a new classification of industries and products, and the creation of a new division. The new division will be in charge of applied research and implementation of international standards and the use of statistical and mathematical techniques, it will also take care of the quality assessment of statistics and the training of the staff.

26. Gary Dunnet (Statistics New Zealand) presented “Managing national accounts (re)developments in New Zealand” [STD/CSSP/WPNA (2015)11]. He discussed two projects currently being undertaken by Statistics New Zealand to redevelop and expand its suite of National Accounts. These are the MATAI (Macro Accounts Transformed and Integrated) and Financial Flows and Balance Sheets (FFBS) projects. A new design for the core (annual) national accounts will provide the foundation and flexibility to meet (future) customer needs. The redevelopment includes new systems and processes for simultaneous supply and use balancing at current and constant prices, which will be supported by mathematical optimisation techniques. A further aim is better integration between the supply and use system and the institutional sector accounts. Through a staged development process over the next six years the institutional sector accounts will be expanded to the full SNA sequence including financial accounts and balance sheets on a quarterly basis.

27. The two presentations were discussed together and generated a lot of questions showing the complexity of the compilation process. Delegates found the experience of Chile and New Zealand in dealing with this complexity impressive and instructive. The presentations show how information technology takes a leading role in the redesign process. On the other hand, Delegates also wondered whether the system was flexible enough. Gary replied that the flexibility in managing codes and processes allow for last minute changes without going through computer specialists. Simón specified that further improvements will be developed and that they mainly use SAS for the balancing process.

28. Catherine Van Rompaey presented “Measuring the output of a national accounts program” [STD/CSSP/WPNA (2015)16]. She discussed how Statistics Canada developed a tool that can be used to measure the output, input and efficiency of a national accounts program. Because the output of a national accounts program cannot be measured with a selling price, Catherine said that output needs to be
calculated with dimensions such as visibility of the product, availability of metadata, relevance, quality, content and some quantitative dimensions as number of industries, sectors, the geographic scope, etc. Catherine further described the input and efficiency measures. The input measure is determined by the expenditures involved in the program such as salaries, use of corporate services, etc. The indicator of efficiency is not only needed to inform financiers but it is also useful in order to effectively manage the program.

29. Several countries, among which Norway, United Kingdom, and the United States, provided their experience with output performance indicators. It was discussed how one can avoid counterproductive and perverse incentives. It was also emphasised that the whole production process of compiling national accounts should be considered, because if source statistics are cut or decrease in quality there is also an impact on the system of national accounts. Peter van de Ven (OECD/STD) mentioned the UNECE-work being done on showing the value of statistics. In her response, Catherine underlined the importance to prepare staff on the meaning and the use of the indicators in order to ensure support.

30. In Andreas Dollt’s presentation “ESTP (European Statistical Training Programme) on national accounts” [STD/CSSP/WPNA (2015)1], he informed the WPNA on the purpose of the training programme, i.e. to provide European statisticians with the opportunity to participate in international training courses, workshops and seminars. He stated that the focus was on harmonised European concepts and legislation, as well as the implementation practices at national level. He described the three courses on national accounts (Introductory course; Intermediate course; Advanced course) and some additional or complementary courses that can be offered.

31. There was an agreement among delegates of the need to provide training courses but there was also the recognition that a lot of learning was done by on the job training. Some of the Delegates wondered whether Eurostat has also plans to develop electronic learning modules. At this point the IMF mentioned that they have some online training modules and the UNSD stated that they were interested in electronic learning modules as well. Stanimira Kosekova (ECB) mentioned that they provide training on financial accounts focusing on the euro area integrated accounts and also organises seminars in other statistics produced by central banks in the EU. A number of other statistical offices and international organisations said that they also provided training. In addition to internal training of staff some organisations provide training for their key data users. In response, Andreas said that Eurostat has started a limited amount of webinars, but also that he considered it important to have face-to-face interaction with the trainer and with other students. He also said that training the key data users was a good idea.

Session 5: Items for information

32. Ann Lisbet Brathaug (Statistics Norway) presented an “Update on the work of the Task Force on Human Capital” [STD/CSSP/WPNA (2015)13]. This Task Force was established in 2013 by the Conference of European Statisticians (CES) to pursue the conceptual development of human capital measurement, with priority on developing experimental human capital satellite accounts. The Task Force plans to present a draft Guide to the February 2016 meeting of the CES Bureau. The Guide will contain recommendations on the methods and sources to compile human capital measures. It will also discuss the setup of a satellite account, but also concludes that more research is needed. As a first step, the guide suggests starting with the development of a satellite account limited to education and training.

33. Jennifer Ribarsky (OECD/STD) presented an “Update on the work of the Task Force on Land and Other Non-financial Assets” [STD/CSSP/WPNA (2015)4]. This joint Eurostat/OECD Task force, including participation from the European Central Bank (ECB), was created in June 2012 in response to G-20 Data Gaps Initiative (recommendation 15) and to ESA 2010 requirements for additional mandatory items in table 26 “Balance sheets for non-financial assets”. As a result of its initial mandate, the
Compilation guide on land estimation was published in July 2015, and a report on national practices in estimating stocks of structures was finalised in September 2015. The mandate has been extended and the Task Force is now dealing with the preparation of a guidance document on estimating inventories. This work includes the dissemination of a questionnaire and the analysis of its results to better understand countries’ practices.

34. Ligia Frankford (Federal Statistical Office, Germany) asked for clarification on the work of the Task Force. Jennifer explained that, as currently not that many countries provide stocks of inventories, the work of the Task Force consists in bringing countries’ experience to the table, discussing about various conceptual issues, and trying to come to an agreement on a practical guidance of how to estimate stocks of inventories, depending on countries’ data sources.

35. Michael Connolly (Central Statistics Office, Ireland) asked whether the Task Force would focus on the difference between turnover and production as measured in the monthly surveys and also on how the consequences of incorrect valuation of the changes in inventories can impact GDP. Jennifer responded that the primary focus of the handbook was to measure the stocks of inventories and not the flows. However, since the two measures are interconnected the guide will address both stocks and flows. Having said that, going into such detail might be out of scope. The Task Force plans to look at what is included in companies’ accounting records to gain a better understanding of what exactly they are accounting for.

36. Gary Dunnet (Statistics New Zealand) wondered whether the Task Force had also thought of providing guidance about how natural disasters may impact the estimates of land. Jennifer stated that catastrophic losses should be recorded as "other change in volume of assets"; and this was included in the Compilation Guide on Land Estimation, but it was discussed in a rather theoretical way. The Task Force however plans to provide further guidance on how to handle catastrophic losses of inventories.

37. Pierre-Alain Pionnier’s (OECD/STD) presented an “Update on the work of the OECD Task Force on the implementation of the SEEA central framework”. The Task Force was created in September 2013 driven by the OECD Green Growth Strategy, with the mandate to advise on the compilation of national data according to the SEEA guidelines, facilitate the collection of internationally comparable data on air emissions and mineral/energy resources, and advise on other areas in which standard tables should be developed and on priorities to be set. The following results have been achieved so far: a database on air emission accounts by industry available on the OECD website, and the creation of a database on physical stocks and flows of mineral and energy resources. The Task Force is also working on the valuation of stocks of mineral and energy resources aiming to compute Net Present Values (NPVs) of resource rents, in line with economic theory and the SEEA.

38. Claudia Dziobek (IMF) wondered why should there be an interest in documenting the cost of extraction. Pierre-Alain explained that financial investors, business accountants and national accountants should be interested in this. On the financial side, extraction costs directly determine how much profit mining companies will make which is important information for investors. And for national accountants, the aim is to compute the NPV of resources stocks that is the sum of discounted rents, rents being defined as the difference between commodity prices and extraction costs over an asset service life.

39. Luca Lorenzoni (OECD/ELS) presented “Update on the work on price and volume measures for health care” [STD/CSSP/WPNA (2015)14]. Luca presented the results of the joint Eurostat-OECD survey on country practices in national accounts for volume measures of health services. He then discussed the future plan of work on the consistency of hospital price and volume measures based on hospital PPPs data collection with country-specific measures based on national accounts. Eurostat added for information that they had also started a Task Force on price and volume measures, whose mandate goes considerably beyond the measurement of hospital services. The OECD is also participating in this Task Force, thus
avoiding duplication of effort. The Task Force is also researching the issue of arriving at quality adjusted price and volume measures for education and health.

40. Steve Drew (Office of National Statistics, U.K.) presented “UK experience in implementing SDMX”. Steve shared the UK’s experience following the adoption of the new ESA 2010 Data Transmission Programme in September 2014. Many changes were required to meet this new programme as well as significant changes to the transmission format and structure in the form of SDMX. The UK successfully addressed these new requirements through adopting an integrated approach to producing SDMX files and incorporating new functionalities in the production platform. The presentation set out the rationale and approach taken, the challenges faced and the benefits accrued.

41. Emmanuel Manolikakis (Statistics Canada) asked whether there was some coordination with data providers in order to create common series identifiers that align with SDMX codes and therefore avoid concordance files. Steve explained that the encoding was managed in a meta-database system and all the data was defined based on national manual codes. The only difficulty related to SDMX codes was to manage the dots but this was done with a simple transformation.

Session 6: Election of members of the bureau of WPNA and closing

42. The 2015 WPNA meeting concluded with the election of four new members of the Bureau: Gary Dunnet (Statistics New Zealand), Francisco Guillén Martín (INEGI, Mexico), pending approval of senior management in Mexico; Young-tai Kim (Bank of Korea); and Sanjiv Mahajan (Office for National Statistics, U.K.). They join the other members already in service: Chair Brent Moulton (Bureau of Economic Analysis, U.S.) and Ann Lisbet Brathaug (Statistics Norway).

43. The chair Brent Moulton (Bureau of Economic Analysis) thanked the delegates for participating in a very successful meeting.