Overview of the Main Changes to the 2008 SNA

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IMF Statistics Department – United Nations Economic and Social Commission for Asia and the Pacific

SNA/BPM Joint Virtual Outreach Seminar

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AGENDA

Recommendations for Conceptual Changes

Recommendations for Additional Tables / Data Items
Overview of proposed changes

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**A. Generic issues**

- **B.1**: Treatment of M&E and intra-M&E flows
- **B.2**: Statistical units
- **B.3**: Treatment of Special Purpose Entities and residencies

**C. Further specifications of the scope of transactions including the production boundary**

- **C.1**: Disting. transporting intermediate goods and services into the SNA
- **C.2**: Treatment of rent
- **C.3**: Further alignment of the SNA with the open economy approach
- **C.4**: Treatment of the output of central banks
- **C.5**: Debt Consolidation

**D. Further extension and development of national accounts data**

- **D.1**: Recording of data on national accounts
- **D.2**: Payments for “knowledge-based capital” (marketing assets)
- **D.3**: Accounting for biological resources
- **D.4**: Treatment of renewable energy resources as assets
- **D.5**: Accounting for financial instruments
- **D.6**: Limiting the visibility of artificial intelligence in the national accounts
- **D.7**: Environmental classification

**E. Further refinement of the treatment and definition of financial corporations, financial instruments and financial assets**

- **E.1**: More disaggregated institutional sector and financial instruments breakdowns
- **E.2**: The recording of corporate assets in macroeconomic statistics
- **E.3**: Treatment of credit risk in financial institutions
- **E.4**: Treatment of treatment of securities (and gold bullion) under reverse transactions

**F. Other issues**

- **F.1**: Main disaggregated sectoral and financial instruments breakdowns
- **F.2**: The recording of corporate assets in macroeconomic statistics
- **F.3**: The measurement of debt securities at both market and nominal value
- **F.4**: Financial derivatives by type
- **F.5**: Clarification note on treatment of securities (and gold bullion) under reverse transactions
- **F.6**: Recording of provisions
- **F.7**: Environmental classification

**G. Broadening the framework of national accounts to capture wellbeing and sustainability**

- **G.1**: Unpaid household work
- **G.2**: Labor and human capital
- **G.3**: Indicators of health care in the spa

**H.1**: Other issues

- **H.1**: Recording and using “fee” products in the SNA

**H.2**: Increasing the visibility of digitisation in economic statistics through the development of digital supply tables
### Overview of proposed changes

**TABLE 3 Update of the 2008 SNA – Other recommendations for clarification or additional guidance**

<table>
<thead>
<tr>
<th>A. Generic Issues</th>
<th>Clarification</th>
<th>Guidance</th>
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**Further specifications of statistical units and revisions in institutional accounts**

| B.1. | G.6 (use of value chains and trade in value-added) | | |
| B.2. | B.3. (Centralized Corporate Units) | | |
| B.3. | K.7 (intangible fixed assets subject to holding companies in the national accounts) | | |
| B.4. | K.30 (output of all-share banks) | | |
| B.5. | K.34 (draft issues note amount, amount bank, bearer shares and other types of funds as separate institutional units) | | |

**C. Further specifications of the scope of transactions including the production boundary**

| C.1. | D.6. (rounding errors) | | |
| C.2. | G.7 (use of value chains and trade in value-added) | | |
| C.3. | C.4. (merchandise and factor services) | | |
| C.4. | F.1.4. (treatment of fictitious transactions) | | |
| C.5. | X.10 (External) | | |
| C.6. | X.5.6. (beneficial or waived rent payments) | | |
| C.7. | X.40. (accounting treatment of payments for goods and services) | | |
| C.8. | X.40. (accounting treatment of payments for goods and services) | | |
| C.9. | X.40. (accounting treatment of payments for goods and services) | | |

**D. Extensions and further specifications of the concepts of non-financial assets, capital formation and consumption of fixed capital/depreciation, including changes related to other transactions in goods and services**

| D.1. | D.1. (non-financial transactions NTS) | | |
| D.2. | W.8.15. (valuation of mining and energy resources) | | |
| D.3. | W.8.17. (treatment of all other leasing schemes) | | |
| D.4. | G.3.7. (recording of intellectual property products – recording of inter MNE transactions) | | |
| D.5. | K.7.9. (recording of work in progress) | | |
| D.6. | K.7.10. (valuation of intellectual property products) | | |
| D.7. | X.30. (recognition of the distinction between maintenance and replacement for tangible assets) | | |
| D.8. | X.50. (treatment of possible and probable treatment of the transfer of leased assets at the end of the lease period) | | |
| D.9. | X.51. (valuation of assets) | | |
| D.10. | X.7.2. (valuation of financial assets) | | |

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**IMF | Statistics**
General Observations

Only a limited number of conceptual changes affecting macro-economic indicators, such as GDP/NDP, government deficit, and net worth

- Recognition of **data** as produced assets
- Recognition of **marketing assets** as produced assets
- Renewable energy resources and adjustments in the **treatment of biological resources**
- Recording **depletion** of natural resources as a **cost of production**
- **Split-asset approach** for natural resources (no impact on macro-economic indicators mentioned above)
- Improving consistency in the application of the **sum-of-costs method**
- Changes in the measurement of the **output of central banks**
- Other **minor changes** to the 2008 SNA (no impact on macro-economic indicators)
Data, data, data, ...

- 2008 SNA: Recognized databases as produced assets, but not the information content
- 2025 SNA: Also recognizes the information content of electronic data collected and used in production
- Valuation using the sum-of-costs method:
  - costs of planning, preparing and developing a data production strategy
  - costs associated with accessing, recording and storing information embedded in OPs, including explicit purchases of OPs and already produced data
  - costs associated with designing, organizing, testing and analyzing the data in order to draw information and conclusions from it
  - consumption of the fixed capital used, including return to capital
- Change may have significant impact on GDP and net worth
Marketing Assets

- 2008 SNA: Marketing assets (and goodwill) only recognized as non-produced non-financial assets, the measurement of which is limited to explicit purchases of the relevant assets (or implicit purchases when a corporation is purchased at a price higher than its net worth).

- 2025 SNA: Recognizes marketing assets as produced assets, thus significantly extending the asset (and production) boundary with assets produced for own final use.

- Valuation using the sum-of-costs method:
  - Further research in delineating, in practice, expenditures leading to the build-up of (fixed) capital from current expenditures.

- Change may have significant impact on GDP and net worth.
Renewable Energy Resources and Adjustments in the Treatment of Biological Resources

- Explicit recognition of renewable energy resources (solar, wind, geo-thermal, etc.)

- Three changes and clarifications to the 2008 SNA:
  - 2008 SNA included a discrete choice between cultivated and non-cultivated resources yielding once-only products, based on management and control; 2025 SNA includes a differentiation between migrating resources (non-cultivated) and non-migrating resources (cultivated, based on continuum from intensely managed to totally undisturbed)
  - Regeneration of biological resources to be recorded as gross fixed capital formation, while – similarly to mineral and energy resources – depletion is treated as a cost of production (see next slide)
  - Clarifications for the measurement of work-in-progress

- Minor impact on GDP, no impact on net worth (only shifts between non-produced and produced assets, and between work-in-progress and underlying assets)
Recording Depletion of Natural Resources as a Cost of Production

- 2008 SNA: Depletion of natural resources treated as other changes in the volume of assets
- 2025 SNA: Depletion to be recorded as a cost of production, similar with the recording of consumption of fixed capital
- Change will have an impact on NDP, especially in natural resource-rich countries
Split-Asset Approach for Natural Resources

- 2008 SNA: Natural resources to be recorded in the accounts of the legal owner (typically government)
- 2025 SNA:
  - Natural resources to be recorded in the accounts of the legal owner and extractor, according to the appropriation of the resource rents
  - Accounting for depletion in line with SEEA Central Framework 2012 (i.e., allocation of depletion in line with appropriation, by adjusting the rents paid by the extractor to the legal owner)
  - Changes in ownership to be recorded as other changes in the volume of assets
- No change to GDP/NDP and net worth; only change in the allocation of the relevant assets across sectors
Improving consistency of the sum-of-costs method (1)

- In the absence of market prices, application of the sum-of-costs method, as an approximation of such market prices.

- For market producers (output for own final use):
  - Intermediate consumption
  - Compensation of employees
  - Consumption of fixed capital
  - Net return to fixed capital
  - Other taxes (less subsidies) on production

- Four issues in relation to the 2008 SNA
  - For non-market producers, relevant output is valued excluding return to fixed capital.
  - Return to capital is excluded for non-financial assets other than fixed assets.
  - Inclusion or exclusion of payments for rent on, for example, land and natural resources.
  - Inclusion or exclusion of depletion, in addition to consumption of fixed capital.
Improving consistency of the sum-of-costs method (2)

2025 SNA:

- All relevant output valued including a return to capital, thus also for non-market producers
- Inclusion of return to non-financial assets other than fixed assets, thus including inventories and non-produced non-financial assets
  - Note: Return to city parks and historical monuments to be excluded on pragmatic grounds
- Inclusion of rent as a cost element
- Inclusion, if relevant, depletion of natural resources
- Change may have a significant impact on GDP, and a more moderate impact on net worth
Changes in the Measurement of the Output of Central Banks

2008 SNA:
- Possibility of FISIM included
- Two types of services:
  - Monetary policy services (non-market output)
  - Supervisory services (non-market or market, depending on fees paid for these services)
- Non-market output allocated to government, with a concomitant current transfer

2025 SNA:
- FISIM excluded on conceptual grounds
- Further extension of services, to include promoting financial stability and monitoring the payments system
- All output considered as non-market output, with payments by financial corporations considered as current transfers
- Output recorded as output for own final use by the central bank

Change in GDP = change in recording of transfers
Another Minor Conceptual Changes to the 2008 SNA

- Treatment of **reinvested earnings of FDI-enterprises**: limited to payments related to the sales of assets.
- **Extension of the definition of rent** (i.e., payments to the owner for putting certain non-produced assets at the disposal of another unit), by including non-produced non-financial assets other than natural resources.
- Recording of **work-in-progress** for fixed assets partially transferred and for fixed assets produced for own final use.
- Limitation of **concessional loans** to those provided by employers to employees.
- All **equity in international organizations** to be considered as “other equity”.
- **Securities provided as collateral**, which are not readily available for meeting balance of payments financing needs, to be excluded from the cash borrower’s reserve assets; for gold swaps, this reclassification leads to a demonetization of the gold bullion.
General Observations

- A distinction can be made between the following tables and data items:
  - **Sequence of economic accounts**: standard set of accounts and tables, the compilation of which is recommended
  - **Supplementary tables/items**
  - **Extended/thematic accounts/tables**

- The **SNA does not have the power of law**, but one of the main factors for the success of the SNA is the worldwide compilation of statistics according to its conceptual guidance

- The objective is that **as many countries as possible compile the sequence of economic accounts**

- Encouraged tables and accounts more dependent on national and regional priorities
Accounting for Well-being

- To arrive at an improved analysis of the distribution of income, consumption, saving and wealth across households:
  - Standard breakdown of households by income and wealth decile
  - More detailed labour accounts

- In addition, various other breakdowns of households (e.g., household composition, main source of income) are put forward as supplementary items

- Extended/thematic accounts and tables:
  - Unpaid household service work
  - Education and human capital
  - Health
Accounting for sustainability

- To arrive at an improved accounting of (environmental) sustainability, SEEA Central Framework 2012 and SEEA Ecosystem Accounting are important frameworks which can be viewed upon as systematic frameworks complementary to and consistent with the SNA.

- Within the SNA sequence of economic accounts, in addition to recording depletion as a cost of production:
  - Natural capital as a separate category, including both produced and non-produced non-financial assets
  - More detailed breakdowns of non-financial assets and financial assets
  - Focus on improving the estimation of natural resources
Accounting for Globalization

- To arrive at a better understanding of the impact of globalization on the generation and distribution of income, and also to arrive at an improved international comparison of fiscal balances, standard breakdowns of corporations into:
  - Foreign-controlled corporations
  - Public corporations
  - National private corporations
  - Of which: Part of domestic MNEs

- In addition, various supplementary items and tables are encouraged:
  - Extended supply and use tables (eSUTs)
  - Data on Special Purpose Entities (SPEs) for those countries where these entities are important
Accounting for Digitalization

- To improve the visibility of the digital economy:
  - More detailed breakdowns of certain asset categories within intellectual property products, in the sequence of economic accounts
  - In addition, digital supply and use tables are encouraged as extended/thematic tables, also including extended accounting for “free” services (Facebook, Instagram, TikTok, etc.)
  - Further breakdowns of subsectors of financial corporations of Fintech-related activities, as supplementary items in countries where these activities are significant
Accounting for Financial Risks and Vulnerabilities

- Since the Great Financial Crisis, it is considered important to arrive at an improved accounting for financial risks and vulnerabilities:
  - **Non-bank financial intermediation** (shadow banking): supplementary tables with more detailed breakdowns of financial corporations, as well as additional details for certain financial instruments
  - Breakdowns of **financial derivatives**
  - **From-whom-to-whom** (supplementary) **tables** (not included in the consolidated list)
Other supplementary Items and Tables

- **Concessional loans**: supplementary data on concessional loans provided by government and international organizations

- **Reinvested earnings**:
  - Breakdown of FDI-related dividends into payments as defined for non-FDI corporations and other payments
  - Supplementary data on recording reinvested earnings for all equity in corporations, direct investment as well as portfolio investment

- **Valuation of debt securities** at both market value and nominal value for liability positions

- Supplementary table on **provisions**, broken down into three categories: financial assets related, non-financial assets related, and provisions unrelated to assets
Next steps

- At its 55th Session, to be held on 27 February - 1 March 2024, the United Nations Statistical Commission will be asked to **endorse the Report of the Intersecretariat Working Group on National Accounts on the recommendations for the update of the 2008 SNA**

- In the meantime, drafting of the 2025 SNA continues
  - The initial focus of this work has been **on new and substantially revised chapters**
  - These chapters are subject to **global consultation on a chapter-by-chapter basis**

- In May-July 2024 the **complete draft** of the 2025 SNA will be circulated for global consultation
  - The chapters that are not new or substantially revised will be shown in ‘track changes’

- There is also a significant program of work that is developing **guidance materials to support the implementation** of the 2025 SNA
THANK YOU FOR YOUR ATTENTION!