

NSCASE(23)14

NSCASE: Update on recent developments in the System of National Accounts

1. High-level overview of the current state of the SNA 2025 consultations

1.1. The UK (led by ONS) is leading in the global responses to the [consultations](#). So far, the UK has submitted responses to 41 consultations between the period of August 2021 and April 2023. In addition to this, 6 responses have been submitted to consultations that focus on testing as well as 22 Annotated Outlines since January 2023. Please see Annex 1 for tables outlining submissions since June 2021. We have recently seen the release of 'user' consultations which are being directly sent to specific experts instead of requiring a country response. The consultations request views on proposed changes and ask that answers reflect the views of users as far as possible.

2. Update from United Nations Statistical Commission (UNSC)

2.1. [The UN Statistical Commission](#), which took place 28th February – 3rd March 2023, discussed the work that was undertaken throughout the SNA 2008 update. The Commission was invited to express views on the progress of the programme of the Working Groups and the reporting of annual national accounts data, including the changeover to the 2008 SNA. The next phase for the update to SNA 2008 is focusing on editing chapters and further Annotated Outlines will be released. Countries that spoke at UNSC welcomed the progress that has been undertaken and supported the Secretariat's focus on specific areas such as digitalisation and globalisation. Interventions of note were words from Finland who mentioned that National Accounts and GDP need to be consistently understandable for policymakers. They added that the core accounts should be limited to those issues which can be measured in monetary terms. The UK has welcomed and fully endorsed, recognising; the inclusion of depletion of natural resources; constructive discussions around non-monetary gold and crypto; and economic aggregates in national accounts. Countries also mentioned that there needs to be consistent support to help developing economies and ensure inclusivity.

3. AEG and BOPCOM Meetings: Overview of 40th BOPCOM Meeting and 22nd AEG Meeting

3.1. The Joint 40th Meeting of the IMF Committee on Balance of Payments Statistics and 22nd Meeting of the UN Advisory Expert Group on National Accounts as well as the separate UN Advisory Expert Group on National Accounts were held between 27-31 March 2023. Please see Annex 3 for Sanjiv Mahajan's short notes of the discussion and outcomes (Paper also attached separately in email).

4. International workshop on crypto assets

4.1. The UKSA held a virtual international workshop on 14/03/2023 to discuss Crypto Assets Without Corresponding Liabilities (CAWL), which was chaired by Richard Heys. This event saw interest from a wide range of our international partners, allowing for diverse and collaborative discussion on this challenging and new concept. The discussion covered conceptual issues around how CAWL should be classified and methods that some NSIs are looking to use to measure CAWL. Finally, the UK's Financial Conduct Authority gave an insightful presentation on how they were looking to regulate CAWL.

These presentations sparked a lively discussion and gave all colleagues a fantastic opportunity to share experiences.

5. AEG: Latest update on crypto assets

- 5.1. Following the Crypto workshop, the UK was made aware that the “editorial teams were of the view that for the purpose of proceeding with the information available now for the update of the BPM and the SNA, it was decided to treat unbacked crypto assets as non-financial assets (and within this category as non-produced non-financial assets, i.e., cross-border transactions would be recorded in the capital account rather than in the current account). This will enable the updates to be prepared in a timely manner.” However, there remains a lack of consensus and some views that if regulators / monetary authorities make significant interventions in coming months this would require a re-opening of the issue.
- 5.2. Whilst being treated as a non-produced non-financial asset mitigates some risks around the treatment of these particular type of crypto assets if they were either produced or financial, there remains the question of the labour and particularly the energy contribution as inputs into the production of these assets. This might lead to an outcome where the ‘miner’ works to decode an algorithm and the crypto asset (which it is argued has always existed in a metaphysical form) is the payment for the services provided. This may create issues of complexity around barter payments using a non-produced non-financial asset as a medium of exchange. Considered this way, it can be argued that crypto assets appear even more like a financial asset.
- 5.3. The global consultation showed that more than one-third of the respondents were undecided (36%) about the proposed options. At that time, Option 1 (produced non-financial asset) received support from seven respondents, Option 3 (financial asset) received support from six respondents, and Option 2 (non-produced non-financial asset) was supported by one respondent. This has also been supplemented with the User Consultation providing further feedback and different results. Both of these sources of information and the views of the AEG and BOPCOM Members have fed into the AEG and BOPCOM decision made last week.

The committee are invited to take note of the updates and raise any questions regarding the future of the update to SNA 2008 and BPM 6; including which topics the committee may want to discuss in future meetings in more detail.

Annex 1: UK response to UNSD SNA Global Consultations from June 2021 2023

Consultations

Consultation	Deadline	Progress
WS.14 The borderline between taxes, sales of service, and other government revenue boundary issues	17/03/2023	Submitted
CM.4 Gross and Net Measures: Promoting the Production and Application of Net instead of Gross Value Added (including Domestic Product), Income and Savings	17/02/2023	Submitted
WS.12 Environmental Classifications	10/02/2022	Submitted
DZ.10 Recording of Non-Fungible Tokens (NFTs) in Macroeconomic Statistics	20/01/2023	Submitted
DZ.8 Measurement of Cloud Computing in National Accounts	20/01/2023	Submitted
	24/08/2022	Submitted
WS.9 Recording of Provisions		
WS.8 Biological Resources & WS.10 Mineral and Energy Resources & WS.11 Renewable Energy Resources	31/08/2022	Submitted
WS.7 Treatment of Emission Trading Schemes	23/06/2022	Submitted
DZ.9 Incorporating Digital Intermediation Platforms into the System of National Accounts	16/06/2022	Submitted
DZ.7 Improving the Visibility of Artificial Intelligence in the National Accounts	16/06/2022	Submitted
F.14 Treatment of Factoring Transactions	10/06/2022	Submitted
F.13 Margins on Buying and Selling Transactions	10/06/2022	Submitted
DZ.6 Recording of Data in the National Accounts	20/05/2022	Submitted
DZ.3 & DZ.4 Treatment of “free” Digital Products	20/05/2022	Submitted

WS.5 Health and Social Conditions	02/05/2022	Submitted
IE.1 Statistical Framework for the Informal Economy	04/03/2022	Submitted
F.18 The Recording of Crypto Assets in Macroeconomic Statistics	25/02/2022	Submitted
F.15 Debt Concessionality	25/02/2022	Submitted
G.7 Global Value Chains and Trade in Value Added	25/02/2022	Submitted
G.9 Payments for Nonproduced Knowledge-Based Capital (Marketing Assets)	07/02/2022	Submitted
G.5 Economic Ownership of Intellectual Property Products: Recording of Intra-MNE Transactions	07/02/2022	Submitted
F.7 Impact of Fintech on Macroeconomic Statistics	04/02/2022	Submitted
F.1 More Disaggregated Institutional Sector and Financial Instrument Breakdowns	04/02/2022	Submitted
CM.3 A Taxonomy for Communicating Economic Statistics Releases, Products and Product Updates	31/01/2022	Submitted
CM.2 Terminology and Branding of the Economic Accounting Statistical Standards	31/01/2022	Submitted
CM.1 An Assessment Framework to Measure Alignment with the Economic Accounting Statistical Standards	31/01/2022	Submitted
IF.1 Islamic finance in the System of National Accounts and External Sector Statistics	25/01/2022	Submitted
F.2 Asymmetric Treatment of Retained Earnings	03/12/2021	Submitted
D.16 Treatment of Retained Earnings	25/10/2021	Submitted
F.12 Covering Hybrid Insurance and Pension Products	22/10/2021	Submitted
D.2 Valuation of Unlisted Equity	22/10/2021	Submitted

C.4 Merchanting and Factoryless Producers: Negative Exports in Merchanting; Merchanting of Services	21/10/2021	Submitted
F.9 Valuation of Loans (Fair Value)	20/10/2021	Submitted
WS.4 Labour, Human Capital and Education	01/10/2021	Submitted
WS.6 Accounting for the Economic Ownership and Depletion of Natural Resources	10/09/2021	Submitted
WS.3 Unpaid Household Service Work	10/09/2021	Submitted
WS.2 Distribution of household income, consumption and wealth	10/09/2021	Submitted
DZ.5 Digital SUTs	03/09/2021	Submitted
G.4 Treatment of Special Purpose Entities and Residency	04/08/2021	Submitted
G.2 Treatment of MNE and Intra MNE Flows	04/08/2021	Submitted

Consultations that discuss user testing

GN Test	Deadline	Progress
CM.3 A Taxonomy for Communicating Economic Statistics Releases, Products and Product Updates	17/04/2023	Submitted
F.18 The Recording of Fungible Crypto Assets in MacroEconomic Statistics	03/03/2023	Submitted
WS.3A Valuing Unpaid Household Service Work in the SNA (Occupation and wage rate data sources)	16/12/2022	Submitted
WS.3B Valuing Unpaid Household Service Work in the SNA (Measurement of Passive Unpaid Child and Adult Care)	16/12/2022	Submitted
G.9 Payments for Nonproduced Knowledge-Based Capital (Marketing Assets)	29/11/2022	Submitted
DZ.6 Recording of data in national accounts	31/10/2022	Submitted

Annotated Outlines

Annotated outlines	Deadline	Progress
Joint Chapters		
2. BPM Chapter 4 SNA Chapter 5 - Residence, Institutional Units, and Sectors	24/03/2023	Submitted
1. BPM Chapter 3 SNA Chapter 4 Flows, Stocks, and Accounting Rules	24/03/2023	Submitted
SNA Chapter 21/BPM Chapter 20 Communicating and Disseminating Economic Statistics	07/01/2023	Submitted
SNA Chapter 22/BPM Chapter 16 Digitalization	07/01/2023	Submitted
SNA Chapter 23/BPM Chapter 15 Globalization	07/01/2023	Submitted
SNA Chapter 26/BPM Chapter 17 Islamic Finance	07/01/2023	Submitted
SNA only Chapters		
SNA Chapter 2 National Accounts & measures of well-being & sustainability	07/01/2023	Submitted
SNA Chapter 16 Labour SNA	07/01/2023	Submitted
SNA Chapter 20 Elaborating the accounts	07/01/2023	Submitted
SNA Chapter 25 Selected issues on financial instruments	07/01/2023	Submitted
SNA Chapter 29 Financial corporations	07/01/2023	Submitted
SNA Chapter 34 Measuring well-being	07/01/2023	Submitted
SNA Chapter 35 Measuring sustainability	07/01/2023	Submitted
SNA Chapter 37 From whom-to-whom tables and related financial analysis	07/01/2023	Submitted

SNA Chapter 38 Thematic accounts	07/01/2023	Submitted
BPM only Chapters		
3. BPM Chapter 9 Other Changes in Financial Assets and Liabilities Account	24/03/2023	Submitted
4. BPM Chapter 12 Primary Income Account	24/03/2023	Submitted
5. BPM Chapter 13 Secondary Income Account	24/03/2023	Submitted
6. BPM Chapter 14 Capital Account	24/03/2023	Submitted
7. BPM Annex 8 Insurance and Pensions	24/03/2023	Submitted
BPM Chapter 6 Functional Categories in International Accounts	07/01/2023	Pending
BPM Chapter 5 Classification of financial assets and liabilities	07/01/2023	Submitted
BPM Chapter 10 Goods Account	07/01/2023	Submitted
BPM Chapter 11 Services Account	07/01/2023	Pending
BPM Annex 5 Selected Issues on Cross-Border Trade	07/01/2023	Pending
BPM Annex 10 Sustainable Finance in External Sector Statistics	07/01/2023	Pending

Annex 2: Copy of list of documents for 22nd Meeting of the AEG on National Accounts

List of Documents for the Meeting

Download all available papers and presentations (as of 30 March 2023)

DOCUMENTATION FOR THE MEETING	FILE
Agenda of the Joint BOPCOM-AEG Meeting	PDF
Agenda of the AEG Meeting	PDF
PAPERS AND PRESENTATIONS FOR THE MEETING	PAPER PRES.
Reference Documents for the Meeting	
RM1. Work programme for updating the 2008 SNA	PDF
RM2. Governance arrangements for updating the 2008 SNA	PDF
RM3. Terms of Reference of the ISWGNA	PDF
RM4. Report of the ISWGNA to the United Nations Statistical Commission at its 54th Session	PDF
RM5. Supplement to the Report of the ISWGNA to the United Nations Statistical Commission at its 54th Session	PDF
RM6. Draft decisions on National Accounts of the United Nations Statistics Commission at its 54th Session	PDF
Joint Meeting of the Advisory Expert Group on National Accounts and the IMF Committee on Balance of Payments Statistics	
Monday, 27 March 2023	
Opening Remarks	
1. The Recording of Fungible Crypto Assets in Macroeconomic Statistics (F.18) - Issue Note	PDF PDF
2. Measurement of Cloud Computing in National Accounts (DZ.8)	PDF Outcomes PDF
3. The borderline between taxes, sales of service, and other government revenue boundary issues (WS.14)	PDF Outcomes PDF
Tuesday, 28 March 2023	
4. Payments for Non-produced Knowledge-based capital (Marketing Assets) (G.9)	PDF PDF
5. Valuation Principles and Methodologies (AI.1)	PDF PDF
6. Terminology and branding (CM.2)	PDF Summary Brief PDF
Wednesday, 29 March 2023	
7. Draft Summary of the Discussions (of Day 1 and 2)	
AEG Meeting	
Wednesday, 29 March 2023	
8. Overview of information items	PDF
9. Issues note on: Consistency in measuring the output of central banks	PDF PDF
10. Issues note on: Treatment of trusts and other types of funds as separate institutional units	PDF PDF
11. Issues note on: Consistency in the application of the sum of costs approach	PDF PDF
12. Issues note on: Treatment of holding gains/losses and capital income in the measurement of insurance output	PDF PDF
13. Note on resolving minor action points, focusing on action point A.12 on Work-in-progress, transfer of ownership and capital services, and action point B.10 on Recording of non-life insurance claims in the case of losses of capital assets	PDF PDF
Thursday, 30 March 2023	
14. Environmental classifications (WS.12)	PDF Outcomes PDF
15. Use of Net measures in the presentation of the National Accounts (CM.4)	PDF Outcomes PDF
16. Economic ownership and depletion of natural resources (WS.6)	PDF PDF
Friday, 31 March 2023	
17. A Broader SNA framework for Wellbeing and Sustainability (WS.1)	PDF PDF
18. Treatment of Rent (AI.2)	PDF XLSX PDF
19. Recording of Data in the National Accounts (DZ.6)	PDF Outcomes PDF
20. Recording of Non-Fungible Tokens (NFTs) in Macroeconomic Statistics (DZ.10)	PDF Outcomes PDF
21. Asymmetric Treatment of Retained Earnings (F.2)	PDF
22. Information papers	
i. Project Manager update	PDF
ii. Lead Editor update	PDF
iii. Progress on action items arising from the October 2022 AEG meeting	PDF
iv. Process for drafting the updated SNA, including timetable	PDF
v. Response to Global Consultation on AOs	Zip
vi. Note on additional data items/tables	PDF
vii. Note on implementation guidance and manuals	PDF
viii. (CM.5) Common Glossary of Macroeconomic Statistics - Overview of Progress	PDF

Annex 3: JOINT 40TH MEETING OF THE IMF COMMITTEE ON BALANCE OF PAYMENTS STATISTICS AND 22ND MEETING OF THE UN ADVISORY EXPERT GROUP ON NATIONAL ACCOUNTS [SHORT NOTES]

By Sanjiv Mahajan

Venue Online

Date 27th – 31st March 2023

Chaired by ISWGNA (IMF and OECD)

Attendees Sanjiv Mahajan (one of 16 AEG Members) plus ISWGNA Members and IMF BOPCOM Members (UK representative: Perry Francis (BoE)).

Overall

The Joint 40th Meeting of the IMF Committee on Balance of Payments Statistics and 22nd Meeting of the UN Advisory Expert Group on National Accounts as well as the separate UN Advisory Expert Group on National Accounts covered a lot of issues in assessing work done, decisions and formulating the way forward in updating the 2008 SNA and the BPM 6.

Summary of key points covering the Joint Meeting

In the Joint Meeting, the chair indicated that there should be only one country intervention on the first point. Overall, through the Joint meeting, there were several welcomed UK inputs. Key points to note from the Joint Meeting:

- SNA and BPM editorial teams will incorporate the recommended treatment of non-liability crypto assets and crypto assets that only act as a medium of exchange within a platform or network without a corresponding liability as non-produced non-financial assets – as a separate category - in the 2025 SNA and BPM 7. The NA and BoP communities will monitor developments but review the recommendation only if there are significant market, taxation, regulatory and/or accounting changes justifying revision either before or after the release of the manuals. The Members also agreed this item is added to the research agenda; need for practical guidance; need for clear communication; and cross-country data sharing. Perry Francis (UK BOPCOM representative) expressed the UK view at the meeting of the financial asset preference. Sanjiv Mahajan also ensured that OECD, IMF, Eurostat and the UN were fully aware of the UK view separately.
- Guidance Note (GN) recommendations on Cloud Computing were endorsed. Some AEG Members emphasised that the criterion to classify one-year software licenses as gross fixed capital formation should be specific to such licenses only. Practical guidance on recording flows (including cross-border flows) should be developed.

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- GN for borderline between taxes, sales of service, and other government revenue boundary issues will be updated to reflect Members comments and agreed via written procedure.
- On payments to government for licenses to perform activities or to own or use goods/assets, Option 3 (record as taxes all compulsory payments for licenses issues as part of a mandatory process) was agreed as the default option, and use of Option 2 only in justified cases. Need for practical guidance on exceptions was agreed to ensure consistency and comparability across countries.

- On payments related to the use or extraction of natural resources, Members provisionally supported Option 2A (expand rent guidance) and Option 2B (expand permit to use natural resource guidance). All are subject to final decisions on treatment of rent and treatment of permits to use natural resources. Decision tree endorsed with some refinements.
- On the re-routing of transactions, Members endorsed the recommendations in the GN and any controversial scenarios cleared via written consultation.
- Various comments from Members need to be reflected in a revised GN on Payments for Non-produced Knowledge-based capital (Marketing Assets), to be endorsed via written procedure:
- Splitting advertising and marketing expenditure between gross fixed capital formation and intermediate consumption.
- Investment in marketing assets can be undertaken by corporations, general government and non-profit institutions serving households.
- Clarifying when own account marketing output should be considered as own account gross fixed capital formation.
- Implications of reclassifying transactions in marketing assets - as produced non-financial assets - on the balance of payments from the capital to the current account as well as a separate asset category.
- Issue note on Valuation Principles and Methodologies will be revised further:
- To provide more clarity on hierarchies of preferred valuation methods and to reflect the comments on specific issues made by Members.
- Additional arguments for using the term “exchange value” in preference to “market price”.
- Concise comparisons with business and public sector accounting standards.
- Decision on global consultation will be made once the work on eco-systems is complete.
- Sanjiv Mahajan presented the GN on Terminology and branding as well as the progress report on the work to generate a Common Glossary of Macroeconomic Statistics.
- Need to incorporate comments made including dropping the recommendation to change the term “Balance of Payments” to “Balance of International Transactions and Investment Positions” or “international accounts”; use of the term “Financial service on loans and deposits” instead of “Interest receivable on loans less interest payable on deposits” to describe FISIM. Review the terms “Credits/Debits” in the relevant balance of payments accounts.
- Revised GN along with the consultation questionnaire for approval by written procedure prior to launching the global user consultation.
- The Glossary work (led by Sanjiv Mahajan as the Chair of CMTT) for the first time ever cut across several (eight) Economic Accounting Statistical Standards and was very well received. Started with over 1,240 terms and definitions, reduced to 730 and supplemented with 90 new ones. The package of agreed terms and definitions would now be taken forward by the SNA and BPM editors and would also force a further layer of harmonisation of definitions across the standards.

Summary of key points covering the AEG Meeting

In the AEG Meeting, there were numerous inputs from Sanjiv Mahajan. Key points to note from the AEG Meeting:

Various issues notes were covered and actions to be followed up:

- Consistency in measuring the output of central banks – separate parts agreed. Various minor issues to address including rate of return on capital employed.
- Treatment of trusts and other types of funds as separate institutional units – broad acceptance and decision trees welcomed. Specific issues to address, e.g., hybrid units, dominant activity and secondary activity, etc.
- Consistency in the application of the sum of costs approach – further work needed before agreement and global consultation. For example, need to pass through GFS; further clarifications on the treatment of inventories; links to rent, central banks, insurance and depletion of natural resources to be tidied up.
- Treatment of holding gains/losses and capital income in the measurement of insurance output – this remains a tricky issue in terms of measurement but easier in terms of concept. Further work needed on realised and non-realised gains/losses.
- Resolving minor action points, this will focus (a) Work-in-progress, transfer of ownership and capital services; and (b) Recording of non-life insurance claims in the case of losses of capital assets. General agreement but clarifications needed on terminology, capital services on inventories and working capital.
- Environmental classifications – further work needed as the merits of the sub-sector raised lots of questions. Links with ISIC and CPC need to be followed up by the AEG. Expansion of assets preferred over inclusive wealth as a category to avoid double-counting and confusion.
- Use of Net measures in the presentation of the National Accounts – broad acceptance with caveats on data quality and volume estimates to be reflected in changes to the GN. The focus will not be to replace GDP or replace gross measure but to complement the gross measures with net measures.
- Economic ownership and depletion of natural resources – concern over the split-asset approach sharing of risks, rewards and more than one legal owner. GFS and SEEA to be consulted. Recent results based on too few countries and the need for numerical examples agreed.
- A Broader SNA framework for Well-being and Sustainability – accepted for Global Consultation after various items have been incorporated. The principles and delineations welcomed.
- Treatment of Rent – further clarifications sought, e.g., link to marketing assets. Rent, labour and capital together has strong merits.
- Recording of Data in the National Accounts – generally approved. User consultation highlighted lack of data. Lot of practical guidance needed. Also need CPC to reflect a separate category.
- Recording of Non-Fungible Tokens (NFTs) in Macroeconomic Statistics – broad agreement and practical guidance.

- Asymmetric Treatment of Retained Earnings – not clear why NA need to produce such estimates as already in BPM. More clarification and guidance on the residual method needed.

The Information Papers were discussed in brief to ensure the state of play was clear and the way ahead actions that remain to be completed. Written inputs from AEG Members requested.

Meetings Agendas

Joint Meeting of the Advisory Expert Group on National Accounts and the IMF Committee on Balance of Payments Statistics

Monday, 27 March 2023

1. The Recording of Fungible Crypto Assets in Macroeconomic Statistics (F.18) - Issue Note
2. Measurement of Cloud Computing in National Accounts (DZ.8)
3. The borderline between taxes, sales of service, and other government revenue boundary issues (WS.14)

Tuesday, 28 March 2023

4. Payments for Non-produced Knowledge-based capital (Marketing Assets) (G.9)
5. Valuation Principles and Methodologies (AI.1)
6. Terminology and branding (CM.2)

AEG Meeting

Wednesday, 29 March 2023

8. Overview of information items
9. Issues note on: Consistency in measuring the output of central banks
10. Issues note on: Treatment of trusts and other types of funds as separate institutional units
11. Issues note on: Consistency in the application of the sum of costs approach
12. Issues note on: Treatment of holding gains/losses and capital income in the measurement of insurance output
13. Note on resolving minor action points, focusing on action point A.12 on Work-in-progress, transfer of ownership and capital services, and action point B.10 on Recording of non-life insurance claims in the case of losses of capital assets

Thursday, 30 March 2023

14. Environmental classifications (WS.12)
15. Use of Net measures in the presentation of the National Accounts (CM.4)
16. Economic ownership and depletion of natural resources (WS.6)

Friday, 31 March 2023

17. A Broader SNA framework for Wellbeing and Sustainability (WS.1)

- 18. Treatment of Rent (AI.2)
 - 19. Recording of Data in the National Accounts (DZ.6)
 - 20. Recording of Non-Fungible Tokens (NFTs) in Macroeconomic Statistics (DZ.10)
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 - 22. Information papers
 - i. Project Manager update
 - ii. Lead Editor update
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 - iv. Process for drafting the updated SNA, including timetable
 - v. Response to Global Consultation on AOs
 - vi. Note on additional data items/tables
 - vii. Note on implementation guidance and manuals
 - viii. (CM.5) Common Glossary of Macroeconomic Statistics - Overview of Progress
- Meeting papers

The papers are available in the link below:

22nd Meeting of the Advisory Expert Group on National Accounts