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## Economic Commission for Europe

Conference of European Statisticians

### Group of Experts on National Accounts

Twenty-third session

Geneva, 23 – 25 April 2024

## Report of the twenty-third session of the Group of Experts on National Accounts

### *Summary*

The present document is the report of the meeting of the Group of Experts on National Accounts, held on 23-25 April 2024 in Geneva. It is provided to inform the Conference of European Statisticians of the organization and outcomes of the meeting.



## I. Introduction

1. The Meeting of the Group of Experts on National Accounts was held on 23-25 April 2024 in Palais des Nations, Geneva. The sessions were also webcasted through the UN Web TV. The meeting was attended in-person by representatives from Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, Costa Rica, Croatia, Denmark, Estonia, Finland, Georgia, Germany, Hungary, India, Ireland, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Mexico, Montenegro, Netherlands, North Macedonia, Norway, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Serbia, Slovakia, Slovenia, South Africa, Spain, Tajikistan, Turkmenistan, Ukraine, United Kingdom, United States of America and Uzbekistan.
2. The meeting was also attended by representatives from the Asian Development Bank (ADB), European Central Bank (ECB), European Commission (Eurostat and Joint Research Centre), European Free Trade Association (EFTA), European Union Intellectual Property Office, Executive Committee of the Commonwealth of Independent States, Ibero-American General Secretariat (SEGIB), International Monetary Fund (IMF), Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT), Organisation for Economic Co-operation and Development (OECD) and World Bank. The meeting was also attended by several researchers and invited experts.
3. Mr. Gerard Eding from Statistics Netherlands chaired the meeting of the Group of Experts on National Accounts.
4. The provisional agenda was adopted.

## II. Organization of the meeting

5. The 2024 meeting of the Group of Experts on National Accounts (the Group) pursued a dual objective. Primarily, it aimed to discuss the update of the System of National Accounts (SNA) and the Balance of Payments Manual (BPM), with a specific focus on sharing country experiences gained from the testing and initial adoption of the updated guidelines. Secondly, the meeting addressed pressing topical issues confronting compilers of national accounts and balance of payments data.
6. The meeting was organized by the UNECE Steering Group on National Accounts in consultation with the Intersecretariat Working Group on National Accounts (ISWGNA) and with financial support from the Asian Development Bank (ADB), Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT), European Free Trade Association (EFTA) and World Bank.
7. The following substantive topics were discussed:
  - Towards the 2025 System of National Accounts,
    - (a) Overview (Progress report and Communication);
    - (b) Measuring intangible assets and natural capital;
    - (c) Digitalization and Globalization;
    - (d) Well-Being and Sustainability;
    - (e) Panel discussion;
  - Improvement of measures of consumption of fixed capital,
  - Sub-national and regional accounts,
  - Main revisions and benchmarking – policy and practice.

### III. Summary of the main conclusions reached at the meeting

8. The main conclusions of the meeting are given below. All documents for the meeting are available at: <https://unece.org/info/Statistics/events/383916>.

#### A. Towards the 2025 System of National Accounts

##### 1. Overview (Progress report and Communication)

9. This session, organised by UNSD and the System of National Accounts (SNA) update team, was chaired by Gerard Eding (Statistics Netherlands), also serving as the chair of the UNECE Steering Group on National Accounts.

10. Presentations were delivered by the project manager, lead editor, and supporting editor of the SNA Update. Participants were briefed on the proposed changes to the SNA, the progress in drafting chapters, upcoming steps in finalizing the 2025 SNA, the formulation of an implementation strategy, and the provision of guidance for the adoption of the new standard. Additionally, discussions focused on effectively communicating and disseminating macroeconomic statistics based on the updated standards, with a specific emphasis on adopting easier to understand and aligned terminology and providing users with digitalised versions of 2025 SNA and BPM7.

11. The Group welcomed the update presentations, acknowledging the evident progress achieved and indicating the clear path forward, thereby setting the stage for the initial two days of the meeting. Participants recognized and commended the outstanding efforts of the update team and the global community of national accounts and balance of payments compilers.

12. It was recognised that the primary objective of the update is to align international guidelines with economic developments and evolving user demands. Consequently, distributional considerations, well-being and sustainability aspects, and harmonization with other international standards such as the System of Environmental Economic Accounting (SEEA) are increasingly emphasized in the new versions of the guidelines.

13. All proposed changes to the SNA, except for the treatment of marketing assets as produced assets, were endorsed by the 2024 United Nations Statistical Commission (UNSC). Currently, 16 new and substantially revised chapters are undergoing global consultation, with additional 23 updated chapters set for global consultation upon the completion of the entire draft of the updated SNA in June – August 2024, aiming for adoption by the UNSC in 2025.

14. Moving forward, the focus of the work should transition from conceptual discussions and testing to concrete planning and implementation. However, the long list of recommendations presents various challenges, which can be addressed through:

- Ongoing efforts of various task teams and expert groups in developing practical guidance for high-priority areas;
- Additional guidance that may be requested, for instance, as a follow-up to this meeting and the upcoming seminar of the Conference of European Statisticians (CES) on the implementation of the 2025 SNA in the CES member countries;
- The outreach events organised by the international organizations that clearly add value and are very helpful in informing national accounts and balance of payments compilers and will be further complemented by the development of Compilers Hub;
- Emphasizing the importance of sharing country experiences, which should be in focus of future meetings of this Group;
- Prioritizing communication with users to prepare them for forthcoming changes;
- Enhancing branding through digitalized versions of the Macroeconomic Statistical Standards;

- Introduction of the common glossary of macroeconomic statistics that will improve harmonisation across standards with the focus on SNA and BPM but also with key inputs from six other statistical standards as well as aid users; and
- Addressing the prioritization and scaling up of technical assistance in the implementation strategy.

## **2. Measuring intangible assets and natural capital**

15. The session was organized by Eurostat, IMF, OECD and US BEA and chaired by Nicola Massarelli (Eurostat), Jennifer Ribarsky (IMF) and Bram Edens (OECD). Presentations were delivered by the Federal Statistical Office of Germany (Destatis), Spanish Statistical Office (INE), Joint Eurostat-IMF Task Team on Measuring Data as an Asset in National Accounts, Magyar Nemzeti Bank, ONS UK and US BEA. A supporting paper on valuation of renewable energy resources was provided by Central Bureau of Statistics of Indonesia (BPS-Statistics Indonesia).

16. Noteworthy work presented by ONS UK on measuring the cost of depletion of natural resources used in production, along with insights from Indonesia on the valuation of renewable energy, illustrated the feasibility of implementing the new SNA recommendations. However, further refinement and expansion of coverage of these initial estimates may be necessary to enhance the accuracy.

17. Reflecting on presentations by Magyar Nemzeti Bank and INE, the Group acknowledged the need for further research to address issues, such as the treatment of atmosphere and marketing assets, even after the adoption of the 2025 SNA.

18. It was also recognised that producing supplementary information for analytical purposes is important, particularly for gaining a deeper understanding of special purpose entities' activities.

19. Presentations from Destatis and US BEA demonstrated the possibility of estimating the value of data assets using the sum of costs approach. While the methods still rely on certain assumptions and require further refinement, the presentations showcased a notable consistency, which is expected to improve with accumulating more experience.

20. The primary methodological challenges concern the selection of occupations involved in the production of data assets and the associated involvement rates. Particularly important is to avoid overlaps with the production of other IPPs. Other challenges include:

- determine the markup to labour cost;
- choose a capitalization rate to distinguish between capital formation and intermediate consumption; and
- select discount rates and service life for the perpetual inventory method (PIM) estimates.

21. These issues are being tackled by the task team developing compilation guidance on data as an asset. To promote international comparability, the guidance will offer default recommendations on the above-mentioned aspects, drawing from the experience of countries that have produced experimental estimates. Countries with more detailed information available than the recommended set will be encouraged to incorporate it into their estimates.

## **3. Globalization and Digitalization**

22. This session was organized jointly by Eurostat, IMF and the Bureau of Economic Analysis from the United States (US BEA) and chaired by Nicola Massarelli (Eurostat), Robert Kornfeld (US BEA) and Erich Strassner (IMF). Presentations were provided by ADB, Central Bank of Costa Rica, Central Statistical Office (CSO) of Ireland, ECB, European Commission Joint Research Centre, Eurostat, IMF, National Statistical Institute (ISTAT) from Italy, Statistics Finland and US BEA.

23. The participants expressed keen interest in the experiences of development of digital supply and use tables (DSUTs) in Georgia and Finland as well as in the work of the IMF Task Team on Marketing Assets.

24. The experimental compilation of DSUTs highlighted certain challenges which include incomplete data sources, necessity of assumptions and overlaps among different intellectual property products (IPPs). However, identifying these issues at an early stage is crucial for addressing and overcoming them in the long term. New survey questions and access to additional data sources will be necessary in the future. References to these features have been incorporated into the revised International Standard Industrial Classification of All Economic Activities (ISIC) and Central Product Classification (CPC), which should contribute to improved data in the future.

25. The Group also reflected on the appropriate frequency for updating DSUTs. It underscored the importance of clearly communicating the results to users and commended the Finnish approach of disseminating experimental DSUT with appropriate warning. This allows for user feedback and improvement of the estimates to arrive at consolidated methodology.

26. The participants also supported the decision to proceed with developing compilation guidance on marketing assets, despite the UNSC's decision to retain these assets as non-produced in the 2025 SNA. The guidance to be developed offers countries the opportunity to measure marketing assets in extended tables.

27. The importance of sharing information on sources and methods, including at the meetings of this Group, was highlighted as key to refining and harmonizing estimates on the digital economy and marketing assets, with the aim of transitioning them from experimental to regular production.

28. Like digitalization, globalization requires more detailed statistics and new data products for decision-making and for compilers of statistics to stay relevant. Excellent examples on this were presented during the session: Central Bank of Costa Rica described how data sources are integrated to obtain data on companies involved in international trade; ECB presented a study on developing information on foreign-controlled non-financial corporations as part of financial accounts and external statistics; European Commission Joint Research Centre explained the use of the FIGARO-REG database to produce a single exposure indicator at regional level; and ISTAT demonstrated the potential of extended input-output tables in measuring the impact of global value chains.

29. Further presentations and active discussions underscored the importance of measuring globalization in the 2025 SNA.

30. The presentation by US BEA highlighted new initiatives and future work to analyse global supply chain for evidence-based policymaking. It emphasized the importance of developing indicators that can provide new insights into globalization's impact on the macroeconomy.

31. The presentation of CSO Ireland demonstrated the value of national accounts data and the importance of aggregates such as net national income to better understand the state of the domestic economy, particularly for economies affected by globalization and the free movement of intangible assets across borders. It emphasized that national accounts data are more than just aggregate gross domestic product and that the SNA update underscores the value of these data in addressing issues such as economic sustainability.

32. The Eurostat presentation emphasized the value of large (and complex) cases units (LCUs) and the other tools developed in EU and EFTA countries, highlighting their role in facilitating data sharing and the development of quality macroeconomic data. It was suggested that this experience should be shared with all interested countries, and to this end, Eurostat and UNECE informed participants about plans for organizing an online information seminar towards the end of 2025.

33. Delegates welcomed the presentations and acknowledged the importance of continuing progress on measuring global supply chains, enhancing visibility of globalization's impact on domestic economic activity, and the need to integrate different data sources into a harmonized framework to accurately account for globalization in macroeconomic statistics.

#### **4. Well-being and sustainability**

34. Organized by the OECD, Statistics Canada and the World Bank, this session was chaired by Catherine Van Rompaey (World Bank). Presentations were delivered by representatives from ADB, Central Bank of Armenia, Central Bank of Costa Rica, Instituto Nacional de Estadística y Geografía of Mexico (INEGI), the Office for National Statistics from the United Kingdom (ONS UK) and Reserve Bank of India.

35. This session focused on the implementation of extended accounts and special details recommended in the guidance for the SNA update in the area of well-being and sustainability. It explored the best practices and discussed specific challenges in compiling results related to unpaid household activities, distributional accounts, labour, education and human capital and environmental-economic issues.

36. Presentations by INEGI and ONS UK illustrated the viability and relevance of extended measures, including ecosystem services, new intangible assets and human capital.

37. In their presentations, ADB and the Reserve Bank of India focused on the labour dimension, showing results for households' unpaid service work in Bangladesh and the impact of labour composition on economic growth in India.

38. Distributional results of household income, consumption, saving and wealth, as presented by the Central Bank of Armenia and the Central Bank of Costa Rica, demonstrated the feasibility and importance of these statistics to inform national policies.

39. The participants recognized that the new guidance provided in the SNA update on links to economic well-being and sustainability has enriched the understanding of national economies and commended the efforts of countries to compile statistics in line with the new recommendations thus allowing for policy-relevant responses to national information needs.

#### **5. Panel discussion**

40. The session concluded with a panel discussion on setting priorities for the implementation of the 2025 SNA. The panel included the following experts: Jennifer Withington (Statistics Canada), Nuru Suleymanov (State Statistical Committee of Azerbaijan), Gerard Eding (Statistics Netherlands), Pedro Oliveira (National Statistical Institute of Portugal) and Henry Vargas Campos (Central Bank of Costa Rica). The panel was chaired by Peter Harper, the project manager of the SNA update.

41. The five panellists provided insights on the plans and priorities of different countries regarding the implementation of 2025 SNA, along with the challenges faced and the support needed.

42. Common themes highlighted by the panellists included:

- The need to incorporate the implementation of the 2025 SNA and BPM 7 into their organization's strategic planning;
- The necessity for comprehensive planning and prioritization based on the significance of specific changes;
- The requirement for additional resources with the necessary expertise, necessitating capacity building;
- The likelihood of establishing dedicated teams to oversee implementation, while the ongoing production of the national accounts is not compromised;
- The need for close collaboration with key stakeholders, including providers of source data and compilers of other macroeconomic statistics, to ensure coordination;
- The importance of communicating changes effectively to users;
- The significance of backcasting the changes to historical time periods;
- The important role of international organizations and groups, like this meeting, in developing compilation guidance, providing statistical training/capacity building, organizing technical assistance and providing forums where implementation issues can be discussed across countries and best practice shared; and

- Viewing the implementation of the 2025 SNA and BPM 7 as an opportunity to improve national accounting statistics and to take advantage of new technologies and data sources to improve the efficiency of the compilation processes.

43. The Group asked that the outcomes of the discussion be reported to the Plenary of the Conference of European Statisticians in June 2024, which will include a special seminar on the implementation of the new macroeconomic standards.

44. Additionally, the discussions will also inform the development of the implementation strategy for the 2025 SNA, which will be presented to the 2025 UNSC meeting for its endorsement.

## **B. Improvement of measures of consumption of fixed capital**

45. This session, organized by Eurostat, ONS UK and US BEA, was chaired by Robert Kornfeld (US BEA). Presentations were provided by the Croatian Bureau of Statistics, Eurostat and Statistics Canada. A supporting paper on a sensitivity test on stocks and consumption of fixed capital estimates of Italy was offered by ISTAT.

46. The representative of Croatian Bureau of Statistics delineated the different challenges statisticians face when developing measures of consumption of fixed capital, including insufficiently long series of gross fixed capital formation, selection of the survival and depreciation functions, and defining the appropriate average service life of fixed assets.

47. The Eurostat's presentation delivered a short summary of the final report of the EU's "FIXCAP" Task Force, which focused on the development of practical recommendations for the compilation of stocks of fixed capital and consumption of fixed capital.

48. The presentation from Statistics Canada introduced the quarterly PIM method to estimate the consumption of fixed capital that flows into the measurement of the quarterly gross domestic product as well as the capital stock to feed the quarterly national balance sheet.

49. The Group acknowledged the usefulness of the presentations illustrating different country practices and research. It recognized that countries may employ varying functions and service life estimates based on factors such as asset type and location. Extreme events, such as adverse weather conditions, could significantly impact the service lives of assets, depreciation rates and other changes in asset accounts.

50. The importance of ongoing exchange of information among countries regarding methodologies and findings was underscored. The participants highlighted the mutual benefits from research efforts, including those focused on quarterly data. International organizations should consider establishing a dedicated website aimed at facilitating the sharing of research outcomes.

51. In conclusion, the Group highlighted that improvements in the measurement of consumption of fixed capital contribute to more accurate economic analysis.

## **C. Sub-national and regional accounts**

52. The session was organized by ONS UK and Statistics Canada and chaired by Craig McLaren (ONS UK). It included presentations by INEGI, ONS UK, Statistics Canada and Statistics South Africa and supporting papers from ISTAT and BPS-Statistics Indonesia.

53. First, INEGI presented a short-term indicator that provides a general overview of the macroeconomic situation and the evolution of the economy of the states of the country. This was followed by ONS UK's overview of recent work aiming to produce more timely, granular and harmonised subnational statistics, and the presentation by Statistics Canada focusing on data sources and estimation challenges in regional measurement, particularly during the pandemic and recovery period with high inflationary pressures. Concluding the session, Statistics South Africa introduced their multi-phase project to revive the regional gross domestic product. In addition, two supporting papers from ISTAT and BPS-Statistics

Indonesia delved into regional estimates of general governments gross fixed capital formation and compilation of quarterly gross regional domestic product at detailed agencies' level respectively.

54. The presentations and the interventions from the floor clearly indicated that the subnational and regional estimates are of increasing importance in meeting policy requirements and user demands. Top-down or bottom-up approaches can be applied by countries for each aggregate depending on data availability, the administrative structure and data sources. Each approach has its advantages and challenges to be considered by national compilers.

55. There are a broad range of country experiences and expertise covering both conceptual and data issues, including the treatment of headquarters, the quality of disaggregated estimates (pertaining to volatility and revisions), and the importance of coherence and consistency.

56. Lastly, it was emphasized that user engagement and feedback play a pivotal role in ensuring relevance of subnational and regional accounts and driving further enhancements in their quality.

#### **D. Main revisions and benchmarking – policy and practice**

57. The session organized by Statistics Netherlands and US BEA was chaired by Gerard Eding (Statistics Netherlands). Presentations were delivered by Central Bank of Costa Rica, Eurostat, Statistical Committee of the Republic of Armenia (Armstat), ONS UK and US BEA.

58. Eurostat initiated the session by introducing harmonized European revision practices and outlining preparations for the 2024 benchmark revision. Additionally, representatives from the Central Bank of Costa Rica, Armstat, ONS UK, and US BEA provided insights into their revision policies and shared best practices.

59. The presentations underscored the critical role of user communication, particularly emphasizing the importance of clearly informing users about the main reasons for revisions. Eurostat's example highlighted the usefulness of providing a general overview paper. Further guidance on communication strategies will be included in the communication chapter of the 2025 SNA.

60. The Group noted that more frequent benchmark revisions could facilitate backcasting. Ensuring consistency in time series and finding a good balance between detail and the length of time series were also identified as key considerations.

61. It was emphasized that thematic and extended accounts, as well as quarterly and monthly indicators, also require regular revision and benchmarking to revised annual data.

62. The Group concluded that thorough preparation and reflection on lessons learned from previous revisions will improve the quality of the revised time series.

#### **E. Other business and future work**

63. UNECE provided a brief overview of an enhanced version of the online inventory of thematic and extended accounts. This upgraded platform has been designed to facilitate the exchange of country experiences and also covers the new thematic and extended accounts recommended in the 2025 SNA. Countries were encouraged to provide feedback on the content and regular updates of the accounts they compile.

64. The participants were invited to continue their active engagement in the SNA update. Further comments and questions on all the documents that were presented and posted at the meeting website can be sent to UNECE ([national.accounts@un.org](mailto:national.accounts@un.org)) or the respective session organizers and presenters.

65. The next meeting of the Group of Experts on National Accounts will be organized on 8-10 April 2025. Considering the importance of timely and coherent implementation of the



new macroeconomic standards, the meeting will focus on testing the new recommendations and development of implementation plans for the 2025 SNA. Other topical issues related to regular national accounts production will also be discussed. The following list of topics were proposed for the agenda of the meeting, based on inputs from the UNECE Steering Group on National Accounts and feedback by the participants:

- Follow up on the SNA and BPM update:
  - (a) Testing the new recommendations and development of implementation plans;
  - (b) Globalization (including LCUs), digitalization, crypto assets;
  - (c) Well-being and sustainability;
  - (d) Labour accounts;
  - (e) Non-observed and informal economy;
  - (f) Non-market output;
- Classifications,
- Time series and backcasting,
- Quarterly or regional accounts,
- Measuring financial corporations (including pension funds, non-profit institutions in the financial sector, etc.).

66. Additionally, topics, such as human resources and training, revision of surveys and new data sources to implement the SNA changes, revaluation accounts, measuring non-produced assets, improved methods for measuring GDP components (e.g., intermediate consumption, capital formation, taxes and subsidies) should be considered for the agenda of future meetings.

67. The Group of Experts on National Accounts emphasized the necessity of interpretation in the official languages of the ECE for its upcoming sessions. Moreover, the Group highlighted the importance of translating key documents such as an annotated agenda, a report, and main documents for each agenda item into English, French, and Russian.

68. The UNECE and partner of organizations should also consider organizing special seminars or targeted workshops and training sessions for interested countries, for instance in planning the implementation of the new macroeconomic standards and testing the feasibility of the main changes. Other possible topics of interest include: LCUs, sector accounts, hidden and illegal economy, consumption of fixed capital and crypto assets.

69. The participants asked the UNECE Secretariat to inform the CES Bureau on the outcome of the meeting and to follow up on the recommended further work.