PROGRESS REPORT ON THE IMPLEMENTATION OF SNA 2008

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Introduction

- Short summary of main changes
  - Enlarging the capital base
  - FISIM
  - Merchanting
  - Goods for processing
  - Head offices, holdings and SPEs
  - Pensions
- Implementation of SNA 2008 in OECD-countries
- Impact on GDP and other main indicators

Summary of main changes: enlarging the capital base

- Recognition of the growing importance of knowledge economy => recognition of intellectual property products as investment goods
- SNA 1993:
  - Mineral exploration and evaluation
  - Computer software and databases
  - Entertainment, literary and artistic originals
- SNA 2008:
  - Research & Development

Summary of main changes: enlarging the capital base

- Level of GDP up by 0.5% – 3.5% (OECD-average: 1.7%)
- Information base for expenditures: data collected according to Frascati Manual
- Measurement of capital stock more problematic => most countries apply Perpetual Inventory Method (PIM)
  - Service life?
  - Depreciation function?
  - Mortality function?
- Volume versus price: input method
- Economic ownership and use of Intellectual Property Products?

Summary of main changes: enlarging the capital base

- Recognition of military weapon systems providing defence services over a longer period of time (e.g., deterrence) as fixed capital
- Level of GDP up by 0.5% (OECD-average)

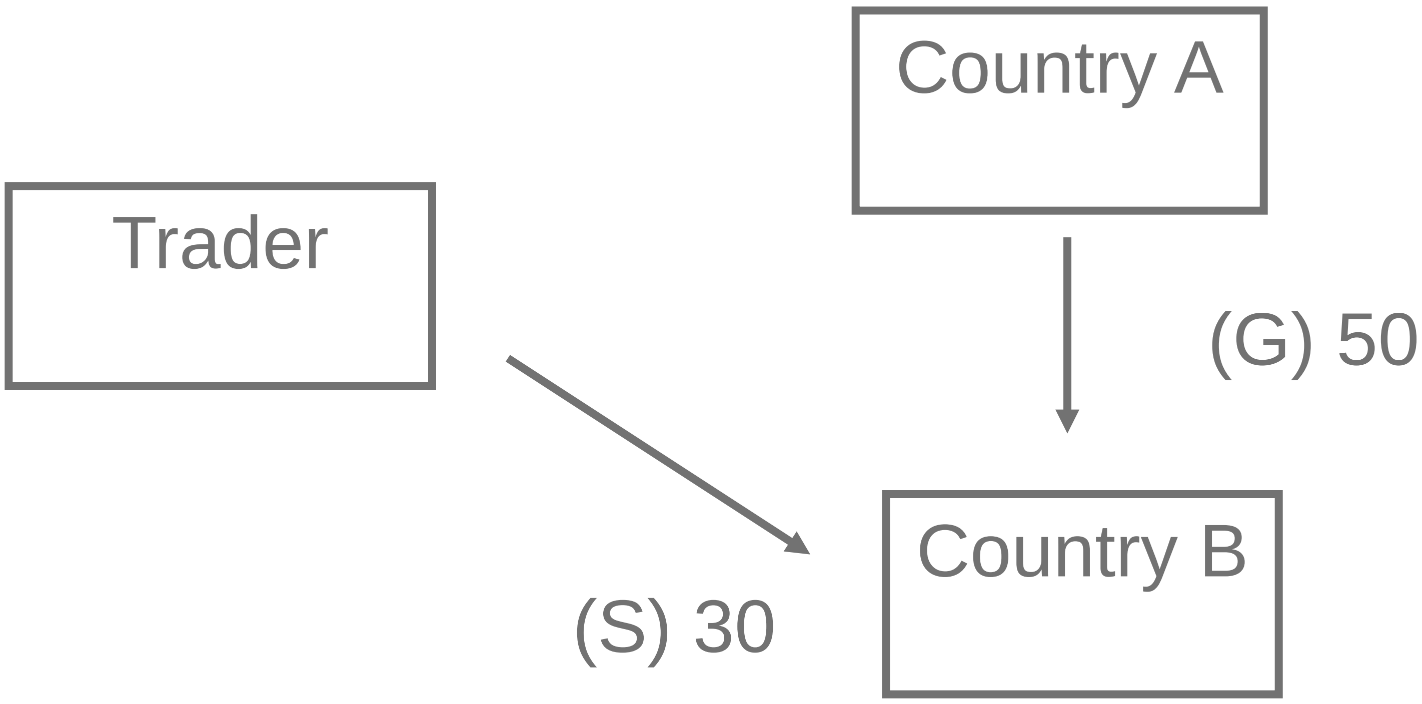
Summary of main changes: FISIM

- Service on loans: R(loans) minus Reference Rate
- Service on deposits: Reference Rate minus R(deposits)
- Major discussion on whether or not to include maturity risk and credit default risk in the measurement of FISIM
- Maturity risk: included => single reference rate
- Credit default risk: no final decision, clear differences in opinion

- Note: Does not necessarily affect volume changes!

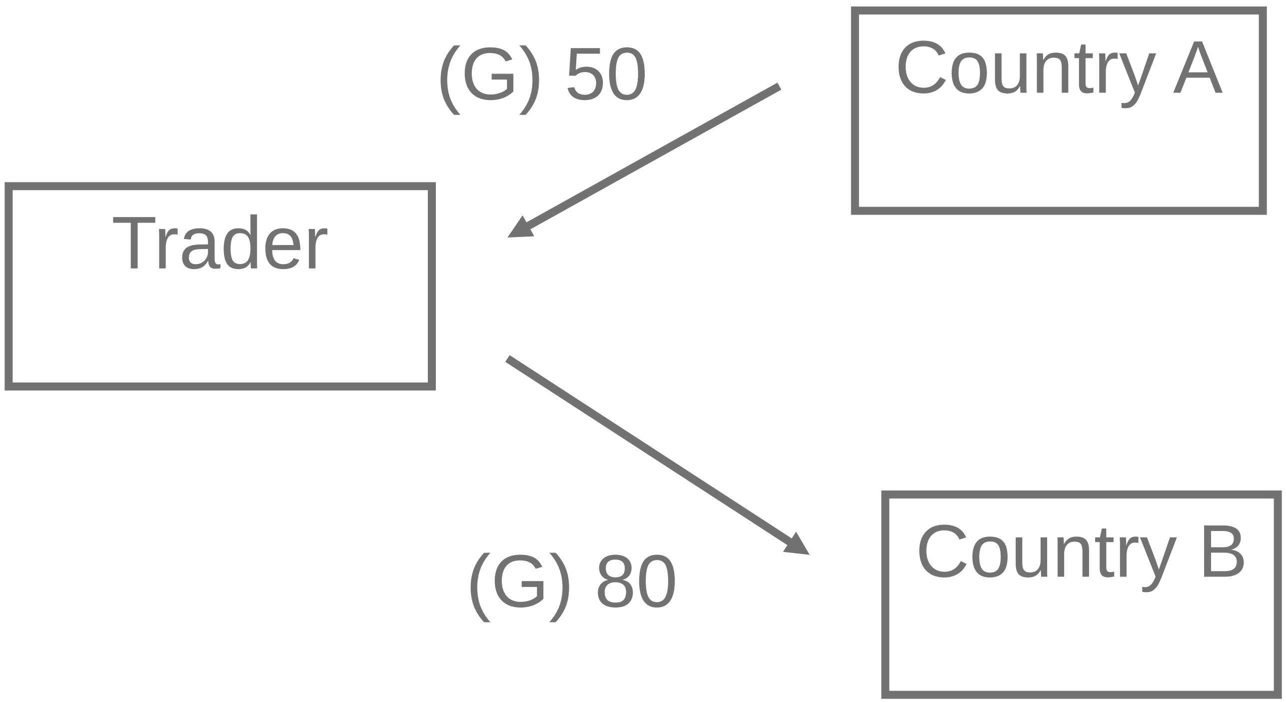
Summary of main changes: merchanting

1993 SNA recording: services



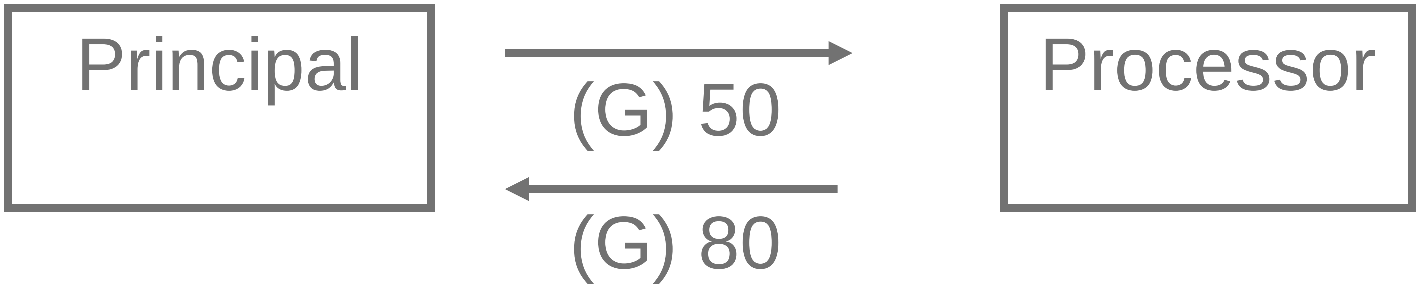
Summary of main changes: merchanting

2008 SNA recording: (negative) goods

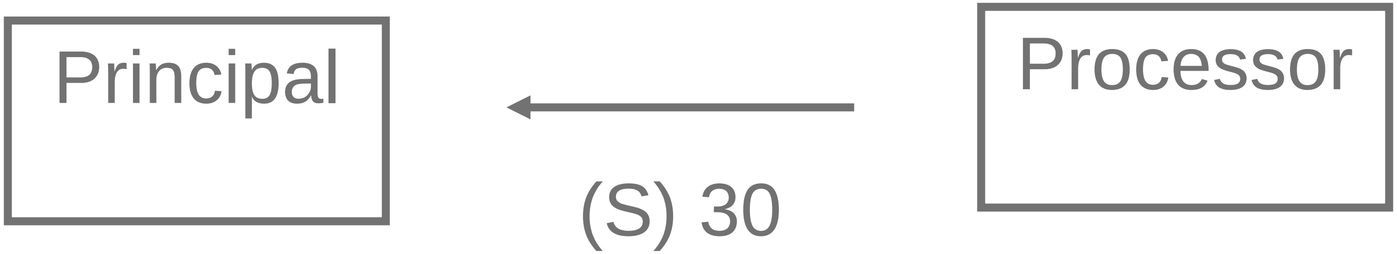


Summary of main changes: goods for processing

1993 SNA recording (‘gross’):



2008 SNA recording (‘net’), purely based on change in ownership:



Summary of main changes: head offices, holding companies and SPEs

- Holding companies, when recognized as separate institutional units, to be classified as financial corporations
- Explicit recognition of Special Purpose Entities:
  - Ultimately controlled by non-resident parent
  - No or few employees
  - Core business: group financing, holding activities, channelling funds from non-residents to other non-residents
  - More specific guidance needed on measurement
- Major discussion on treatment of holdings:
  - Rather narrow interpretation of institutional units
  - May affect certain financial indicators substantially, e.g. debt-to-income ratios

Summary of main changes: pensions

- Ageing societies => financial sustainability of pension systems
- All employment-related pension entitlements, that are expected or likely to be enforceable, are to be recognized as liabilities towards households, irrespectively of whether the necessary assets exist in segregated schemes or not
- However, flexibility allowed in the case of pensions provided by government via social security
- International comparability? => additional table (17.10)
- Measurement issues (estimation of NPV of future benefits): ABO versus PBO?; discount rate?; etc.

Summary of main changes: pensions

- Within EU, supplementary table mandatory as per 2017 (on a three years' basis) => Guide on measurement: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-11-027/EN/KS-RA-11-027-EN.PDF
- OECD-ABS Workshop on Pensions (Canberra, April 22-24, 2013): Call for supplementary table on household retirement resources
- Government taking over pension liabilities of public corporations (France Telecom case)
  - ESA 1995: large one-off cash payment to government treated as capital transfer
  - ESA 2010: no impact on government deficit
  - Note: appropriation of assets of (partially) funded schemes)

Implementation of the 2008 SNA

- 2009: Australia
- 2012: Canada
- 2013: Israel, Mexico and United States
- 2014 (up to now): France, Korea, Netherlands
- 2014 (autumn): All other EU-countries, Iceland, Norway, and Switzerland
- 2015: New Zealand and Turkey
- 2016: Chile and Japan

Impact on GDP and other main indicators

- Primary objective of national accounts: time-consistent data, which adequately describe economic developments => no introduction of new sources and methodologies in between “benchmark years”
- With changeover to new international standards, most countries also introduce a new benchmark
- Impact of new benchmark may be more substantial than the changeover in standards!

Impact on GDP

- Australia (2000-2007): 2.4 – 4.1%
- Canada (2003-2010): 2.3 – 2.7%
- Israel (2006-2012): 4.0 – 6.9%
- USA (2003-2011): 3.5 – 4.2%
- Mexico (2003-2011): 0.9 – 1.9%
- Korea (2000-2012): 6.7% on average
- EU: See presentation by Eurostat

Impact on other main variables

- GNI: generally in line with GDP
- Imports and exports: impact of changed recording of merchanting, processing and global production more generally
- Government Deficit: impact of taking over pension liabilities, and accrual recording of pensions
- Government Debt: liabilities related to pensions?; denominator effect
- Household gross savings: impact of accrual recording of pensions (see UK-example)
- Gross Operating Surplus of enterprises: impact of changed recording of R&D

Thank you for your attention!