International Guidelines Are Being Revised: 
*System of National Accounts*

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_BEA Advisory Committee_
_May 14, 2004_
What is the System of National Accounts?

• International standard for the compilation of national accounts statistics. Last major revision was in 1993.
• At the direction of the UN Statistical Commission (UNSC), SNA is prepared by the Inter-Secretariat Working Group on National Accounts (ISWGNA). Five members are from:
  – European Commission
  – IMF
  – OECD
  – UN
  – World Bank
• Recent BEA improvements have improved consistency with SNA -- chain indexes, software, table changes.
Revision Process

- In 2001, BEA and Australia presented papers at a London conference recommending a consolidated review.
- In March 2003, UNSC approved a review for publication of revised guidelines in 2008.
- Criteria for proposed changes:
  - Issues emerging in new economic environment.
  - Old issues only if new developments.
  - No fundamental changes.
  - User needs.
  - Feasibility.
Revision Activities

• Under general supervision of ISWGNA
• Three major working groups:
  – Canberra II Group on Nonfinancial Assets
  – Balance of Payments Committee
  – Task Force on Harmonization of Public Sector Accounting Standards.
• Electronic discussion groups and workshops
• Decisions made by Advisory Expert Group (AEG -- 20 country experts and 5 ISWGNA members).
• BEA staff have been participating in all these groups.
• Any new topics must be proposed very soon.
Proposals Approved by AEG

• The AEG has given tentative approval (subject to country review and UNSC final approval) to three major proposals:
  – Capitalization of military equipment.
  – New treatment of property / casualty insurance.
  – Accrual treatment of employee stock options.
• All three proposals are consistent with BEA goals.
Major Proposals Under Consideration

• Capitalization of research and development.
• Capital services in production account.
• Return to government-owned fixed assets.
• Financial services - holding gains, own funds, etc.
• Pensions - accruals; un-funded and under-funded plans.
• Loan guarantees; contingent assets and liabilities.
• Intangible assets (licenses, leases, etc.)
More Information on the SNA Revision

http://www.bea.gov/bea/about/background/sna_neweconomy_1003.pdf

• SNA Advisory Expert Group Meetings:
http://unstats.un.org/unsd/nationalaccount/advisory%20group.htm

• Electronic discussion group on pensions:
Questions for the Advisory Committee

• Do you think that R&D should be capitalized?
• Should the output of general government include a rate a return to government-owned fixed assets?
• What other issues would you like to see considered during the updating process?