Current Issues in the Development of the National Accounts System

Stanislava Hronová[1] | *Prague University of Economics and Business, Prague, Czech Republic*

On 20 and 21 June 2024, already the eighteenth conference of the National Accounting Association (Association de Comptabilité Nationale – ACN) took place in Paris in the premises of the OECD (Boulogne Billancourt). This international conference was traditionally held under the auspices of the French statistical office (Institut National de la Statistique et des Etudes Economiques – INSEE) and with the support of the OECD. The conference, which was attended by over 100 experts from ten countries representing statistical offices, universities, research institutes, and other national and supranational institutions (Eurostat, International Monetary Fund, OECD), was divided into five relatively separate thematic blocks. The organisers defined themes of individual breakout sessions very well, which led to a great interest of all participants, both in terms of the breadth of the topics presented and the richness of the ensuing discussion.

I would like to present some of the most important contributions from the conference, which was again extremely interesting and beneficial this year.

The conference was officially opened by Sarah Barahona (Head of the National Accounts Division, OECD) who underlined the importance of bringing together experts in the field of national accounts, especially in times of economic turbulences, when it is necessary to provide a unified view of economic development in European countries monitored through a harmonised methodology for national accounts. The uniform rules of this macroeconomic information system, which will be updated in the SNA 2025 or ESA 2028 standard, are a prerequisite for mutual understanding of experts in the field of national accounts, economics, statistics, economic policy, etc. As usual, formal and informal meetings of experts in these fields have provided a real atmosphere of mutual cooperation. The biennial conference of the ACN, an organisation of more than 800 experts from 70 countries all over the world, serves just such a purpose. She underlined that the 18th ACN conference would focus not only on the changes brought about by the SNA 2025 and ESA 2028 standards, but also on the potential of national accounts to capture phenomena such as the environment, the informal economy, the digital economy, and income inequalities.

The conference was chaired by the ACN Chairman (and former Director of the INSEE National Accounts Department and OECD National Accounts Division) Francois Lequiller. The first thematic session was devoted to changes posed to national accounts by changes in society. In *The Augmented National Accounts program at INSEE*, Sébastian Roux (INSEE) revisited the conclusions of the Stiglitz Commission and stressed that GDP is an indicator of "only" economic activity and that while there is (thanks to the Stiglitz Commission's conclusions) a set of indicators informing about other aspects of societal development, these are not coherent with the national accounts. Therefore, it is necessary for the national accounts to be also able to capture phenomena that are "above GDP" such as human capital, income inequalities, domestic work, sustainability, etc. The initiative to integrate environmental and inequality analysis into the national accounts was taken jointly by the OECD and Eurostat. This would

---

[1] Department of Economic Statistics, Faculty of Informatics and Statistics, Prague University of Economics and Business, W. Churchill Sq. 4, 130 67 Prague 3, Czech Republic. E-mail: hronova@vse.cz. ORCID: <https://orcid.org/0000-0002-3568-9755>.

involve building an information system to support the regular (annual) production of statistics on the environment and income distribution in line with national accounts. In November 2024, INSEE will publish carbon accounts for 2023 and the first detailed accounts of the distribution of household income for 2022.

In the longer term, INSEE will focus on building a system of synthetic indicators reflecting well-being and/or sustainability, on natural capital valuation (in the extent of the SNA and SEEA), and on other dimensions - human capital, health, well-being, etc.

The second thematic session was dedicated to changes that will be brought about by the transition to the new French national accounts base and the new SNA 2025 and ESA 2028 standards. The transition to the new French national accounts base was presented in two papers, the authors of which were Guillaume Houriez (INSEE) and Valérie Chauvin (Banque de France). The first contribution *The 2020 Base of French National Accounts* was devoted to changes that the new base will bring. The discussion before the change of the base was mainly around the choice of the base year itself – whether 2019 or 2020 (the first year of the covid pandemic) should be chosen. Analyses have shown that the choice of 2020 is suitable and that only some sub-areas (e.g. social insurance, research and development, imputed rent estimates) will see major changes when the time series is extrapolated into the past; GDP will change only slightly (a decrease by 0.2% for the year 2019 compared to the 2014 base). The paper *Calibration of National Accounts and Balance of Payments – 2020 Base Change* addressed the possibilities for convergence of data in the non-resident account and the balance of payments. The object of interest is the same – to best capture the movement of goods and services and income movements. The data sources are similar; however, there are still differences due to the specificities of these documents (INSEE emphasises consistency with employment statistics and the balance of resources and uses by product, the Banque de France focuses on the geographical breakdown and consistency with the financial account; moreover, the national accounts and the balance of payments are published at different times). However, the ESA 2010 standard and the BPM6 manual already represent a step forward in the convergence of the two documents.

Naturally, the biggest attention was focused on a contribution of John Verrinder (Eurostat) who presented the *SNA and ESA Novelties (Excluding Environmental Issues)*. In the beginning of his presentation, he summarised the process of preparing the revision of the SNA 2008 standard, i.e. the basic ideas in 2018, the start of work on the revision in 2020, the research work, recommendations for changes, consultations and testing in 2020–2023, and then in 2024 the preparation of the text of the standard and its consultation with the national statistical offices. The revised standard is to be approved by the Advisory Expert Group (AEG) and the Intersecretariat Working Group on National Accounts (ISWGNA) in October 2024 and adopted by the United Nations Statistical Commission (UNSC) as the revised standard SNA 2025 in March 2025. Concurrently with the work on the revision of the national accounts standard, the revision of the BPM6 balance of payments manual is underway; the new BPM7 manual is to be adopted by the International Monetary Fund also in March 2025.

The key issue areas that should be included in the revision of the SNA 2008 standard, which were already outlined in 2018, are globalisation, digitalisation, well-being and sustainability. Despite many suggestions and recommendations, rather few conceptual changes have been pushed through in the area of the impact of globalisation. They mainly relate to the breakdown of enterprises into foreign-controlled and domestically-controlled enterprises, the process of identifying intellectual property by multinational enterprises; the extension of supply and use tables is also on the table. The impact of digitalisation should be seen in particular in the recognition of data as a produced asset. Data is defined as information content that is produced by collecting, recording, organizing and storing observable phenomena in a digital format, which provides an economic benefit in productive activities. Data that is produced and used in production for more than one year is gross fixed capital formation (GFCF). Data should be classified to a new category which includes output associated with databases – separated from "software".

Other changes should concern the treatment of crypto assets (crypto assets without a corresponding liability will be treated as non-produced non-financial assets), the creation of additional digital supply and use tables, and a more detailed breakdown of technologically significant assets. The problem heading on well-being and sustainability should primarily focus on data for the household sector. More detailed tables should be produced on the distribution of household income, consumption, savings and assets, detailed labour accounts, and unpaid household work, education and training, and health should also be observed. Among other proposed changes, it has to be mentioned that the central bank output should be treated as non-market and recorded in the use as the central bank final consumption expenditure. That would, however, imply a shift of the central bank from the financial institutions sector to the general government sector. Following the changes that will be brought by the SNA 2025, the ESA 2010 standard will also be revised; it is to be approved in March 2028 (as the ESA 2028) and implemented in September 2029.

In a thematic session on the Environment, six presentations were made in total, of which I consider the one made by Bram Edens (OECD) and Sylvain Larrieu (INSEE) to be the most important. Bram Edens presented the recommendations of *The Expert Group on Natural Capital* for the SNA 2025 on natural capital. In particular, the classification of non-financial assets will be expanded to include a group of Natural capital (AN.3), which will include Natural resources (AN.31) and Ecosystem assets (AN.32). Natural resources will not only include Land and Non-renewable mineral and energy resources, but also Renewable energy resources (it means that Solar, Water, Wind, and Geothermal energy resources will have to be valued as economic assets); further, there will be a very detailed breakdown of Biological resources, Water resources, and Radio spectra and other natural resources. Depletion of mineral, energy, and biological resources will be recorded as a cost of production instead of other changes in volume, as it is now. This means, inter alia, that the value of gross domestic product will remain unchanged (other things being equal), but the value of net domestic product will change. It will not only be affected by the level of consumption of fixed capital but also by the depletion of natural capital. However, in the case of renewable energy sources, it will be necessary to decide and define what is a renewable energy asset as a separate asset category and what is not (e.g. only solar radiation captured by solar panels is an asset, whereas a river without hydroelectric generation is not an asset).

In his presentation *Capturing natural assets in the SNA 2025 – application in French national accounts*, Sylvain Larrieu discussed the implementation of the aforementioned changes in the French national accounts. He pointed out that currently natural resources are included in different asset categories and that their separation will contribute to a clearer classification. However, a number of issues would need to be addressed, e.g. natural resource rent, estimation of production costs of renewable energy sources, etc.

The fourth thematic block (session) concerned possibilities of capturing income and wealth inequalities in national accounts. The progress of work on this topic in an international context (it is a joint project of the OECD (lead), the ECB, Eurostat, IMF, UN, and World Bank) was presented by Jorrit Zwijnenburg (OECD) in his paper *Distributional national accounts: an update on international developments*. The revised SNA 2025 standard will include a specific part on the distribution of households by income and wealth, which will be conceptually consistent with national accounts. However, it is first necessary to develop a methodology using micro-data sources to inform on household income and wealth inequalities in line with national accounts concepts. A uniform methodology will then guarantee international comparability of results and provide consistent information on three dimensions of economic well-being, i.e. income, consumption, and wealth. A household will be a unit of analyses. Households will be divided into groups of 10% and 20% in terms of disposable income and net worth, respectively. Other characteristics (age, sex, level of education, housing status, etc.) will also be taken into account.

Mathias André (INSEE) presented a paper on the progress of works on capturing inequalities in the household sector in French national accounts. In his paper, *Production and diffusion of distributional economic accounts*, he underlined objectives and the importance of distributional accounts. It is mainly

about answering the questions of how national income is distributed, who benefits from economic growth, what is the redistributive effect of public services, and how income and wealth inequalities of French households develop. The INSEE has already published a number of studies on the distribution of household income and wealth and envisages publishing annual household distributional accounts.

The last thematic session addressed the issues of capturing the digital economy, the non-observed economy, and the informal economy in national accounts. The keynote was a presentation by Jorrit Zwijnenburg (OECD) on the *OECD Handbook on Digital Supply and Use Tables*.[2] The concept of digital supply and use tables itself has three dimensions – the nature of the transaction (the "how"), digital products (the "what"), and digital industries (the "who").

In terms of the nature of transactions, it is necessary to distinguish between transactions:

- digitally ordered, which is the sale or purchase of goods or services made through computer networks by methods specifically designed for the purpose of receiving or placing orders (does not include orders placed by telephone, fax, or e-mail),
- digitally delivered, i.e. transactions that are delivered remotely over computer networks.

From a product perspective, it has to be taken into account that in current input-output tables, digital products are hidden in many product lines that include both digital and non-digital products. In digital input-output tables, digital products are aggregated and displayed separately in the categories of a) information and communication technology (ICT) products, b) digital services. In addition, two products of considerable political interest are shown separately, namely a) cloud computing services (CCS), b) digital intermediation services (DIS).

In this context, it was also necessary to add some new industries to the existing ones, according to different types of manufacturers. The following have to be distinguished:

- the digitally enabling industry, which includes units that produce goods and services such as IT equipment and software (e.g. Samsung),
- digital intermediation platforms, i.e. producers operating online interfaces that facilitate, for a fee, the direct interaction between multiple buyers and sellers, without them taking economic ownership of the goods/services that are sold/intermediated (e.g. Amazon; Uber),
- data- and advertising-driven digital platforms, i.e. platforms that generate revenue via other means, e.g. via selling advertising space or by analysing based on the data they produce (e.g. Google, Instagram),
- producers dependent on digital intermediation platforms, i.e. units that sell most of their goods or services via intermediation platforms,
- e-tailers, i.e. units, for which the majority of orders, in terms of value, are received digitally,
- financial service providers predominantly operating digitally,
- other producers only operating digitally (e.g. Netflix, YouTube).

Jorrit Zwijnenburg admitted that the actual compilation of the digital input-output tables will not be easy for the Member States. Therefore, the Informal Advisory Group (IAG) has set key indicators that will be desirable to monitor; they are as follows:

- expenditure split by nature of the transaction, includes estimates of digital trade,
- output and/or intermediate consumption of total ICT goods and digital services, cloud computing services (CCS), and digital intermediation services (DIS),
- digital industries' output, gross value added (GVA) and its components.

In conclusion, Jorrit Zwijnenburg underlined that digital input-output tables are not a cure-all for statistical capturing of the digital economy; they are only part of a broader attempt to better describe digitalisation. The *OECD Handbook on Digital Supply and Use Tables* offers a non-prescriptive framework

---

2 This document is attached to the presentation at: <*https://www.insee.fr/fr/information/8191500*>.

for creating internationally comparable indicators consistent with national accounts and can retrospectively help improve national accounts. Chapter 22 (extended and thematic accounts) of the SNA 2025 standard will provide the basic principles of digitalisation accounts.

What is also undoubtedly worthy of attention is a paper entitled *Free services and hosting via online platforms: a mystery to be solved for national accounts?*, in which Alexandre Bourgeois (INSEE) summarised the INSEE experience. Regarding services provided free of charge, he stated that there is no need to change the basic framework of the SNA; however, the indirect methods of estimating their value need to be explicitly explained when including them in GDP. Introduction of a satellite account would be a suitable solution. As for providing dwelling services of Airbnb type, he considers it to be an appropriate solution to consider the price of this service as an accommodation corresponding to renting for 3 to 4 months in a year.

The conference was concluded with the ACN general assembly, which approved a report on activities of the ACN and on its financial management and discussed further possibilities for the development of this international organisation. In this context, we remind you that membership in the ACN at INSEE is voluntary and free of charge and that anyone interested in joining the association can get registered on the INSEE[3] website. All presentations delivered at the conference are available on the INSEE website: *<https://www.insee.fr/fr/information/8191500>*.

---

[3] *<https://www.insee.fr/fr/information/1894371>*.