

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

# What **UNECE** does for you



UNITED NATIONS

**...UNECE**  
works for better  
economic statistics

UNECE helps countries to improve the quality  
and comparability of economic statistics



## Why is UNECE involved in economic statistics?

According to the Fundamental Principles of Official Statistics, “Official statistics provide an indispensable element in the information system of a democratic society, serving the government, the economy and the public with data about the economic, demographic, social and environmental situation.” As the author of these Principles, UNECE plays an active role in strengthening official statistics in the region. The aim of the work is to improve the quality and comparability of economic statistics in countries by promoting the implementation of standards, and pursuing work in emerging areas. The work deals with several areas of economic statistics, including: national accounts, measuring

the non-observed economy, globalization, consumer price indices, business registers and short-term statistics.

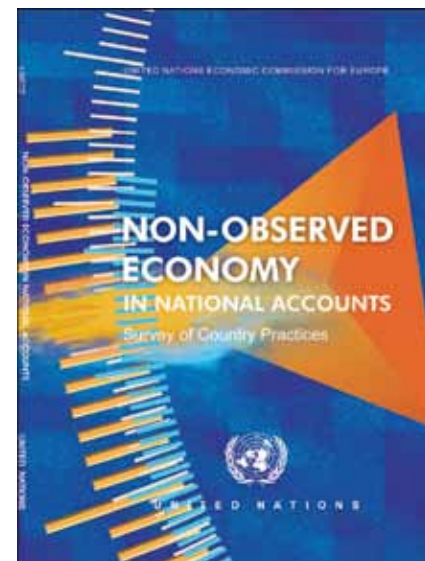
## What does the work on national accounts involve?

National accounts are a coherent, consistent and integrated set of macroeconomic accounts, balance sheets and tables based on internationally agreed concepts, definitions, classifications and accounting rules. They provide a comprehensive accounting framework within which economic data can be compiled for the purposes of economic analysis, decision-making and policymaking. One of the indicators produced by the system is Gross Domestic Product (GDP) – a widely

used measure of national economic performance. It is used to calculate indicators relevant to policymaking and is often a basis for determining country contributions to international organizations and funds, and distributing subsidies or foreign aid. In addition, the national accounts produce data that provide the basis for monitoring economic policies, like production by different sectors and industries, government debt and productivity. It is therefore essential that all countries calculate national accounts and GDP according to the same methodology and produce comparable data.

A few years ago the international statistical community undertook an update of the standard for compiling the national accounts used worldwide – the [System of National Accounts](#) (SNA) that was adopted by the United Nations Statistical Commission in 1993. Since then the economic realities have changed and new phenomena have emerged that either did not exist or had a much smaller impact 15-20 years ago. These include the increasingly complex financial services and financial instruments, growing globalization, the substantial role of innovation, scientific research and information technology, issues related to software, databases, originals and copies, the so-called intangible fixed assets (like patents, leases, goodwill, brand names, trademarks, franchises, etc.). In order to account for all this, the SNA has been updated to become the new SNA 2008.

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UNECE has been contributing to the SNA update process. UNECE also has ensured that the countries of Eastern Europe, Caucasus and Central Asia (EECCA) and the Western Balkans are informed about international methodological work related to updating the SNA and that they are not left behind in the implementation of changes that will follow. Current work is concentrated on discussing the strategy for the implementation of the updated SNA as there will be several challenges for the EECCA and South-East European countries to overcome. These countries will have to implement the SNA modifications while there is still much to improve in the current system and the economies continue to change. The UNECE Statistical Division will help to spread knowledge and exchange experiences to facilitate the implementation process.

Another important issue related to GDP coverage is [the non-observed](#) economy. This term denotes those economic activities that should be accounted for in the GDP but are not captured in the basic statistical sources. They could be activities that are illegal or hidden from the authorities to avoid paying tax or social security contributions. They may also be activities that are not deliberately concealed but are simply not covered by statistical sources, such as goods produced for own final use, or production on such a small scale that the producer is not required to register. Incomplete statistical surveys or administrative records can be another reason why some economic activities can be missed out from the GDP calculation. This part of the economy is sometimes referred to as the “underground”, “hidden”, “informal”, “shadow”, “black” or “grey” economy. The 2002 *OECD Handbook* on the topic established “non-observed economy” as the commonly used term. Being non-observed does not mean that these activities are not measured or that they are excluded from the GDP. Statistical offices put a lot of effort into

ensuring that the GDP covers all economic activities and have developed a range of techniques to estimate the informal, illegal and underground activities, and those undertaken by households for their own final use.

The UNECE has carried out three instances of a survey on methods used by countries to measure the non-observed economy. The latest results were published in 2008 and include data and information from 43 countries in Europe, North America and Central Asia. A series of seminars on measuring the non-observed economy has been organized for the Central Asian countries.

### How does globalization influence economic statistics?

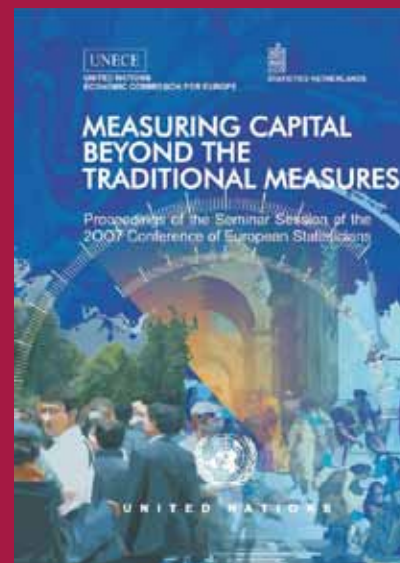
[Globalization](#) creates many challenges for official statistics. The lowering of trade barriers and the activities of multinational companies, with complicated networks of affiliates in different countries, have resulted in production spanning national borders. More and more services are provided globally and over Internet, for example, computer software development and support. Under these conditions it becomes increasingly difficult to measure GDP and related economic transactions at the national level.

A joint UNECE/Eurostat/OECD working group was established through the Conference of European Statisticians to deal with the distortions to the traditional statistical measures that occur as a result of globalization. The Working Group will develop operational guidelines for countries to deal with some of the issues

caused by economic globalization. The research agenda includes the implications of the activities of multinational enterprises for the allocation of value added and income to national economies, treatment of goods sent abroad for processing; recording of merchanting; transactions in intellectual property, e-commerce, labour mobility, remittances, foreign direct investment and related income, etc.

### Which other areas of economic statistics does UNECE work in?

For almost 30 years the UNECE Statistical Division has been involved in work to improve [consumer price indices](#) (CPIs) in member countries. The CPI is a key economic indicator and is used as the general measure of inflation. It is also widely used to adjust salaries, pensions and other income transfers to account for price changes, and as an input in other statistics, such as the National Accounts. In an increasingly globalized world, the international comparability of the CPI



becomes more important. To this end, the International CPI Manual, published in 2004 as a result of the joint efforts of six international organizations, including UNECE, offers extensive methodological advice and promotes best practices and implementation of generally accepted standards and methods.

Through the organization of international meetings, development of methodology and assistance given to member countries, the Statistical Division supports the improvement of statistical methods and their application, as well as the implementation of internationally accepted standards and practices.

The Statistical Division is also involved in work on price statistics at a global level through active participation in the Intersecretariat Working Group on Price Statistics and in the International Working Group on Price Indices (the Ottawa Group).

Another area where UNECE works is [business registers](#) – an indispensable tool for an efficient system of data collection from businesses. The secretariat aims to ensure that the countries of South-East Europe and EECCA implement statistical business registers. The UNECE Statistical Division carries out a regular survey of statistical business registers in UNECE non-European Union member countries, in cooperation with Eurostat.

Work is also conducted in the area of [short-term economic statistics](#) (STES). These are monthly or quarterly statistics providing information on key areas essential for economic development and for economic analysis, such as industrial production, retail trade, employment, construction, prices and services. The statistics help users understand which phase of the economic cycle they are in at present and may be used to form expectations of the likely developments in the near future. Governments and businesses rely on STES for informed decision-making and Central Banks use STES for developing monetary policies.

The UNECE Statistical Division supports the development and implementation of internationally accepted standards and norms in the field of STES, with special focus on the South-East European and EECCA countries. Within the UNECE region there is a need for improved international comparability of STES for key indicators such as industrial production and price indices. To address this issue the Statistical Division has initiated a pilot project on seasonal adjustment methods and a project on the international comparability of short-term statistics in EECCA and South-East European countries.

### Does the Statistical Division also provide economic data?

In addition to methodological work in economic statistics, UNECE provides macroeconomic data in a database available on Internet (<http://www.unece.org/stats/data>). More details about the database are available in What ECE does for you: UNECE provides the latest social and economic information ([http://www.unece.org/highlights/what\\_ECE\\_does/English/0823833\\_UNECE\\_Social&Economic\\_Info.pdf](http://www.unece.org/highlights/what_ECE_does/English/0823833_UNECE_Social&Economic_Info.pdf)).

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