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(Paris, 13-15 June 2000)

**REPORT OF THE SEPTEMBER 1999 SPECIAL ECE SESSION ON  
NATIONAL ACCOUNTING ISSUES OF CONCERN TO TRANSITION ECONOMIES**

Note prepared by the Secretariat

**INTRODUCTION**

1. The Special ECE Session on National Accounting Issues of Concern to Transition Economies was organised in the afternoon on the last day (24 September) of the Annual OECD National Accounts Meeting, 21-24 September 1999 at the OECD. The ECE session was attended by Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Germany, Hungary, Israel, Latvia, Lithuania, Norway, Poland, Romania, Slovakia, Slovenia and The former Yugoslav Republic of Macedonia. Representatives of the Economic Commission for Africa (ECA), United Nations Statistics Division (UNSD), World Bank, IMF and Organisation for Economic Cooperation and Development (OECD) also attended.
2. The provisional agenda was adopted.
3. Mrs. A. Huttli (Hungary) was elected Chairperson.



#### **ORGANISATION OF THE MEETING**

4. The following topics were discussed at the session:

- (a) Problems with the implementation of 1993 SNA;
- (b) Measurement of capital stock.

5. The discussion was based on notes prepared by the ECE secretariat, OECD, Croatia, Cyprus, Estonia, Hungary, Lithuania and Slovak Republic.

#### **SUMMARY OF THE MAIN CONCLUSIONS REACHED AT THE SESSION**

6. The objective of the discussion was to consult with the transition economies about their problems with the implementation of the 1993 SNA. The issue of when a country can claim that it has implemented the 1993 SNA was raised. It was noted that in practice, no country has completely implemented 1993 SNA in the sense that its accounts match the framework set out in the 1993 SNA in all respects. Inconsistencies between a country's accounts and the 1993 SNA can vary from trivial, such as using different names for items, to the critical, such as not including everything that should be included in the production boundary.

7. It was pointed out that the experience of countries which have implemented the 1993 SNA is that a significant amount of work is involved and that a range of new data sets have to be established. However, the quality of the 1993 SNA implementation varies within a country from one part of the accounts to another and also between countries, depending largely on the data available. In this context, the issue of the milestone assessment of the 1993 SNA implementation was discussed.

8. Since 1996, the Statistical Commission and its Working Group have been reviewing annual milestone assessment of the 1993 SNA implementation in the member states. The analysis of the last two assessments shows that most of the transition economies in the ECE region, either do not provide the information to the United Nations Statistics Division (UNSD) on the basis of which the assessment is made or it is incomplete. The result is that the assessment of the transition economies at a particular milestone level does not often correspond to the real situation. Several participants commented on the issue and it was agreed that the provision of national accounts data to the UNSD will improve significantly with the new 1993 SNA questionnaire.

9. Participants were informed about the ongoing work within the Canberra Group on Measurement of Capital Stock and the preparation of the Manual on Capital Stock Measurement. Several issues were discussed concerning the methods of estimation of capital stock and the valuation of gross capital stock. The need for establishing the correct terminology related to the capital stock measurement was also mentioned. The discussion which took place was successful with the representatives from the countries present actively participating.

#### **RECOMMENDED FUTURE WORK**

10. The meeting emphasised that it is important to have special sessions devoted to national accounts to be organized for transition economies and other interested countries. Participants welcomed the initiative which ECE had taken in organising sessions especially for their benefit in order to enable them to speak out on issues of concern to them. However, it was stressed that future sessions of that kind should focus on issues that are more specific and avoid broad topics. Several topics of specific concern to transition economies were proposed for next ECE Sessions, such as: (a) Quarterly national accounts and change in inventories; (b) Constant price estimates: prices indices for domestic and imported goods; (c) Productivity of the general government sector; and (d) Seasonal adjustments.

11. The participants endorsed the proposal that the next Special ECE Session on National Accounting Issues of Concern to Transition Economies be organised back-to-back with the OECD Meeting of National Accounts Experts in October 2000.

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