Linking SPPI with NA – French contribution

28th Voorburg Group
Tokyo, Japan

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Structure of the presentation

A) Why the integration of macroeconomic indicators in National Accounts framework is desirable

B) Generalities on National Accounts framework

C) What National Accounts expect from turnover/output data

D) What National Accounts should expect from SPPI

E) International Trade in Services as the new frontier of the Voorburg Group?
A) Why integration in NA framework is desirable

- \( l_{\text{value}} = l_{\text{volume}} * l_{\text{price}} \)

Value, volume and price indices are only relevant together;
- a consistency limited to short term indicators is impossible (differences in operations and in statistical units);
- only NA provide the global framework where each indicator can find its place;
- UNSD advocates integration of macroeconomic indicators, i.e. the possibility for some of them like IIP to be simply deduced from others, in order to be more relevant;
- the peculiarities of each “national” system of National Accounts are not to be neglected.
A) To understand the different kinds of statistical units...
B) Interest for volume, preference for deflation

- Price indices are less interesting *per se* than by the way to obtain good volume indices, more economically significant than value indices;

- SNA 2008 has a preference for deflation:

  “15.103 – [...] *In most cases it is preferable and more practicable* to use price indices to deflate current value data. [...]”

- The production approach relies on the observation of “technical coefficients” in volume

<table>
<thead>
<tr>
<th></th>
<th>value 2008</th>
<th>lvol</th>
<th>volume 2009</th>
<th>lprice</th>
<th>value 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>industrial gases</td>
<td>100</td>
<td></td>
<td>75?</td>
<td>75 or 100?</td>
<td>100</td>
</tr>
</tbody>
</table>

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B) The SUT and IOT framework

Products in rows. "Industries" or homogenous branches in columns.

Expenditures approach

Production approach

Income approach
B) Value Added by double deflation

The extrapolation of IC in volume by industry is the “production approach”.

The deflation of (total) IC by industry comes from the “income approach”, reconciled with the production approach.
C) Turnover/output and the Make Matrix

SBS should provide a good coverage of “sales” for institutional sectors “enterprises”, maybe for all economy. They should be consistent with NA classifications, provide elements on passage from turnover to net output.
C) Turnover/output and detail by markets

For services especially, it should be possible from turnover/output data to know the “uses” by the “markets”.

\[ (IC + GFCF \sim BtoB \quad FC \sim BtoC \quad Exports \sim BtoE) \]
C) For exports particularly

The linking between “output sold on foreign markets” (or “to non-resident customers”) of an enterprise (KAU, LKAU, homogenous branch…) and Balance of Payments by fine product (EBOPS 2010) should be a priority in short term, for the consistency and relevance of National Accounts.

Trade package – key points of relevance for NA

- **International trade in services**
  - Short term - *micro data linking* with Business register, trade in services by enterprise characteristics
  - Long term - international trade in services as *primary statistics* on the basis of CPA
C) Other elements of production and generation of income accounts

The same Structural business Surveys that provide data on turnover/output by kind of activity and by product (and if possible by market) should also deliver information on Intermediate Consumption, Value Added, compensation of employees, taxes and subsidies, Gross Fixed Capital Formation, change in inventories, employment… accordingly by kind of activity.

That can be performed by combination with administrative data.
D) A guidance for price indices

- Instructions about “price discrimination”:
  “15.74 - When there is price variation for the same quality of good or service, the price relatives used for index number calculation should be defined as the ratio of the weighted average price of that good or service in the two periods, the weights being the relative quantities sold at each price. […] This must be recorded as a price and not a volume increase”

- Quite vague on what is a unit of measure:
  “15.11 - […] The price of a good or service is defined as the value of one unit of that good or service. […]”

- But we can assume that this unit is linked with the utility of the consumer (household or enterprise), and the Eurostat’s handbook on price and volume measures in NA is more straightforward.
D) Price indicators for all services?

Replace “CPI” by “SPPI BtoB” for some products:

(philosophy of the current European STS regulation on SPPI)
D) Or all kinds of price indicators for all services, like for goods?

“SPPI BtoAll” obtained by combination of “SPPI BtoB” and “SPPI BtoC” (~ CPI adjusted on VAT rates)...

Or “SPPI BtoB”, “SPPI BtoC” and “SPPI BtoE” on their own, price of output obtained by balancing?
D) Some questions to discuss within us

- Are SPPI limited to “business” scope = “enterprises” institutional sectors (S11 + S12 + S14A)?
- Do we have to interpret “BtoB” as “sold to domestic moral bodies” or as “IC + GFCF”, etc. ?
- Do we align the scope of “SPPI BtoE” on the concept of export of services in NA?
- Will ISP be limited to “business” scope?
- Will ISP always be obtained by deflation?
- How to produce a monthly ISP from quarterly SPPI?
- Are volume indicators still useful for NA when they are obtained by deflation? Or for whom?
### E) GATS and the diverse modes of ITS

<table>
<thead>
<tr>
<th>Mode</th>
<th>Supplier presence</th>
<th>Criteria</th>
<th>Treatment in NA / BoP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode 1: Cross-border supply</td>
<td>Service supplier not present within the territory of the consumer</td>
<td>Service delivered within the territory of the consumer, from the territory of another country (of the supplier)</td>
<td>imports / exports</td>
</tr>
<tr>
<td>Mode 2: Consumption abroad</td>
<td>Service supplier present within the territory of the consumer</td>
<td>Service delivered outside the territory of the consumer, in the territory of another country (of the supplier)</td>
<td>Households: FC / tourism Others: imports / exports</td>
</tr>
<tr>
<td>Mode 3: Commercial presence</td>
<td>Service supplier present within the territory of the consumer</td>
<td>Service delivered within the territory of the consumer, through the commercial presence of the supplier</td>
<td>FATS revenue of property</td>
</tr>
<tr>
<td>Mode 4: Presence of a natural person</td>
<td>Service supplier present within the territory of the consumer</td>
<td>Service delivered within the territory of the consumer, with supplier present as a natural person</td>
<td>imports / exports</td>
</tr>
</tbody>
</table>

Except mode 3 (FATS) and mode 2 for a part (tourism), ITS should be recorded and deflated in NA.
E) The Voorburg Group is expected on this topic

- SNA 2008 was quoting “new initiatives”:
  
  “15.160 - Exports and imports consist of both goods and services. For both exports and imports, goods and services are expressed in volume terms using quite different deflators because of the very different sources available for goods and services. New initiatives are under way to improve price indices for external trade in services that should lead to improved data in this area”

- XMPI manual by IMF was waiting for a contribution of the Voorburg Group:
  
  “The current XMPI manual also incorporates approaches to the measurement of prices of services exports and imports. [and, as such, has benefited from review by the International Working Group on Service Sector Statistics (the Voorburg Group). To be done.]”
Thank you for your attention