

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



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28 February 1968

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STATISTICAL COMMISSION
Fifteenth session
Agenda item 15

DRAFT REPORT TO THE ECONOMIC AND SOCIAL COUNCIL ON THE
FIFTEENTH SESSION OF THE COMMISSION, HELD IN NEW YORK
FROM 26 FEBRUARY TO 8 MARCH 1968

I. ORGANIZATION OF THE SESSION

Opening and duration of the session

1. The Statistical Commission held its fifteenth session at United Nations Headquarters, New York, from 26 February to 8 March 1968.

Attendance

2. Attendance at the session was as follows:

MEMBERS

Australia: Mr. K.M. Archer, Mr. D.V. Youngman,* Mr. John L. Monaghan;**

Belgium: Mr. A. Dufrasne;

Canada: Mr. Walter E. Duffett, Mr. S.A. Goldberg,* Mr. H. Adler,**
Mr. N.L. McKellar,** Mr. Raymond Chrétien;**

Cuba: Mr. Pedro Eduardo Dorticós Mauri;

Czechoslovakia: Mr. Jan Kazimour;

France: Mr. Jean Ripert, Mr. André Vanoli;*

Ghana: Mr. J.E. Tandoh;

* Alternate.

** Adviser.

Hungary: Mrs. Aladár Mód;*
India: Mr. P.C. Mahalanobis;
Indonesia: Mr. M. Abdulmadjid;
Japan: Mr. Saburo Kawai,* Mr. Masatsugu Nagamune;**
Morocco: Mr. A. Imani;*
Norway: Mr. Petter Jakob Bjerve;
Pakistan: Mr. S.M. Ikhtiar Ul Mulk;
Panama: Miss Luisa E. Quesada;
Ukrainian Soviet Socialist Republic: Mr. Valentin Fedorovich Burlin,
Mr. Y.N. Kochubei;*
Union of Soviet Socialist Republics: Mr. Anatoly Ivanovich Yezhov,
Mr. S.I. Genin;**
United Arab Republic: Mr. Gamal Askar;
United Kingdom of Great Britain and Northern Ireland: Mr. C.A. Moser,
Mr. R.E. Beales,* Miss J.H. Mather;**
United States of America: Mr. Raymond T. Bowman, Mr. Harry F. Venneman,*
Miss Barbara M. Kugel.**
Ecuador, Mali, Tunisia and Uruguay did not send representatives.

SPECIALIZED AGENCIES

International Labour Organisation (ILO): Mr. Henri P. Lacroix;
Food and Agriculture Organization of the United Nations (FAO):
Mr. P.V. Sukhatme, Mr. S.S. Zarkovich;
United Nations Educational, Scientific and Cultural Organization (UNESCO):
Mr. K.G. Brolin;
International Civil Aviation Organization (ICAO): Miss M. Sylvia Kirkpatrick;
World Health Organization (WHO): Dr. W.P.D. Logan;
International Monetary Fund (IMF): Mr. Earl Hicks, Mr. John S. Smith;
International Bank for Reconstruction and Development (IBRD):
Mr. Arthur E. Thiemann.

GENERAL AGREEMENT ON TARIFFS AND TRADE

Mr. L. Till.

* Alternate.

** Adviser.

NON-GOVERNMENTAL ORGANIZATIONS

Category A

International Chamber of Commerce: Mr. George L. Ridgeway;

Category B

Inter-American Statistical Institute: Miss Ana Casís, Mr. Efraim Murcia Camacho, Mr. G. Hugo Vivó, Mr. William R. Gray, Mr. Bolívar Nieto Terán, Mr. Guillermo Pino, Mr. Douglas H. Parks, Mr. Fernando Porcel;

International Conference of Catholic Charities: Mr. Louis Longarzo;

International Statistical Institute: Mr. Stuart A. Rice;

International Union of Official Travel Organizations: Mr. Raymundo Cuervo.

3. Mr. C. Vladov (Bulgaria), Mr. Feng Chi Yoh (China), Mr. Giovanni Scolamiero (Italy), and Mr. Freddy Christians and Mr. Eduardo Soto (Venezuela) attended the session as observers.

4. Mr. I. Rizhov attended the session as observer for the Council for Mutual Economic Assistance; Mr. René Bertrand attended as observer for the Organisation for Economic Co-operation and Development; Mr. E. Penteado attended as observer for the Organization of American States.

5. Mr. Philippe de Seynes, Under-Secretary-General for Economic and Social Affairs, represented the Secretary-General. The following members of the Secretariat participated: Statistical Office: Mr. P.J. Loftus, Mr. A. Aidenoff, Mr. O. Lukács, Miss N.P. Powell; Mr. Barrie N. Davies, regional statistician for Europe; Mr. T.V. Viswanathan, regional statistician for Asia and the Far East; Mr. Gustaaf F. Loeb, regional statistician for Latin America; Mr. A. Mullier, regional statistician for Africa; United Nations Conference on Trade and Development: Mr. G. Parniczky; United Nations Industrial Development Organization: Mr. A. Aizenstat; Population Division: Mr. Mohammed El-Badry. Miss R.F. Grossman served as secretary of the Commission.

Election of officers

6. At the 256th meeting, the Commission unanimously elected the following officers:
Chairman: Mr. K.M. Archer (Australia);
Vice-Chairman: Mr. Jan Kazimour (Czechoslovakia);
Rapporteur: Mr. Walter E. Duffett (Canada).

Agenda

7. At the 256th meeting, the Commission adopted the provisional agenda (E/CN.3/355) but changed the order of the items as follows:

1. Election of officers
2. Adoption of the agenda
3. National accounts and balances
 - (a) The revision of the System of National Accounts (SNA)
 - (b) Progress reports on related aspects of statistics
4. Classifications of kind of economic activity
 - (a) Revision of the International Standard Industrial Classification of all Economic Activities (ISIC)
 - (b) Other schemes of classification
5. Balance-of-payments statistics
6. Industrial statistics
 - (a) International recommendations for a system of industrial statistics
 - (b) International recommendations for basic lists of industrial commodities
 - (c) International recommendations on construction statistics
 - (d) Progress report on industrial and distributive-trade statistics
7. International work programme and co-ordination
 - (a) Report of the Administrative Committee on Co-ordination's Sub-Committee on Statistical Activities
 - (b) Integrated five-year programme of international statistics
 - (c) Co-ordination of world standards
 - (d) Co-ordination of statistical questionnaires
 - (e) Relationships with non-United Nations inter-governmental organizations

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8. External trade statistics

- (a) Progress report on the International Trade Statistics Centre and on the elimination of duplicate requests to Governments
- (b) Classification by Broad Economic Categories (BEC)
- (c) Recommendations for the definition and statistical treatment of the main categories of commodities in the inward and outward flows of international trade
- (d) OECD's proposal for the reclassification of paper and paperboard (Division 64) in the Standard International Trade Classification, revised

9. Demographic and housing statistics

- (a) Progress report on improvement in demographic statistics
- (b) Progress report on the 1970 world population and housing census programmes
- (c) Proposals for revising the Principles for a Vital Statistics System
- (d) Progress report on improvement in housing statistics
- (e) Progress report on computerization of demographic statistics

10. Population

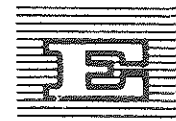
11. International travel statistics

12. Statistics of research and development

13. Frequency and length of sessions of the Commission and volume of documentation

14. Other business

15. Report of the Commission to the Economic and Social Council



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DRAFT REPORT TO THE ECONOMIC AND SOCIAL COUNCIL ON THE FIFTEENTH
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FROM 26 FEBRUARY TO 8 MARCH 1968

Addendum

INDUSTRIAL STATISTICS

RECOMMENDATIONS FOR A SYSTEM OF INDUSTRIAL STATISTICS

(Item 6a)

1. The Commission had before it document E/CN.3/366 "Proposals for International Recommendations for a System of Industrial Statistics" and document E/CN.3/367, a summary of the comments received by the Secretariat on the draft recommendations. In pursuance of the request of the Commission at its thirteenth session, the proposals for new international recommendations for industrial inquiries were developed, and these draft recommendations were sent to selected national statistical offices and regional organizations for comments. The system of inquiries proposed had been discussed at a number of regional meetings. Efforts had been made to prepare a co-ordinated system of recommendations covering infrequent or benchmark inquiries, as well as inquiries of an annual or more frequent character. Such a co-ordinated system, it was felt, would be the most efficient means of securing comprehensive data on industrial activity of the maximum reliability, comparability and continuity. At the same time, it was considered that the annual inquiry should be placed at the centre of the system while the benchmark or infrequent inquiry should be regarded as an extension of the annual inquiry and the monthly or quarterly inquiry as a limited version of the annual.
2. The new proposals differed from the earlier International Recommendations in Basic Industrial Statistics^{1/} in some other important respects. In terms of the scope of activities covered, construction was now excluded and considered as the subject of separate recommendations while, at the same time, water supply had been added. The coverage thus extended to mining, manufacturing, electricity, gas and water. The new proposals also presented two versions of the system, one applicable to countries with developed industrial statistics and the other to countries which were beginning to develop, or were in the process of developing, their industrial statistics.
3. The Commission agreed that the system proposed represented a significant advance over the previous recommendations, particularly in the development of the

^{1/} United Nations publication, Sales No.: 60.XVII.8.

concept of an integrated system of inquiries with the annual inquiry as the central inquiry of the system, and in the separate provision of recommendations for countries with limited statistical experience. At the same time, it was noted that the statistical unit in the system was the establishment or kind of activity unit, and that further work was required in connexion with the development of recommendations for the compilation of related data on an enterprise basis. It was thought that a reference to this possibility would be appropriate in the introduction to the new recommendations.

4. The Commission stressed the desirability of maintaining consistency at all points with the revised versions of SNA and ISIC. In the case of ISIC, this was a question not only of the classification of activity to be recommended but of the definition of the statistical unit and the treatment of the various forms of associated activity. In the case of SNA, the consistency requirement might have important implications for the definitions of the items of data to be gathered and for the delineation of the boundaries of the industrial sector.

5. It was accepted that the relationship between the various inquiries of the system might differ from country to country according to circumstances and needs and that in some countries the annual inquiry might comply fully with the proposed recommendations for infrequent inquiries. In general, however, it was felt that there would remain an important role for the infrequent inquiry as an extension of the annual inquiry either in terms of the more complete coverage of establishments or in terms of the collection of additional items of information. In this connexion, the suggestion was made that further attention should be given to a discussion of the role of a central register in providing a frame for the inquiries of the system.

6. The Commission agreed that it was not feasible to draw up definite international recommendations on the coverage (units to be included) of the various inquiries because of the difference between countries in industrial structure, legal requirements and available statistical resources. As a general recommendation, however, it was felt that the annual inquiry should cover all large establishments and the coverage should be sufficient to provide reliable and representative statistics for all branches of industry. Where practicable, the smaller establishments might also be included within the scope of the annual inquiry either by means of sampling or of a simplified questionnaire distributed

to all such establishments. The latter possibility was of particular interest in view of the growing need for annual information for small geographical areas. The infrequent inquiry, on the other hand, should cover, in principle, all establishments or establishment-type units with the possible exception of household units. If such units were significant in certain industries, the necessary data might be estimated and shown separately. In the case of monthly or quarterly inquiries, it was suggested that the coverage criterion recommended would not meet data requirements in all cases. Total coverage of the establishments involved might be recommended in the collection of certain types of information such as data on the production of selected commodities.

7. With regard to the applicability of the draft recommendations to countries with centrally planned economies, the Commission noted that while the basic statistical unit in the centrally planned economies was normally the enterprise, these units were generally engaged predominantly in one kind of industrial activity. Data for such enterprises classified by kind of activity would thus be broadly comparable with data compiled by countries with market economies on the basis of the establishment. As a result, it was felt that the draft recommendations could be applied to countries with differing economic and social systems without major modification. The Commission suggested that a paragraph dealing with the question should be introduced in the final version of the recommendations.

8. The Commission also suggested that the kind of activity unit should be dealt with in more detail in the final document, particularly in terms of the concept and its definition and the circumstances in which it might be used as the statistical unit instead of the establishment. It noted that while data obtained on this basis could not normally be classified by geographical areas and were not generally comparable to establishment-type data when classified by size of unit, the use of the kind of activity unit might yield more homogeneous data than could be obtained on an establishment basis. In some countries, it was pointed out, the larger multi-unit enterprises organized their records not according to local units or establishments, but according to kind of activity.

9. While there was general approval of the proposed scope of the items of data to be gathered and the statistics to be published, a number of suggestions were made for the inclusion of supplementary breakdowns of existing items which might be of value for national purposes. These suggestions concerned mainly possible

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breakdowns of the number of statistical units by type of ownership and of total employment and compensation of employees by the nature of the work performed. In the developing countries, for example, more detailed information on the character of employment might be appropriately collected in these inquiries, in view of the burdens imposed in developing the separate inquiries commonly used for this purpose. For the same reason, certain types of information required for forecasting purposes might also be the subject of collection in the annual and more frequent inquiries of the system.

10. The Commission urged that the terminology employed in the draft recommendations should be further examined with a view to ensuring consistency in this respect with the related statistical publications of the United Nations and the specialized agencies. It also felt that a careful review should be made of the accuracy of the various official translations of the recommendations, particularly in the rendering of such terms as "establishment", "local unit" and "kind of activity unit". In this connexion, the Commission suggested that the Secretariat, possibly in co-operation with the International Statistical Institute, might prepare a glossary in the principal languages of the Organization, of the terms most commonly used in industrial statistics and related fields.

11. The following resolution was adopted:

(XV) SYSTEM OF INDUSTRIAL STATISTICS

The Statistical Commission

Requests the Secretary-General:

(1) To revise the "Proposals for International Recommendations for a System of Industrial Statistics" (E/CN.3/366) along the lines indicated in E/CN.3/367, taking account of the views expressed by the Commission at its fifteenth session; and

(2) To publish the revised version of the document as a new manual of international recommendations in the field of industrial statistics.



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DRAFT REPORT TO THE ECONOMIC AND SOCIAL COUNCIL ON
THE FIFTEENTH SESSION OF THE COMMISSION, HELD AT
UNITED NATIONS HEADQUARTERS FROM 26 FEBRUARY TO
8 MARCH 1968

Addendum

LIST OF SELECTED INDUSTRIAL COMMODITIES

(Item 6 (b))

1. The Commission discussed the subject of establishing international recommendations for a list of selected industrial commodities for reporting annual production data on the basis of document E/CN.3/368, prepared in response to resolution 6 (XIII) of the Commission in which the Secretary-General was, inter alia, requested:

"To prepare, in consultation with the regional commissions, international recommendations for the establishment of a basic list of selected individual commodities for which industrial production data should be compiled and of materials for which data on consumption should be compiled."

2. There was general agreement regarding the criteria for the selection of the commodities which were proposed in the document. It was noted that the commodities were set out in the order of the International Standard Industrial Classification (ISIC) which responded to the original purposes for which the data were assembled. The view was expressed that the data would meet the requirements of certain countries and organizations if they were arranged according to the order of the Standard International Trade Classification (SITC). The Secretariat saw no difficulty in providing a rearrangement of the data when required. The suitability of the total gross production concept was mentioned, but it was suggested that in some countries products consumed in the unit where they are produced should be omitted. The Commission also felt that the definitions for some of the selected commodities needed further refinement.

3. It was agreed that the list, which serves as a basis for annual international reporting, should not be extended considerably for the time being but should be revised. The data should be reported in value as well as quantity. The Commission expressed the view that work should continue in this field. The revision of the list should be undertaken through consultation with the countries, regional economic commissions and, if necessary, with expert assistance.

4. The Commission expressed the view that work should continue on the preparation of a similar list of selected commodities for which annual data on consumption should be compiled.

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5. The Commission agreed that it was necessary to prepare a more extended list of selected industrial products, and of materials consumed in production not for annual reporting but for meeting both the general needs of benchmark industrial inquiries and the requirements of the proposed 1973 World Programme of Basic Industrial Statistics.

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HELD AT UNITED NATIONS HEADQUARTERS FROM
26 FEBRUARY TO 8 MARCH 1968

Addendum

CONSTRUCTION STATISTICS

(Item 6 (c))

1. The Commission had before it document E/CN.3/369 entitled "Proposals for International Recommendations for Construction Statistics", and document E/CN.3/370, which contained a summary of the comments received by the Secretariat on the draft recommendations. The Commission at its thirteenth session confirmed the view that, while some aspects of construction statistics might be discussed together with industrial statistics, there were important aspects which warranted special treatment of this subject as a separate item. Particular emphasis was put on the need to clarify the concept of the statistical unit or units to be used in construction statistics. In the international recommendations, it was necessary to select different statistical units for different approaches and to work out separate recommendations for these units. The proposals set out in document E/CN.3/369 presented two versions of the system, one applicable to countries with developed construction statistics and the other to countries which were beginning to develop or were in the process of developing their construction statistics.
2. The Commission agreed that the proposed system would be of great help in developing statistical work in this particularly difficult and complicated field. It was pointed out that, while the concepts and definitions developed in the study were an important advance, there remained serious problems relating to data collection and methods of establishing and maintaining directories of units engaged in construction. The different approaches provided in the recommendations would nevertheless aid countries in finding the most suitable solutions in given situations. The Commission supported the proposal that a separate study should deal with the problems of the production, price and cost indexes in construction.
3. The Commission emphasized the importance of maintaining consistency at all points with the revised versions of SNA and ISIC. It was proposed that the classification of the construction units in the separate categories of "general builders" and "special trade contractors" separately should be retained that ISIC should be changed to permit this distinction.
4. While the recommendations were generally approved, some amendments, additions and changes of emphasis were proposed. These related among other things to the

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employment data, to the compilation of value of work done, work in progress, value of contracts and orders, and other forward-looking indicators.

5. The Commission felt that it was necessary to give more emphasis to statistics based on the site (project, permit) as the statistical unit. It was stressed that these statistics should be regarded as supplementary to the others and not an alternative to them. It was noted also that in many countries the coverage and reliability of the permit system as a basis for the tracing of statistical units was not adequate, and that it would therefore be necessary to supplement the system with appropriate surveys.

6. The following resolution was adopted:

(XV) SYSTEM OF CONSTRUCTION STATISTICS

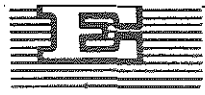
The Statistical Commission,

Requests the Secretary-General:

(1) To revise the document entitled "Proposals for International Recommendations for Construction Statistics" (E/CN.3/369) in the manner indicated in document E/CN.3/370, taking account of the views expressed by the Commission at its fifteenth session;

(2) To publish the revised version of the document for use as international recommendations for construction statistics; and

(3) To prepare a study on construction production, price and cost indexes, in consultation with the countries and regional economic commissions.



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Addendum

INDUSTRIAL AND DISTRIBUTIVE-TRADE STATISTICS

(Item 6 (d))

1. The Commission discussed a "Progress Report on Industrial and Distributive-Trade Statistics" (E/CN.3/371), which covered: (a) the results of the 1963 World Programme of Basic Industrial Statistics and proposals for a similar World Programme for 1973; (b) Secretariat work on the compilation and publication of industrial statistics and proposals for the expansion of this work; (c) index numbers of industrial production and suggestions for revising the international recommendations in this field; and (d) statistics of the distributive and service trades, including an account of international activity in this field, difficulties encountered in national inquiries and proposals for future work.
2. The Commission reaffirmed the position it took at its thirteenth session that a second World Programme of Basic Industrial Statistics should be undertaken with the aim of obtaining comparable industrial data for all countries for 1973. It noted that the recommendations for this undertaking would be drafted in the context of the new international recommendations for a system of industrial statistics. The Commission endorsed the Secretariat's proposal for the preparation, with the help of experts, of a technical manual dealing with the practical problems of conducting industrial inquiries, which would supplement the conceptual recommendations for the 1973 Programme. This manual should be discussed in draft form in regional working groups or seminars.
3. The Commission supported the proposal of the Secretariat to issue an annual version of The Growth of World Industry containing general industrial statistics on an annual basis together with selected census information and also to publish annual statistics of industrial commodity production.
4. The Commission agreed that it would be timely to examine the present international recommendations for index numbers of industrial production which it adopted at its fifth session, in 1950 (Index Numbers of Industrial Production).^{1/} Attention was drawn to a number of points which should be carefully examined in

^{1/} United Nations publication, Sales No.: 50.XVII.4.

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revising the present recommendations, such as quality changes, the incorporation of new products and new establishments, methods of seasonal adjustment, methods of adjustment for differences in coverage of indexes of different frequencies, the compilation of regional indexes, the relationship between production indexes and wholesale price indexes, the uses of the indexes for different policy purposes, and the need to view the industrial indexes as an integral part of the output series in constant prices of the revised SNA.

5. The Commission agreed that increased attention should be given to the difficult field of distributive- and service-trade statistics. It felt that the present International Recommendations in Statistics of Distribution,^{2/} published in 1958, should be reviewed in the light of a study of recent national experience. The Commission emphasized that work done at the regional level in Europe and Asia in the last few years would provide a useful foundation for this study. The Commission drew attention to some of the unique features of this sector, particularly to the practical difficulties of maintaining a directory and collecting data.

6. The Commission pointed out that to attempt to build up distributive- and service-trade statistics by using an approach similar to that evolved for industrial statistics was not always advisable. The large number of small units, the illiteracy of many respondents in developing countries, the absence of records even in the case of literate respondents, and the high birth and death rate of units were considered to be problems of such significance as to dictate the need for new approaches to covering activities in this sector. In addition, attention had to be paid to the desirability of adjusting any international recommendations to the needs of both the developing and the developed countries. The Commission stressed that in this field, as in others, the building up of a statistical system was a difficult and long-range task and that inquiries in countries just beginning to develop their statistics should not be too ambitious or elaborate.

^{2/} United Nations publication, Sales No.: 58.XVII.4.

7. The following resolution was adopted:

The Statistical Commission

Requests the Secretary-General:

(1) To prepare, with expert help and following regional consultation, a manual on the practical problems of conducting industrial inquiries as a supplement to the recommendations for the 1973 World Programme of Industrial Statistics;

(2) To continue to develop the compilation and publication of internationally comparable industrial data, including the annual publication of industrial commodity production statistics on a selective basis and of establishment-type statistics on production, employment and related indicators of industrial activity and structure;

(3) To prepare, with expert help, a revised version of the study Index Numbers of Industrial Production,^{3/} taking into account the discussion of the Commission at its fifteenth session; and

(4) To prepare a study of national practices and experiences in distributive- and service-trade statistics to serve as a basis for the revision and extension of the present international recommendations in this field.

8. The following resolution was also adopted:

The Statistical Commission

Requests the Economic and Social Council to adopt the following draft resolution:

Industrial censuses for 1973

The Economic and Social Council,

Recognizing the need for data on the structure and activities of industry on a world-wide basis for purposes of economic and social development,

Noting that the Statistical Commission has made recommendations for a system of industrial statistics for use by Member States,

Recommends that States Members of the United Nations or of the specialized agencies compile basic data on industry for 1973 or a year close to 1973, taking into account as far as possible the international recommendations on this subject.

^{3/} Op. cit.

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Addendum

NATIONAL ACCOUNTS AND BALANCES

THE REVISION AND EXTENSION OF THE SNA, 1952

(Item 3 (a))

1. The Commission considered the extension and revision of the System of National Accounts (SNA) on the basis of the documents "Proposals for the Revision of the SNA, 1952" (E/CN.3/356), "Report of the Third Session of the Expert Group on the Review of National Accounts and Balances" (E/CN.3/357) and "The Revision and Extension of the SNA, 1952" (E/CN.3/358). The proposals in document E/CN.3/356 presented a complete description of the proposed full SNA, except national and sector balance sheets, and its adaptation to the requirements and circumstances of the developing countries. Chapters were included on the system as a basis for input-output analysis and quantity and price comparisons. While the place of national and sector balance sheets in the structure of the system was delineated, full definitions and classifications and standard accounts and tables were not furnished in respect of these aspects of the proposed new SNA. The report of the third session of the Expert Group (E/CN.3/357) commented on the presentation and the substance of the system in document E/CN.3/356 and recommended certain clarifications, modifications and alterations, based on their consideration of the comments and conclusions of national statistical offices and regional working groups concerning document E/CN.3/356. Document E/CN.3/358 indicated the work, discussions and consultations which had taken place on the extension and revision of the SNA and outlined proposals for further work in respect of national accounting and correlated areas of statistics after the Commission decided on publication of the new system.
2. The Commission considered that document E/CN.3/356, when modified and amended in accordance with practically all the recommendations of the third session of the Expert Group, will represent a marked improvement over the earlier version of the proposed new SNA. Considerable progress has been made since the fourteenth session of the Commission, both in the presentation and the content of the system. In certain cases, the Commission considered that further improvements needed to be introduced.

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3. The following major points were made in respect of the presentation of the new SNA.

- (i) The use of a numerical example and accounts and tables in addition to matrices in the description of the structure of the system is of considerable assistance in understanding the place of, and links between the various flows and classifications in the new SNA and seeing how the standard accounts and tables fit into the structure of the system.
- (ii) The amplified discussion in document E/CN.3/356 of the definition and classification of transactors of the system indicates more clearly than did earlier versions the differences in, and relationship between, the statistical units and sectoring employed in the production, consumption expenditure and capital formation accounts, on the one hand, and the income and outlay, capital finance and balance-sheet accounts, on the other. None the less, further clarification and elaboration is needed concerning these aspects of the system. A more complete discussion is needed of the borderline between industries, on the one hand, and the services of private non-profit institutions serving households and of general government, on the other, in cases where fees are charged by the non-profit units for such services as education or hospital care. The concept of the establishment should be more fully discussed in the case of certain types of industries, e.g., those engaged in providing financial or transport services, and in the case of the services of general government. The links between the classification of goods and services into commodities and other goods and services and the classification of producers into industries, the services of general government and the services of private non-profit institutions, should be more clearly delineated.
- (iii) More appropriate short terms should be sought for the terms "commodities", "industries", "other goods and services", "services of general government", "services of private non-profit institutions serving households" and "households" in the case of the consumption expenditure account. The terms "commodities" and "industries" are used in other areas of statistics and have a special meaning in the revised SNA;

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the terms "services of general government" and "services of private non-profit institutions" do not clearly convey the notion of producing units.

- (iv) It will be invaluable to include a detailed glossary of terms in the final version of the revised SNA.
- (v) In one view, the chapters on the system as a basis of input-output analysis and quantity and price comparisons should follow the chapters on the structure, definitions and classifications and standard accounts and tables of the full system. The placement of these chapters in document E/CN.3/356 between the chapter on the structure of the full system and the chapters on the definitions and classifications and standard accounts and tables is inconvenient for users of the document.

4. The following major points were made in respect of the content of the full system.

- (i) The Commission welcomed the inclusion of chapters on input-output analysis and quantity and price comparisons. It was considered that the values of the chapter on input-output tables and analysis would be enhanced if the suggested approaches to dealing with secondary products, imports and other questions which arise in the compilation of input-output tables would be discussed in the light of the alternative methods used for these purposes. As the Expert Group recommended, the usefulness of commodity-commodity tables in long- and medium-range planning should be stressed. The chapter on quantity and price comparisons in national accounting should give a fuller discussion of the methods, problems and sources of data involved in making these estimates. It should deal with the questions of evaluating the effects of changes in terms of trade and the alternatives of compiling constant-price data in respect of general government and private non-profit services. A higher order of priority should be assigned to the use of price series in constant-price work, and the discussion of the treatment of items in seasonal supply should be clarified. While the discussion of alternative modes of valuation in the chapter is valuable, the use of producers' and purchasers' prices at market values should be stressed for purposes of the standard tables of the system.

- (ii) More homogeneous units than the establishments in respect of which data can be gathered, might be used in the case of input-output analysis only; even then, care should be taken not to depart too far from the establishment concept.
- (iii) In view of the range of analytical uses to which the enterprise-type statistical unit is put and the differences between countries, and series of data, in the type of enterprise unit which it is practicable to delineate, allowance should be made for the use of the legal entity as well as the family of legal entities as enterprise-type units.
- (iv) The possibilities of raising a separate institutional sector for private non-profit institutions serving households are increased by excluding the very small units, as recommended by the Expert Group. Consideration should be given to raising the size of the units to be included in the sector to the equivalent of two to three full-time employees or more. The definitions of the sub-sectors for the central bank and other monetary institutions need to be elaborated.
- (v) The system of classifying establishment-type units according to kind of economic activity used in the revised SNA should be drawn from the revised International Standard Industrial Classification (ISIC). The system in the case of enterprise-type units should also be the general-purpose industrial classification which the Commission suggests. The scheme proposed by the Expert Group is not the most suitable classification for this purpose.
- (vi) While it may be suitable to classify purchases of packaged tours which include travel, food and lodging as a whole in the case of consumption expenditure, it seems necessary to classify the elements separately for purposes of classification according to kind of economic activity or in the balance of payments. The recommendation of the Expert Group that the packaged tour as a whole should be the unit of observation is questionable; the appropriate treatment should be the subject of further study.
- (vii) While far more adequate data are called for on income shares in the standard tables of document E/CN.3/356 than earlier versions of the

system, complete summary data on the functional classification of the incomes of the institutional sectors are not provided. The possibility of adding this series of data should be explored.

5. The Commission noted with gratification that the International Monetary Fund has undertaken a revision of the Balance of Payments Manual and that the secretariats of the Fund and the United Nations are engaged in consultations in order to achieve concordance between the revised SNA and the Manual. It is highly desirable that the same definitions and classifications be used in the balance of payments and the national accounts. Identical data could then be reported in both sets of accounts. If this objective cannot be completely attained because of important differences in analytical requirements, it is essential that there be consistency between the revised SNA and the Manual and that classifications are arranged and distinctions are made so as to link the data of the two sets of accounts.

6. It is important that the classifications and definitions of the revised SNA and bodies of related statistics be co-ordinated and consistent, one with the other. In this connexion, it was noted that the conclusion of a recent meeting of experts on family expenditure surveys assembled by the International Labour Office raised certain questions in respect of the proposed classification of households' goods and services and that the secretariats of the International Labour Office and the United Nations planned to resolve these questions. It was suggested that the two secretariats also study the relationships between the International Standard Classification of Labour Cost adopted by the eleventh International Conference of Labour Statisticians and relevant definitions and classifications of the revised SNA. Attention was called to the classification of government expenditure on health being developed by the World Health Organization and the need to relate this classification with the classification of the revised SNA on government purposes.

7. The Commission considered that the work on the revision of the SNA has reached the stage where a suitable comprehensive document on the system can be prepared and issued for the use of countries and in the international reporting of national accounting data. The new document should be based on document E/CN.3/356, modified and amplified as indicated above. The extended and revised SNA that has been

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worked out furnishes valuable guidelines for purposes of developing systems of statistics nationally (which may not initially conform in all respects to the guidelines) and for the reporting of national accounting data internationally. These guidelines are of interest not only for purposes of national accounting but also for developing co-ordinated bodies of basic economic and social statistics .

8. A number of features of the new system contribute to its values for purposes of devising systems of statistics and economic and social analysis. It integrates data on all the economic flows and stocks of an economy into a coherent and articulated system of accounts and tables and contains a range of co-ordinated classifications in respect of the economic and social agents involved. The system provides for inter-meshing levels of aggregation of data, ranging from a high degree of disaggregation (e.g., as in input-output tables) to the consolidated accounts of the nation. Considerable attention is devoted to recording flows on a gross basis and to limiting the number of imputations. This change in the SNA, and modifications in certain classifications and definitions, also increase the comparability between the SNA and MPS. National accounting series in constant prices are an integral part of the new SNA.

9. The Commission believed that on the whole the proposed definitions of the new system strike an appropriate balance between the requirement of coherence in concept, analytical usefulness and practicability in application. It was recognized that the most appropriate balance may not have been struck in the case of some of the controversial issues which arose in the course of the review of the SNA and which had to be resolved through compromises. Whether or not this was the case could only be learned in the course of using the new SNA. Special attention might, therefore, be paid to the experience during the first three or four years of using the new SNA in respect of recommendations which had been the subject of significant controversy and to the implications of this experience for the guidelines. Various members of the Commission questioned the appropriateness of the proposed recommendations in respect of the following topics.

- (i) In one view it is impracticable, and doubtful theoretically, to include the sub-division of the household sector according to broad socio-economic categories in the system.

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- (ii) Some members of the Commission questioned the treatment of the imputed bank service charge as the intermediate consumption of a nominal industry. They considered an approach to the allocation of the imputed charge along the lines of the present SNA preferable.
- (iii) In one view, an imputation of gross rent which includes an element of operating surplus should be made in the case of buildings owned and occupied by general government and private non-profit institutions.
- (iv) Some members of the Commission considered that transactions in land should be treated in exactly the same way as transactions in second-hand buildings and other fixed assets, i.e., recorded in the first instance on the capital formation account of the system instead of on the capital finance account only. Transactions in other non-reproducible tangible assets (e.g., art objects) should be treated like transactions in second-hand goods. In the view of one of these members, rents paid for land should be dealt with in the same fashion as rents paid for buildings, i.e., as purchases of a non-factor service.
- (v) In one view, payments of royalties on licensed patents, concessions, etc. should be classed as a payment (receipt) on the production account instead of on the income and outlay account.
- (vi) Some members of the Commission considered the scope of the definition of capital transfers to be too broad.

10. The adaptation of the full system to the requirements and circumstances of the developing countries was considered to furnish suitable goals for the gradual evolution of national accounts and co-ordinated bodies of basic statistics in these countries. The suggested special classifications and accounts and tables will yield urgently needed data for purposes of planning and assessing economic and social development. The classification of producers into traditional and modern and publicly and privately owned is of considerable value. The public sector and export industries play key roles in economic development, and sets of accounts are needed, and can be compiled, in respect of these sectors at a relatively early stage in national accounting work. It is also important to distinguish between rural and urban areas in the case of a number of national accounting series.

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11. Considerable time will be required for the developing countries to evolve the reliable, co-ordinated series of basic data required in order to compile an adequate set of national accounts. It was emphasized that the order of priority in which the series are developed should reflect the requirements and circumstances of these countries. The broad orders of priority of developing and compiling accounts and tables which are suggested in the adaptation of the full system, were thought to furnish useful guidance for this purpose. It was suggested that efforts be made to simplify further the tables and accounts which are assigned first or second priority in compilation.

12. The Commission discussed the future work in respect of the revised SNA and certain closely related subjects after a publication on the new system is issued. The areas of further work concern international reporting on the new SNA, technical manuals and assistance concerning the system, and the development of international guide-lines in respect of selected, correlated systems of statistics.

13. It was agreed that a high order of priority should be given to the work of developing questionnaires for purposes of the international reporting based on the new system. The Commission was gratified to note that the questionnaires are to be drafted in co-operation with the appropriate international organizations and that the comments of national statistical offices are to be invited on the drafts. This procedure should result in a high degree of co-ordination, and avoid duplication of work by national statistical offices, in the international reporting of national accounting data. A number of members of the Commission commented favourably on the proposal to use a simpler questionnaire in the case of developing countries than in the case of developed countries with market economies. It was pointed out that if a questionnaire based on the new system is to be introduced in 1969 for purposes of gathering data in respect of 1968, the questionnaire should not be much more comprehensive than the questionnaire based on the present SNA.

14. The Commission considered it important that technical manuals be prepared on various aspects of the new system. These manuals should be of considerable assistance to the developing countries in systematically evolving their national accounts and associated basic statistics. The manuals should also be a means of spelling out the concepts and definitions of the system and the content of the standard accounts and tables in concrete detail. Some members of the Commission

believed that in preparing the technical manuals, priority should be assigned to the manuals on the production, income and outlay and related accounts and on constant-price series. In one view, however, the manual on the former topics should also deal with the aspect of the new SNA relating to the flow of funds. It was indicated that a number of developing countries would find a manual on regional accounting valuable.

15. The Commission recommended that workshops and seminars should be convened for the developing countries on the new SNA and the associated bodies of basic statistics. These meetings would furnish the means of detailed discussions of the approaches to, methods and techniques for and practical problems of designing, programming and instituting systems of national accounts based on the new SNA and the co-ordinated bodies of basic data. The meetings would also deal with the questions of compiling the national accounts and tables.

16. In order to have complete international guide-lines in respect of the new SNA, detailed definitions, classifications and standard accounts and tables are needed in respect of national and sector balance sheets and revaluation accounts. The Commission considered that the development of these definitions and accounts and tables should be undertaken in the near future. It is also important to deal with the subject of an integrated system of price and quantity statistics which fit into the framework of national accounts and balances. These series are needed in a number of aspects of economic analysis and are basic to national accounting in constant prices.

17. The following resolution was adopted:

The Statistical Commission

Requests the Secretary-General:

(1) To prepare a comprehensive description of the revised and extended system of national accounts (SNA) based on document E/CN.3/356, modified and amplified as recommended by the third session of the Expert Group on the Review of National Accounts and Balances and in the light of the conclusions of the fifteenth session of the Commission;

(2) To publish the comprehensive description of the revised and extended SNA in the official languages for the use of national statistical authorities and in the international reporting of comparable national accounting data, and to distribute copies of the publication to national statistical offices, specialized agencies and other interested international organizations;

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(3) To design questionnaires for purposes of gathering comparable data internationally based on the revised and extended SNA and the Material Product System (MPS), in co-operation with interested international organizations and in consultation with national statistical offices;

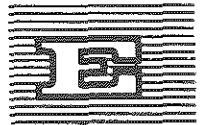
(4) To prepare, in co-operation with the International Monetary Fund, draft detailed definitions, classifications and standard accounts and tables in respect of the balance-sheet and revaluation accounts of the new SNA, with the advice and assistance of a group of experts as necessary and in consultation with national statistical authorities; to report on the work to the sixteenth session of the Statistical Commission;

(5) To prepare technical manuals in respect of the following aspects of the revised and extended SNA with the assistance of expert consultants as necessary: (a) data in current prices on the production, income and outlay and capital finance accounts excluding flow of funds; (b) national accounting series at constant prices; (c) input-output tables and analysis; and (d) flow-of-funds and balance-sheet statistics;

(6) To assist in the use of the SNA in evolving and improving the systems of national accounts and correlated bodies of basic statistics of the developing countries by convening seminars and workshops and providing technical advice and fellowships under the United Nations Development Programme;

(7) To develop, in consultation with national statistical authorities and the specialized agencies concerned, draft guide-lines in respect of the concepts, definitions, classifications and methods of compilation of the index numbers and other series of an integrated system of price and quantity statistics which fit into the framework of the national accounts and balances; to report on this subject to the sixteenth session of the Commission;

(8) As resources permit, to develop, in consultation with the specialized agencies concerned, proposals for a coherent, preferably integrated, system of demographic, manpower and other social statistics which is correlated with the national accounts and balances, with the advice and assistance of individual experts and an expert group.



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FROM 26 FEBRUARY TO 8 MARCH 1968

Addendum

NATIONAL ACCOUNTS AND BALANCES
PROGRESS REPORTS ON RELATED ASPECTS OF STATISTICS

(Item 3 (b))

A. Progress in Relating the System of National Accounts and the Material Product System

1. The Commission discussed the progress made in relating the System of National Accounts (SNA) and the System of Material Product Balances (MPS) and the future work to be done on the subject. It based the discussions on document E/CN.3/362. The document reviewed the ways in which the common ground and the links between the two systems had been extended. It outlined a conceptual framework in the form of matrices for delineating elements of coincidence and difference in the two systems and gave numeric illustrations of the conversion of selected production - account aggregates of one system to those of the other system in the case of two market economies and one centrally planned economy. The document also described the work being carried on on a standard list of terms from the SNA and MPS in English, Russian and French and bilateral comparisons of selected aggregates between countries using the SNA and MPS.

2. The Commission expressed its gratification with the degree to which the common ground between the revised SNA and the developed MPS have been extended and links between the two systems had been forged. The success attained in this effort simplifies and reduces the work involved in comparing countries with differing social and economic systems and will facilitate studies of the structure, potentialities and performance of national economies and the international sharing of experience. Not only has the common ground between the two systems of national accounting been increased but in a number of respects, the value of each system for purposes of analysis of the type of economies to which it relates has been enhanced.

3. The common classifications which have been developed in respect of kind of economic activity, household consumption of goods and services and general government purposes, are of central importance in linking the two systems. The attention devoted to gross output and intermediate consumption in the revised SNA brings the two systems closer together. The addition of input-output tables to the SNA and MPS furnishes invaluable means of passing from the accounts on the supply and use of commodities of one system to those of the other. Further, these

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extensions in the content of the SNA and MPS substantially enhance the values of each system for economic analyses. The inclusion in the MPS of tables on income and expenditure connected with the rendering of services and the receipts and outlays of the population, also increases the links between the two systems and, at the same time, develops and improves the MPS. The raising of a separate institutional sector for private non-profit institutions serving households in the revised SNA improves the comparability with the MPS and increases the usefulness of the SNA for social analysis. This is also the case for the sub-division in the new SNA of compensation of employees into wages and salaries and employers' contributions to public and private social security schemes. The inclusion of national accounting data in constant prices in each system makes a substantial contribution to the available data for comparative analyses. The success attained in removing incidental and unnecessary differences in definitions and classifications was gratifying.

4. The Commission considered that the standard list of SNA and MPS terms which is being worked out in English, Russian and French will be of substantial assistance in understanding and relating the two systems. Not infrequently, differing terms are used in each system for essentially the same concept; or similar terms may be used for differing concepts. The difficulties which users of one system encounter in understanding the other system are compounded by problems of language and translation.

5. The standard list of terms is being developed under the auspices of the Conference of European Statisticians. Much of the work of relating the two systems has been carried on under its auspices and the meetings on national accounts and balances of the Conference have furnished invaluable opportunities for the exchange of experience and views in respect of the SNA and MPS. The Commission noted with appreciation that the Conference of European Statisticians planned to continue work on relating the MPS and SNA. Key aspects of this work will be (i) completing the standard list of terms described above; (ii) improving and extending the conceptual framework and rules for linking the two systems; and (iii) developing common aggregates of special interest.

6. The Commission found the matrices set out in document E/CN.3/362 to be a valuable means of exhibiting the elements of coincidence and divergence between the SNA and MPS. The matrices not only indicate clearly which flows correspond in definition and

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treatment and which differ, but delineate the place of the flow in the structure of each system as well. They also show how flows which differ in scope or treatment must be sub-divided so as to distinguish the identical and differing elements. The matrices thus furnish the detailed basis for devising a transformation table and adjustment rules for purposes of passing from given aggregates of one system to the corresponding aggregates of the other. In one view, it would be valuable to delineate the aggregate "total consumption of the population" in the matrices.

7. The Commission considered the preliminary estimates that had been made of the net material product for two market economies and the gross domestic product for a centrally planned country to be a valuable experiment; and indicated that this work should be continued and extended to cover additional countries. Such exercises are an essential aspect of devising appropriate frameworks and rules for passing from one system to the other since they yield information on the significance of the conceptual differences between the SNA and MPS. The results of such work are of course also of interest in comparative economic studies. It was emphasized that for this purpose the data must be analysed in the light of the institutional and structural characteristics of the economy to which the figures relate. The Commission noted that the experiment indicated that input-output tables are an effective and efficient source of data for converting the production - account aggregates of one system into those of the other. It was suggested that in general it will be necessary to use less complete, but more current, sources of information than that provided in input-output tables in compiling these data.

8. The work of relating the MPS and SNA has been greatly facilitated by the descriptions of the MPS which have been made available by member countries of the Council for Mutual Economic Assistance (CMEA). The Commission was informed that a new and more complete description of the MPS is now available in Russian. The final version of the document is to be considered by the Standing Commission on Statistics of the CMEA in 1968. It was proposed that the document be translated into the official languages of the United Nations and circulated to members of the Statistical Commission. The Commission was invited to consider the document at its sixteenth session.

9. The following resolution was adopted:

The Statistical Commission

Requests the Secretary-General

(1) To translate the final version of the document on the System of Material Product Balances (MPS) into the official languages, and circulate the document to members of the Commission;

(2) In co-operation with the Conference of European Statisticians, to continue the study of the relationship between the System of National Accounts (SNA) and the MPS in order to improve the conceptual framework and adjustment rules for purposes of linking corresponding concepts and with a view to developing common basic aggregates of special interest;

(3) To continue and extend the work on the conversion of figures in respect of selected aggregates from one system to the other with a view to publishing such data periodically for selected countries;

(4) To report on the progress of this work at the sixteenth session of the Commission.

B. Statistics of the Distribution of Income and Wealth

10. For purposes of the discussion of a system of statistics of the distribution of income and wealth, the Commission had before it document E/CN.3/363. The document described the work carried out on this subject since the fourteenth session of the Commission and outlined the features of a draft system of statistics of the distribution of income, consumption and wealth which would complement the systems of national accounts and balances. The proposals were drafted in connexion with the Commission's plan to develop international guidelines concerning these statistics.

11. The Commission noted that the draft system of statistics outlined in document E/CN.3/363 involved a large and complex body of data in respect of households. It was recognized that this is the consequence of the diverse analytical and policy making purposes for which the statistics are wanted, e.g., in connexion with incomes, fiscal, price, investment and welfare policies. For these purposes, it is necessary to provide data on each of the main steps in the receipt and disposition of income and on personal wealth. These series of data need to be classified and cross-classified in many ways which differ in character and detail. The classifications relate not only to the socio-economic status, size, level of income and other characteristics of households and individuals, but also to the kind of...

income received, the manner in which income is disposed of, and the type of wealth. The detail in classification must vary from a few categories to a substantial number of categories.

12. The Commission reiterated the view expressed at its fourteenth session that due to the marked differences in the purposes and the sources and problems of compiling the data, it is essential to distinguish clearly between distribution statistics at the summary or macro level, on the one hand, and distribution statistics at the detailed or micro level, on the other. The macro data should be viewed as an integral part of, or a completely co-ordinated part with, the systems of national accounts and balances. The micro presentations of the data, which would reflect the income, expenditure and wealth situation of different groups in the population and the effects of redistribution of incomes, could more suitably be developed as complementary to, rather than an integral part of, the main systems of accounts. The micro statistics must be built up, in general, from specially designed sample surveys of households, although in some countries some information may be secured from personal income tax and other administrative sources. Respondents to household surveys cannot furnish information on certain components of the macro system. Furthermore, as is true of other sources of information, household survey data on income, expenditure and wealth contain certain deficiencies resulting from non-response or inaccurate response and it is not always possible to reconcile these data with the levels of the corresponding aggregates of the macro system. Thus while efforts should be made to render the micro statistics consistent with the corresponding flows of the macro system, complete co-ordination cannot be achieved in practice for a number of components. However even the unadjusted micro household statistics have proven to be very useful in a number of countries.

13. It was indicated that in developing guidelines in respect of the system of income distribution and related statistics, more attention should be devoted to the limitations on concepts and definitions which are imposed by the possibilities, methods and problems of gathering data than is the case in document E/CN.3/363. This is especially important in the case of the micro statistics of the system. In the case of these series, the document should discuss the approaches to the collection and compilation of data and the sequence in which the various series might be

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gradually sought, taking account of the urgency of requirements and the problems of collection. It was noted that the comparative study of national practices, experience and views in respect of income distribution statistics that is under way, should yield considerable information for dealing with the aforementioned topics.

14. It was noted that a number of countries, developed and developing, are engaged in work on income distribution and related statistics and will find it valuable to have international discussions and guidance in respect of these data. The Commission therefore considered that a relatively high order of priority should be assigned to completing the comparative study of national practices, experience and plans and formulating international guidelines. In revising, elaborating and detailing the sketch of the draft guidelines in document E/CN.3/363, the connexion between the MPS, as well as the SNA, and the complementary system should be clearly shown. Attention should also be devoted to formulating a simplified system of data which is adapted to the needs and circumstances of the developing countries.

15. The following resolution was adopted:

The Statistical Commission

Requests the Secretary-General:

(1) To complete the comparative analysis of national practices and plans in the field of statistics of the distribution of income, consumption and wealth in countries with differing social and economic systems and with differing levels of economic development;

(2) To prepare, in the light of this analysis and in co-operation with the interested international agencies, with the advice and assistance of a group of experts and in consultation with national statistical authorities, draft international guidelines for the concepts, definitions, classifications, methods of collection and estimation, and tabulations of an integrated system of statistics of the distribution of income, consumption and wealth which is complementary to the systems of national accounts and balances;

(3) To report on the progress of this work at the sixteenth session of the Commission.

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C. International Comparison of Production, Income and Expenditure Aggregates

16. The Commission discussed the subject of the "International Comparison of Production, Income and Expenditure Aggregates" on the basis of document E/CN.3/364, prepared by the Secretary-General in accordance with the views expressed by the Commission at its thirteenth session.^{1/} The purpose of the report was to outline a project on the subject which has been prepared for the years 1968-1971 for carrying out comparisons for a selected number of countries and for developing, testing and describing suitable techniques for the more comprehensive comparisons to be carried out at subsequent stages of the work.

17. The Commission, in commenting on the report of the Secretary-General, indicated that it would be useful to develop methods and data to facilitate reliable comparisons of expenditure production, and income aggregates. However the basic document did not provide sufficient information for the Commission to appraise the full implications of the project. It was felt, moreover, that a project of this kind although important, should not be permitted to divert significant resources from the regular programme of the Secretariat.

18. Because of the limited resources available in the United Nations budget for statistical purposes, consideration was also given to a different approach on the project. The project might be organized on the basis of participation by additional international organizations and considerable assistance from Member States. In this case, the Secretariat might concentrate largely on the co-ordination of the project. The feasibility of the project would depend on the willingness of countries to participate, taking account of the burden of work involved.

19. The Commission agreed that the extent of involvement by the Secretariat would depend on the priority to be accorded to the project in the light of the over-all programme of work of the Secretariat.

^{1/} Official Records of the Economic and Social Council, Thirty-ninth Session, Supplement No. 13 (E/4045), paragraphs 77-79.

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TO 8 MARCH 1963

Addendum

BALANCE-OF-PAYMENTS STATISTICS

(Item 4)

1. The Commission received a "Progress Report on Balance-of-Payments Statistics" (E/CN.3/365) prepared by the International Monetary Fund. The report described developments in the work of the Fund on these statistics since the thirteenth session of the Commission in 1965.
2. The Commission noted the progress made during the period in the collection and publication of internationally comparable statistics of the balance of payments, and expressed its gratification. The number of countries for which data were published had increased and the quality and international comparability of the series had improved substantially. The evaluation of the magnitude and significance of the statistical discrepancies that had been carried out was an important step forward.
3. The Commission also expressed its satisfaction concerning the reorganization and expansion of the training activities conducted by the Fund on balance-of-payments statistics. The provision of courses in French and Spanish makes facilities available for training in this important subject to many additional countries. In discussing the progress report on statistics of the balance of payments, the Commission again emphasized the importance of achieving concordance between the revised version of the SNA and the Balance of Payments Manual.

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8 MARCH 1968

Addendum

CLASSIFICATIONS OF KIND OF ECONOMIC ACTIVITY
(Item 5)

1. The Statistical Commission discussed schemes for the industrial classification of establishment-type and enterprise-type units, based on documents E/CN.3/359, E/CN.3/360 and E/CN.3/361. Document E/CN.3/359 set out proposals for the revision of the International Standard Industrial Classification of All Economic Activities (ISIC) which had been the subject of detailed comment by national statistical offices and interested international bodies. It dealt with the industrial classification of establishment-type units only. Document E/CN.3/360 listed proposed modifications and amendments in the draft revised ISIC in document E/CN.3/359. These changes were proposed in the light of the comments received, and the conclusions reached by a regional working group, in respect of the proposals in document E/CN.3/359. Document E/CN.3/361 suggested a way of utilizing the revised ISIC in the classification of enterprise-type units, in the light of the comments and recommendations of national statistical offices concerning this question. The document also outlined a plan for formulating a scheme for classifying commodities which would be tied in with the revised ISIC.

2. The Commission considered that the proposed revised ISIC set out in document E/CN.3/359, as modified and amended in document E/CN.3/360, represents a substantial improvement in the international recommendations on this subject. This is the case for the underlying principles of the classification as well as the structure and definition of the categories of the ISIC.

3. The criteria on which the international classification is based, and should be applied, have been clarified and amplified in the light of the developments in the analytical and instrumental uses of industrial classification schemes. It was suggested that it would be useful to add a discussion of the principles used in classifying units rendering supporting services to other establishments and units principally engaged in installing machinery, equipment, etc. The description in document E/CN.3/359 of the underlying principles of the international classification also furnishes a more complete definition of the establishment than in the present version of the ISIC. It was however indicated that the delineation of the establishment-type unit in the case of government requires further study and discussion.

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4. The proposed revisions in the structure and definition of the categories of the ISIC considerably increase the comparability between the international classification and the national classifications of countries with centrally planned, as well as market, economies. In view of the importance of classifications of data according to kind of economic activity in international comparisons and studies, the revised ISIC should make a significant contribution to the international comparability of economic statistics. The modifications in the international classifications also reflect the changes which have taken place in the structure of economic activity during the last decade, e.g., the emergence of new industries.

5. The introduction of a new broad level of classification, i.e., the divisions between the major divisions and the major groups, increases on the whole the usefulness of the ISIC in summarizing and analysing data. In one view, the value of the new level of classification would be further enhanced if a larger number of these categories were provided for manufacturing. In this view, there is also some lack of balance in the proposed division. However, it was recognized that at least part of this lack of balance is the result of distinctions which needed to be drawn in order to improve the comparability of the ISIC with the national classifications of countries with differing economic and social systems. The proposed changes in the ordering of major groups and the raising of new major groups also improve the analytical usefulness of the international classification for such purposes as input-output analysis and studies of social and community services. In one view, suppressing the division of mining and raising a division for the production of sources of energy (mining of coal, production of electricity, etc.), would further improve the usefulness of the ISIC in input-output analysis.

6. The Commission considered that, in order to improve the analytical usefulness of the revised ISIC, establishments primarily engaged in repairing goods for households (e.g., shoe, clothing, furniture, watch, radio, motor-car repair) should not be included in the categories for manufacturing. The inputs, technology, operations and role in the economy of these establishments differ significantly from those of establishments primarily engaged in manufacturing; and in a number of countries, such repair services are to a great extent rendered by units primarily engaged in retail trade or household services. Instead, these units should be classified among the categories for personal services or retail trade. The

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appropriate part of the international classification in which to include these units should be determined by the Secretariat, based on a study of national circumstances and practices. It was recognized that it may be necessary to raise specific groups for some kinds of these establishments.

7. It was also agreed that the groups of major group 810, Financial institutions, should consist of:

(1) 8101, Monetary institutions: The central bank, commercial banks and other institutions which have demand deposits or other forms of transferable deposits.

(2) 8102, Other financial institutions: Savings banks; trust companies; credit institutions other than banks, such as savings and loan associations, agricultural credit institutions, rediscount and financing institutions, personal credit institutions, loan correspondents and brokers; investment companies and trusts; security brokers, dealers and underwriters.

(3) 8103, Related services: Foreign exchange dealers, units primarily engaged in check cashing and collection or rental of safe deposits; security, commodity and bullion exchanges; lease and patent buying, selling and licences; investment research and counselling; stock quotation services.

These modifications enhance the usefulness of the classification in the context of the revised SNA.

8. The Commission recognized that the categories of the international classification must be defined in the light of the range of activities in which establishment-type units in most countries generally engage. Since the manner in which certain kinds of economic activity are distributed among establishments differs significantly from one country to another, the degree to which the kinds of activities in question may be sub-divided into distinct categories is greatly limited in the case of the international classification, but not necessarily in the case of national classifications. The differences among countries in the manner in which economic activities are distributed among establishments may also make it difficult for some countries to report data classified according to certain groups of the international classification.

9. A number of suggestions for modifications in the revised ISIC were made by various members of the Commission, orally or in writing. The Secretariat was

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- (2) To issue and circulate the publication and to call the revised International Standard Industrial Classification of All Economic Activities to the attention of States Members of the United Nations and of the specialized agencies;
- (3) To prepare and publish numeric and alphabetic indexes to the revised ISIC;
- (4) To draft, in consultation with national statistical offices, the framework of a commodity classification scheme which is linked in with the revised ISIC.

requested to examine these suggestions in the light of the considerations outlined above.

10. The Commission stressed the importance of preparing and issuing a numeric and alphabetic index to the revised ISIC as quickly as possible. National statistical offices will need this publication in order to use the revised ISIC, since the indexes furnish the most complete and explicit definition of the categories of the international classification. National statistical offices will also find the publication valuable for purposes of relating external trade and other statistics classified according to commodities with production and other data classified according to kind of economic activity as it will delineate the links between the Standard International Trade Classification (SITC), Revised, and the revised ISIC. The Commission noted that the first step in devising a commodity classification scheme which is tied to the revised ISIC is to identify the kind(s) of economic activity where the commodities of a given SITC category are characteristically produced.

11. The Commission agreed that the first two levels of classification of the revised ISIC, the major divisions and divisions, furnish suitable tentative guidelines concerning a scheme for the classification of enterprise-type statistical units according to kind of economic activity. It was stressed that international guidance in respect of this subject must be general and tentative in character. The differences between countries in the range of kinds of activity in which individual enterprises engage may be considerable; little information and experience are available concerning this question.

12. The Commission recognized the values of a commodity classification scheme which is linked with the industrial classification scheme for establishment-type units. Questions were, however, raised concerning the detail and number of categories which can be included in an international classification of this type.

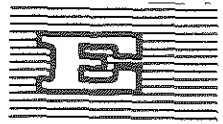
13. The following resolution was adopted:

The Statistical Commission

Requests the Secretary-General:

(1) To prepare a publication on the revised International Standard Industrial Classification of All Economic Activities, based on documents E/CN.3/359, E/CN.3/360 and E/CN.3/361 in the light of the conclusions of the Commission;

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FROM 26 FEBRUARY TO 8 MARCH 1968

Addendum

INTERNATIONAL WORK PROGRAMME AND CO-ORDINATION

(Item 7 (a), (c) and (d))

A. Co-ordination of statistical activities and of world standards

1. The Commission considered the general problem of co-ordination of statistical activities of the United Nations family of organizations and of other international organizations working in the same fields. For purposes of this discussion, the Commission had before it a "Report of the Administrative Committee on Co-ordination's Sub-Committee on Statistical Activities" (E/CN.3/372), "Co-ordination of World Standards" (E/CN.3/374), "Co-ordination of Statistical Questionnaires" (E/CN.3/375), and "Relationships with Non-United Nations Intergovernmental Organizations" (E/CN.3/376 and Corr.1).

2. The Commission recalled that at its fourteenth session it had expressed the hope that "the integration of the work of the agencies involved in the co-ordination effort⁷ could be steadily extended in order to achieve a programme that was integrated in terms of the division of operations among the agencies and covering a five-year period. It would be desirable also that the programmes should give indications of the priorities involved and the feasibility of the projects from the technical point of view, as well as in relation to the limitations imposed by available resources. It was felt that more precise descriptions of the projects would be necessary and that clearer expressions should be given of the main purposes to be served by each project".^{1/} The Commission noted with regret the observation in the report of the Sub-Committee on Statistical Activities that "none of the organizations, in fact, possessed a definitive programme for more than two years" (E/CN.3/372, para. 5). It felt that statistical plans extending over a longer period, even if tentative, would be of considerable value to the United Nations Secretariat and to the agencies themselves, and were indispensable for a co-ordinated programme of international statistical development. Having in mind not only the needs felt by the Commission for a more long-run approach, but also the wishes of the Economic and Social Council in achieving generally high standards of administration, the Commission felt that the Committee for Programme and Co-ordination should be

1/ Official Records of the Economic and Social Council, Forty-second Session, Supplement No. 3, para. 16.

asked to reopen the matter of the planning of statistical work programmes of all agencies including the United Nations Secretariat.

3. The Commission felt that the urgency for a co-ordinated and integrated approach to international statistical development was not adequately reflected in the documents presented.

4. The increasing work pressure on national statistical offices makes it necessary to have a greater degree of co-ordination of requests from international agencies than now exists. It is becoming increasingly evident to members of the Commission in their national statistical work that there needs to be a recognition of the fact that statistical series are now typically used in conjunction with one another, in such fields as government administration and in studies of economic and social phenomena. These tendencies are being accelerated by the use of new techniques, such as computers, for linking related series on a large scale. They have felt obliged, therefore, to be able to assure users of their own statistical information that no measures have been overlooked in an effort to ensure the greatest possible degree of compatibility between different statistical series and programmes. The Commission believes that similar assurances should be available to users of statistics produced by international agencies, or produced nationally under standards established by the international agencies which provide world leadership in these matters. It is necessary not only to assure users that existing international programmes and standards are compatible, but also that machinery exists which will ensure that this compatibility will be effectively protected in the future. It is recognized that in some cases statistical information is now used solely for the internal operations of certain agencies and that internal co-ordination is the principal objective, but the Commission believes that even in these cases consideration could usefully be given to the probability that in the future the data may be more widely used in conjunction with other series.

5. Leadership by the members of the United Nations family has helped the more developed countries to improve and harmonize their statistical systems and to make more effective use of limited resources. This leadership is even more important for the developing countries, whose limited material and skill resources call for efficient and consistent economic and social policies, based on consistent and balanced systems of statistical information promoted by United Nations standards.

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6. The interest of the Commission in co-ordination arises, as has been often stated, not from a desire to dominate all parts of the field but to assist in improving the effectiveness of the United Nations and associated statistical offices in their own work. Consequently it has laid emphasis on the "practical methods" by which co-ordination could be achieved with a minimum of disturbance to the work of these various agencies. The hope has been expressed above that these agencies and the United Nations Secretariat might work towards longer-term statistical programmes than they now use, both as part of their own planning procedures and in order that the Commission at its biennial meetings might study their statistical proposals before final discussions on implementation have been taken by the governing bodies of these organizations. These programmes as made available for study by the Commission, would not need to be in finished form, but might consist of a firm programme for a few years and a more tentative programme for a further period. For its part, the Commission with the help of the United Nations Secretariat would take steps to ensure communication among its own members between its biennial sessions, which would enable the Commission, when it met to be able to deal with matters of co-ordination in an informed and prompt manner.

7. This last proposal would require some modest increase in the staff resources of the United Nations Statistical Office at an appropriately senior level, to undertake the necessary planning and consultations with the other organizations and to keep Commission members informed. It would also be necessary to provide for a meeting of the chief statisticians of each of the organizations involved together with a small group of members designated by the Commission, to take place in late 1968 or early 1969. The form and frequency of any further such meetings would be discussed at the sixteenth session of the Commission. The Commission recommended that such resources as were necessary should be made available from United Nations funds.

8. The following resolution was adopted:

The Statistical Commission,

Requests the Economic and Social Council to adopt the following draft resolution:

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Taking account of the discussions of the fifteenth session of the Statistical Commission on the subject of the statistical activities of the United Nations and the specialized agencies,^{2/}

Recognizing that in many countries progress is being made in the integration and co-ordination of data in a comprehensive system which responds to the requirements of economic and social policy, administration and development and that parallel progress is required at the international level,

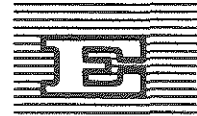
Emphasizing that the work of the international agencies in the field of statistics is relied upon by national statistical offices for a wide range of purposes,

Conscious of the interdependence of national economies and the consequent need for systematic international statistics descriptive of the role of each nation in the world economy,

1. Requests the Secretary-General (a) to undertake the necessary steps, in co-operation with the specialized agencies, to promote the arrangements necessary to ensure the development of an integrated and co-ordinated international statistical programme, based on longer-term planning than is now in effect, thus contributing to the efficiency of national statistical systems, as well as to the effective use of resources at the international level; (b) to arrange for joint consultations of the chief statisticians of the United Nations and the specialized agencies together with the Chairman, Vice-Chairman, Rapporteur and two additional members of the Statistical Commission with a view to providing a report to members of the Statistical Commission prior to its sixteenth session on the progress made in establishing an integrated programme and to report on this subject to the Economic and Social Council through its Committee for Programme and Co-ordination;

2. Requests the Committee for Programme and Co-ordination to review the results of the consultations provided for in (b) above and to express its views on the direction of the future work of the Statistical Commission in the field of co-ordination.

2/ Official Records of the Economic and Social Council, Forty-fourth Session, Supplement No. . . . , para. . . .



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DRAFT REPORT TO THE ECONOMIC AND SOCIAL COUNCIL ON THE FIFTEENTH
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FROM 26 FEBRUARY to 8 MARCH 1968

Aggendum

INTEGRATED FIVE-YEAR PROGRAMME OF INTERNATIONAL STATISTICS

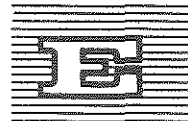
Item 7 (b)

1. The Commission discussed the statistical programme of the United Nations and the specialized agencies on the basis of a report by the Secretary-General entitled: "Integrated Statement of International Statistical Programmes, 1968-1972" (E/CN.3/373). The report also included information on the programme of the Inter-American Statistical Institute.
2. As a "statement" of international statistical programmes, the document fell somewhat short of the hopes of the Commission, expressed at the fourteenth session that: "It would be desirable also that the programmes should give indications of the priorities involved and the feasibility of the projects from the technical point of view, as well as in relation to the limitations imposed by available resources. It was felt that more precise descriptions of the projects would be necessary and that clearer expression should be given of the main purposes to be served by each project." (E/4283, para. 16).
3. On the other hand, it was considered that the report constituted an interesting and informative account of the work of these bodies. The report was supplemented by oral explanations by representatives of all of the agencies who were present at the meeting. It provided, consequently a useful and up-to-date basis for appraising the need and possibilities of co-ordination and integration. It was suggested that the report would have been more complete if more attention had been given to weak or deficient co-ordination. Also it was pointed out that the document could usefully have included the statistical programmes of other international organizations having substantial statistical programmes as was suggested by the Commission at its fourteenth session (E/4283, para. 15).
4. The occasion was useful in providing an opportunity for drawing the attention of the representatives of the United Nations and specialized agencies to matters which were felt to require special or early attention, or new fields which had so far remained unexplored.
5. It was considered by the Commission that not enough was said in the report about possibilities and methods of co-ordination, but these were explored by the Commission under another portion of the agenda.

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6. The urgent need for adequate training facilities in the developing countries was re-emphasized and note was taken of the proposals already made in the regional commissions to establish facilities for training of statisticians for government service in Africa, and in Asia and the Far East. The view was expressed that the ambitions of countries in the field of economic and social planning were continually being frustrated by the absence of the basic statistical data necessary for both planning and current administration. Particular reference was made to proposals for the establishment of institutes for the training of professional government statisticians in Africa and Asia, and concern was expressed that little progress had been achieved in respect of financial assistance for the establishment of the proposed institutes.

7. The Commission felt that a report of this kind should be available for discussion at future sessions of the Commission.



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FROM 26 FEBRUARY TO 8 MARCH 1968

Addendum

EXTERNAL TRADE STATISTICS PROGRESS REPORT ON THE INTERNATIONAL
TRADE STATISTICS CENTRE AND ON STEPS BEING TAKEN TO AVOID
DUPLICATION OF REQUESTS TO GOVERNMENTS FOR STATISTICAL DATA BY
INTERNATIONAL ORGANIZATIONS

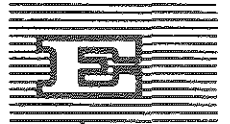
(Item 8 (a))

1. The Commission considered a report by the Secretary-General entitled "Progress Report on the International Trade Statistics Centre and Steps being Taken to Avoid Duplication of Requests to Governments for Statistical Data by International Organizations" (E/CN.3/381). The report described the progress made in the work of the International Trade Statistics Centre in compiling and operating a bank of data covering world trade classified according to the Standard International Trade Classification (SITC). The report described the arrays of data published by the Centre and gave particulars of the countries reporting and the periods for which information was available. It also referred to the services afforded to Governments and other institutions by the Centre, and the efforts being made to avoid duplication of requests to Governments and to centralize the collection and dissemination of international trade statistics.
2. The Commission expressed appreciation of the progress made in the development of the Centre. The objective of the Centre was to meet the requirements of all users for trade statistics down to the five-digit level of the SITC. Note was taken of the progress made to eliminate duplicate requests to Governments by international agencies. The Commission felt that countries should be encouraged to improve the promptness of their supply of data to the Centre.
3. It was also recommended that countries inform the Centre annually on changes in country codes and deviations from the SITC. It was also suggested that concordances between national classifications and the SITC should be published along with the notes in Commodity Trade Statistics.
4. The efficiency achieved by the Centre in processing the data was commended but it was felt that delays in publishing the country fascicles should be minimized. It was noted that these delays were due to the considerable demands on the Centre from government organizations and other institutions with whom the Centre has contracts for projects on a cost basis. The revenue from these contracts was not generally available to finance the staff work involved and it was therefore suggested that means should be found to correct this situation.

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5. The possibility of publishing data at the five-digit level of SITC in Commodity Trade Statistics was suggested. The Secretariat ascertained, however, that the publishing of this greater detail would have important financial implications since it would increase the size of the Commodity Trade Statistics very substantially. The Secretariat would nevertheless examine the possibility of publishing annual data at this level.

6. The Commission expressed appreciation of the efforts to complete the concordance between the CMEA classification and the SITC, and further work on this subject was encouraged.



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8 MARCH 1968

Addendum

CLASSIFICATION BY BROAD ECONOMIC CATEGORIES (BEC)
(Item 8 (b))

1. The Commission had before it document E/CN.3/382 "Draft Classification by Broad Economic Categories" and document E/CN.3/382/Add.1, which gave a summary of the comments received by the Secretariat on the revised draft classification. At the request of the Commission at its fourteenth session, the revised draft classification had been prepared, and sent to selected countries and international organizations for comments.
2. The Secretariat stated that the object of the BEC was to convert data classified according to the SITC into categories which are meaningful within the framework of the SNA of interest to analysts and of particular significance for developing countries.
3. The Commission agreed that the document before it was an improvement on the previous draft presented to the Commission's fourteenth session. It was pleased to see the inclusion in the revised draft of separate categories at the broadest level for "fuels and lubricants" and "transport equipment", and the elimination of certain subdivisions made at lower levels in the previous draft.
4. The Commission expressed the view that a classification of the BEC type would be useful for national purposes as well as for those of the International Trade Statistics Centre. It agreed that an end-use classification could be useful if linked to the SNA. It noted the value of the BEC in representing a basis for the statistician to go as far as is practicable in meeting the needs nationally and internationally of economists for categories required for economic analysis.
5. The Commission criticized, as it did in its last session, the feature of the dual-use commodities and the allocation of these commodities to more than one end-use category. It expressed serious reservations as to the practicability of estimating proportions sufficiently reliable to be useful and suggested that most of these commodities could be allocated arbitrarily wholly to one category. Doubt was expressed as to whether countries would be able and willing to undertake the necessary studies and research required to determine annually the various end-uses of these dual-use items in order to supply the Secretariat annually with estimated proportions. It was feared that in the long run this process would become an

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exceedingly arbitrary one. Some dissent from this criticism was expressed on the basis of experience in producing a classification by end-use; in this view it was necessary to establish proportions in dealing with important commodities having dual uses.

6. The Commission expressed the view that the definitions of durable and non-durable goods contained in the document presented problems of application. It suggested that these definitions be reviewed and that further studies should be carried out to establish a more suitable basis for the classifying of consumer durables and non-durables.

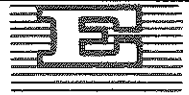
7. The Commission noted that external trade statistics were generally assumed, particularly by the unsophisticated user, to be of a highly accurate nature. The allocations proposed by the BEC contain a considerable element of estimation of an arbitrary kind. Doubt was expressed as to whether users would be aware of this fact if figures compiled according to the BEC are associated in one publication with figures considered to be accurate. The Commission felt that when data are published on the basis of the BEC, they should be published separately with the proper technical notes instead of being incorporated in Commodity Trade Statistics.

8. There was general agreement that the BEC as it now stands is not acceptable and that extensive further study and future consultations are required before a new classification is evolved. It recognized, however, the urgent need for a classification along the lines of the BEC. It was suggested therefore that a basis might be found for improving the present document, taking account of these discussions and the comments summarized in E/CN.3/382/Add.1. This improved version could be treated as an interim classification which could be reviewed at a future session of the Commission in the light of experience in its use. Since at this stage the Commission is not able to agree to the allocation of dual-use commodities to more than one category, it suggested that this device be eliminated.

9. The Commission felt that once an international BEC is established, national classifications of this type will inevitably be attracted towards it and it will eventually tend to serve as a guideline and ultimately as a standard with wide use. Further study and consultation was therefore essential before a final BEC classification is adopted.

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10. The Secretariat has been under pressure by economists to produce aggregates of external trade data comparable to aggregates of other economic statistics. Since aggregates of this sort would have far-reaching effects on the use of external trade data, it would be desirable for the Commission to consider, as early as possible, a BEC classification for these purposes. The Secretariat, while it welcomed the Commission's wish to prepare an interim classification by broad economic categories for trial use, felt that, on account of the strong objections of a certain delegation to the publication of national data according to this classification the Statistical Office would have to review the entire procedure of this work. In reviewing this procedure, the function of the Secretariat would be to bridge the gap between the convictions of some Government statisticians on the one hand and the demands of economists on the other.



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Addendum

RECOMMENDATIONS FOR THE DEFINITION AND STATISTICAL TREATMENT OF
THE MAIN CATEGORIES OF COMMODITIES IN THE INWARD AND OUTWARD
FLOWS OF INTERNATIONAL TRADE

(Item 8 (c))

1. The subject of "Compilation and publication of recommendations for the definition and statistical treatment of the main categories of commodities in the inward and outward flows of international trade, together with description of national practices in this field" was listed as an ad hoc project of high priority in the report of the Commission's thirteenth session (E/4045). The Commission noted with satisfaction the progress being made to produce a paper which would set out the conclusions reached by the Commission in past sessions on the subject of methods in external trade statistics. The paper would also describe the areas where national practices differ in the treatment of main categories of commodities in the inward and outward flows of international trade. It was intended in this way to provide a systematic description of basic methods with which the national practices of each country could be compared.

2. The Commission was of the opinion that the paper would be very useful especially for developing countries seeking to improve the quality and the international comparability of their trade statistics. The members of the Commission were pleased to learn that the paper would be circulated shortly to governments for comments and expressed willingness to meet the request of the Secretariat in providing a description of their own practices according to the basic scheme of the paper. It was envisaged that the resulting material would be published as a handbook for users of international trade statistics.



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Addendum

SUMMARY OF THE COMMENTS RECEIVED FROM VARIOUS COUNTRIES REGARDING
THE PROPOSALS FOR THE REVISION OF THE CLASSIFICATION OF "PAPER,
PAPERBOARD, AND MANUFACTURES THEREOF" (DIVISION 64) IN THE STANDARD
INTERNATIONAL TRADE CLASSIFICATION, REVISED

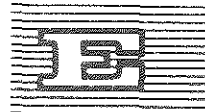
(Item 8 (d))

1. The Commission considered a report by the Secretary-General entitled "Summary of the Comments Received from Various Countries Regarding the Proposals for the Revision of the Classification of 'Paper, Paperboard, and Manufactures Thereof' (Division 64) in the Standard International Trade Classification, Revised" (E/CN.3/384). This paper was prepared following an initiative by the OECD which considered the present classification of paper and paperboard in the SITC to be inadequate. The Secretariat pointed out that the changes proposed by the OECD were strongly supported by the Committee for Paper and Timber of the FAO but were not supported by the countries whose comments on the modification were requested. The Secretariat further informed the Commission that it had recently become evident that the basic issue was the need for a procedure for the revision of the SITC. This was further reinforced by a statement made by the OECD observer at the Commission's session which stressed the belief of the OECD that a revision of the SITC was necessary. It was also suggested that the problem of comparability over time which would arise from a revised classification could be met by establishing a correspondence between a new revised version of the SITC and the present one, though this correspondence need not necessarily be at the four- or five-digit level.
2. The Commission considered that the proposal to revise the classification of paper and paperboard should be deferred pending review of the entire structure of the SITC. The need for a revision of the entire SITC was deemed to be of high priority. Substantial problems in bringing this about were envisaged, particularly with regard to the correspondence which at present exists between the SITC and the Brussels Tariff Nomenclature (BTN). The Commission considered that this correspondence remained extremely desirable and that every effort should be made to maintain it. This implies the co-operation of the Customs Co-operation Council (CCC) in revising the BTN concurrently with the SITC, a step involving considerable difficulties in view of the complex and time-consuming procedures which a revision

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of the BTN would entail. The Commission also noted the fact that, in the event that a change of the BTN could not be expected, it would be necessary to re-examine the value of maintaining the strong one-to-one correspondence between the two classifications because it was felt that the alternative of an excessive fragmentation of the SITC would greatly hinder its operation as an international classification. The need to establish a schedule of work and a target date for completing the revision of the SITC was mentioned. It was also felt that, in order to ensure the usefulness over time of the SITC, periodic revisions should be conducted, if feasible in conjunction with revisions of the BTN in order to maintain the correspondence and that these revisions should be scheduled considerably in advance so that all countries could be aware of them. A period of ten years was suggested.

3. The Secretariat stated that it would undertake consultation with the CCC regarding the possibility of modifying the BTN and the procedure involved. It would, however, be extremely difficult for the Secretariat to impose on the CCC an established schedule of operations or a target date for the completed proposal. The Secretariat felt that some work could be done by the sixteenth session, with the aim of achieving the revision by the seventeenth session. It further stated that it would inform national statistical offices on the proposed revision and invite their comments. Basic documents would be circulated to national offices before any detailed proposals were prepared.



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FROM 26 FEBRUARY TO 8 MARCH 1968

Addendum

INTERNATIONAL TRAVEL STATISTICS

(Item 10)

1. The Commission considered the report of a group of experts convened by the Secretary-General on the subject of international travel statistics (E/CN.3/385). The group had made recommendations on methods and definitions designed to improve statistics on tourism bearing in mind the desirability of avoiding the increase of tourist formalities.
2. The experts had made recommendations as to the definition of visitors and the categories of visitors to be distinguished; the methods of obtaining data at hotels and other dwellings and at frontiers; the units of enumeration, viz., the individual visits and the visitor-night. The group had also covered a number of problems relating to tourist expenditure and the sampling methods for different kinds of data collection.
3. The Commission considered that the report was a useful step forward in the development of systematic statistics in this field. It felt that the definition of "visitor" recommended by the expert group which was identical with that of the United Nations Conference on International Travel and Tourism (Rome, 1963) was acceptable but that countries should themselves decide whether to utilize the category "day-visitor" or "excursionist". Whichever term was used, it was essential for most countries that this category should be distinguished from visitors who stay overnight in accommodation within the country.
4. The Commission was of the opinion that further work was necessary to provide the range of data required by the tourist industry. It would be advisable to stimulate progress in this field by the holding of seminars for the countries interested, and by the compiling of manuals of appropriate statistical methods. Further work should also take account of the wide differences in requirements among countries, viz. the differences between small countries with land frontiers and large countries and islands where the frontier controls were more formal and information more easily obtained.

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5. The Secretariat was requested to distribute the report to Member States for their information. It was noted that OECD was working on this subject and had a special committee for this purpose. The Commission considered that the Secretariat should ascertain the nature of the work planned by the OECD and if it were felt that adequate progress was being made on the basic statistical problems, then it would not be necessary for the Statistical Office of the United Nations to do more than maintain contact with OECD for the purpose of reporting progress to the Commission at its next session.

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FROM 26 FEBRUARY to 8 MARCH 1968

Addendum

POPULATION

(Item 11)

1. The Commission expressed its appreciation for the summary review of the activities of the United Nations in the field of population, which was presented in document E/CN.3/386. The Commission noted with satisfaction the important developments which have taken place in these activities since 1965, including expansion of the work programme of the Population Division in research and technical work, strengthening of regional demographic training and research centres, widening of the scope and increasing the amount of technical assistance in population fields available to Governments on their request, and enlarging the programme of conferences and related activities in population fields. The Commission also welcomed the recent intensification of the population programmes of the regional economic commissions and the specialized agencies.
2. The evaluation studies of the basic demographic statistics which have been undertaken by the Population Division are an effective means of improving the quality of these statistics in countries where data are deficient or lacking. The Statistical Commission therefore welcomed the recommendation of the Population Commission at its fourteenth session, namely that evaluation studies should be included as a first-priority item in the two-year work programme of the Population Division.
3. The Statistical Commission also appreciated the work on demographic projections undertaken by the Population Division in collaboration with the Statistical Office and the specialized agencies, and commended the increasing use of the computer facilities of the International Computing Centre in preparing these projections. Dissemination of experience in this field through the numerous manuals dealing with methods of preparing different types of demographic projections was considered to be very helpful to Governments and institutions in developing countries. The manuals should also be given adequate attention in the training programmes of demographers, demographic statisticians, health statistics officers, etc.



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Addendum

DEMOGRAPHIC AND HOUSING STATISTICS

(Item 8)

A. Improvement in demographic statistics

1. The Commission considered a "Progress Report on Improvement in Demographic Statistics" (E/CN.3/377), which summarized the steps which had been taken to promote improvement of demographic statistics since the thirteenth session of the Commission. Measures taken for development and improvement of demographic statistics were set forth as they related to the four basic functions of the Statistical Office of the United Nations, i.e., (a) standard methods, (b) standardization of classification schemes, (c) collection, storage, retrieval and dissemination of statistics and (d) development assistance activities. Three of the measures reported on (the 1970 World Population and Housing Census Programmes, proposals for revising the Principles for a Vital Statistics System and progress in the computerization of demographic statistics) were considered in more detail in connexion with other parts of the agenda (see paras. 00,00 and 00).

2. General satisfaction with the information provided by the progress report was expressed by the Commission. At the same time, the Commission stressed the fact that world standards in relation to demographic and social statistics could not always meet the national needs of the developing countries. It, therefore, favoured the extension to other programmes of the approach which had been followed with the 1970 population and housing census recommendations, through the development of regional variants which made provision for special regional needs and capabilities.

3. In regard to migration statistics, the Commission noted that the Population Commission, at its fourteenth session, had expressed the view that, although international migration was an integral, and important, component of population change, it was of limited interest to most countries and could probably be developed and improved only at the national, or perhaps regional, level. The Population Commission had expressed interest in developing methods of measuring internal migration. A number of delegates were of the opinion that statistics of internal migration were of greater importance to their countries than were

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international migration statistics. The view was also expressed, however, that, because different countries need different types of migration data, it might not be advisable to stress the collection of data on internal migration at the expense of those on international migration. Further, it might be as difficult to establish world standards relating to internal migration statistics as to establish such standards for statistics of international migration because the problems of internal migration and the methods of measuring it might vary substantially from country to country.

4. The Commission requested the Secretary-General to proceed with the development of a programme for the improvement of vital statistics, which would have as its goal the establishment within the coming Development Decade of a vital statistics system capable yielding reliable measures of population growth, the statistics needed for demographic research, and the information required for legal purposes and for the provision of health and social services and in governmental assistance.

5. It was recognized that, although the next decade was set, in principle, as the period within which the programme would have attained its purposes, accomplishment of the objectives might take longer in developing countries, where establishment of, or improvement in, vital statistics systems might have to be phased over a longer period.

6. The following resolution was adopted:

The Statistical Commission

Requests the Economic and Social Council to adopt the following draft resolution:

The Economic and Social Council,

Taking note of the report of the fourteenth session of the Population Commission, the report of the fifteenth session of the Statistical Commission and of resolution 14 (XIII) adopted at the latter's thirteenth session,

Recalling General Assembly resolution 1710 (XVI) of 19 December 1961 on the United Nations Development Decade, which requests the Secretary-General to develop proposals for the intensification of action in the field of economic and social development with particular reference to the "need to review facilities for the

collection, collation, analysis and dissemination of statistical and other information required for charting economic and social development and for providing a constant measurement of progress towards the objectives of the Decade",

Further recalling its resolution 469 D (XV) which recommended to Governments that they "give attention to the importance of developing vital statistics to meet demographic, economic, public health and social needs" and resolution 1084 (XXXIX) which endorsed "the recommendations of the Population Commission... on the long-range programme of work in the fields of population, including its recommendations with regard to the increase and improvement of demographic statistics..." and drew the attention of the Statistical Commission "to the recommendations and suggestions of the Population Commission relating to activities in their fields of interest",

Recognizing the striking deficiencies in vital statistics, especially in developing countries, and that these deficiencies in coverage and quality represent a serious gap in world demographic knowledge required for analysing the trends in population size and characteristics,

Being aware that vigorous efforts must be exerted by the United Nations, the specialized agencies, the regional commissions and Member States to push forward the development of reliable civil registers of vital events not only for the statistical use of the records but also because they serve as legal instruments for (1) proof of nationality, as provided in article 15 of the Universal Declaration of Human Rights adopted in 1948, (2) proof of name and nationality as provided in article 6 of the Declaration of the Rights of the Child adopted in 1959, (3) proof of marriage, consent to marriage and age at marriage as provided in article 3 of the Convention on Consent to Marriage, Minimum Age at Marriage and Registration of Marriage, opened for signature in 1962 and (4) proof of divorce as provided in its resolution 1068 F (XXXIX) of 16 July 1965 and because they assist in the provision of health and social services and in governmental assistance,

Requests the Secretary-General to undertake a programme for the improvement of vital statistics, utilizing every means at his disposal, including provision, on request, of technical assistance under the United Nations Development Programme,

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Recommends,

1. That States Members of the United Nations endeavour to establish a system of vital records and statistics, or to improve the existing system to the level where it will yield reliable measures of birth, deaths, marriages and divorces, adequate to meet the needs of economic and social development planning and especially to provide the statistical base for planning the development and utilization of human resources as called for in Council resolution 1274 (XLIII).
2. That, in developing this system, international standards be followed as closely as possible with only such changes as may be necessary to meet special national needs.
3. That attention be paid to integrating the recommended vital statistics system into the general statistical system so that maximum utility may be obtained with minimum cost.

B. 1970 World Population and Housing Census Programmes

7. The Commission had before it a "Progress Report on the 1970 World Population and Housing Census Programmes" (E/CN.3/378), which set forth activities under the Programmes during the three-year interval since the thirteenth session of the Commission, and plans for future activities. It was recalled that the Programmes comprise stimulation of countries to hold a population census and a housing census during the period 1965-1974, the development of world and regional recommendations for the 1970 censuses, the preparation of methodological handbooks and technical manuals, the training of national census personnel and the dissemination of national population and housing census results.
8. The Commission expressed its satisfaction with the progress made in the implementation of the Programmes. It noted with approval publication of the Principles and Recommendations for a Population Census^{1/} and Principles and Recommendations for a Housing Census,^{2/} approved at its fourteenth session. It was felt that these standards would markedly improve the census data to be produced by the 1970 cycle of censuses. The development of regional variants of the world recommendations, which made special provision for regional needs and capabilities, was particularly commended.

^{1/} United Nations publication, Sales No.: 67.XVII.3.

^{2/} United Nations publication, Sales No.: 67.XVII.4.

9. The Commission also commended the emphasis being given in the Programmes to the training of national census personnel at the national level and to the promotion of the use of the resulting census data in planning economic and social development.

10. Great importance was attached to the revision of the handbook of population and housing census methods and to the new manual on the evaluation of the accuracy of population and housing census results, and it was urged that work on these two projects be completed as soon as possible so that they could be utilized by countries in preparing for their 1970 censuses. The proposal for the preparation of a handbook on statistical cartography was welcomed because of the great need in many countries for guidance in census cartographic work. It was agreed, however, that, in view of the need for immediate assistance in cartographic work for the 1970 censuses and the likelihood that such a handbook could not become available in the near future, the Secretary-General should consider a general distribution in the interim of a paper on cartography for census purposes which was being prepared for use at the African and Latin American regional seminars on organization and conduct of population and housing censuses.

11. The Commission welcomed the proposals for regional meetings of census personnel with electronic data processing experts.

C. Proposals for revising the Principles for a Vital Statistics System

12. The Commission was informed (E/CN.3/388) that, in accordance with its resolution 14 (XIII) and the programme of work and priorities adopted at its thirteenth session, a draft revision of the Principles for a Vital Statistics System, entitled "Recommendations for the Improvement and Standardization of Vital Statistics: Draft Proposals" (E/CN.3/388/Add.1), had been prepared. Since the draft recommendations were available only in English, the Commission was not requested to consider them at this time.

13. The Commission was pleased to note that the first major step in the work of revising the Principles had been completed and recognized its importance in the programme for the improvement of vital statistics (see para. 00).

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14. The following resolution was adopted:

RECOMMENDATIONS FOR THE IMPROVEMENT AND STANDARDIZATION
OF VITAL STATISTICS

The Statistical Commissions

Request the Secretary-General:

1. To circulate the draft "Recommendations for the Improvement and Standardization of Vital Statistics" as soon as possible for comment to Governments, interested specialized agencies and other authorized bodies;
2. To prepare a revised draft taking into account the comments received as a result of (1) as well as comments made at appropriate meetings concerned with vital statistics; and
3. To present the revised draft for the consideration of the Population Commission, at its fifteenth session, and the Statistical Commission, at its sixteenth session.

D. Housing statistics and methods

15. The Commission had before it a "Progress Report on Improvement in Housing Statistics" (E/CN.3/379) covering the period 1964 to 1967. The report drew attention to the increased need for adequate and reliable housing statistics at both the national and international levels. Since housing censuses, housing sample surveys and a system of current housing statistics represent the principal methods by which housing data are collected, the frequency and efficiency with which these inquiries are carried out determine the availability and quality of information on the housing stock and its occupants and on housing activity.

(a) Housing censuses

16. The progress with respect to the broad aspects of the 1970 World Housing Census Programme is described in paras. 00-00. It was noted, however, that although there had been a significant increase in the number of countries which carried out censuses around 1960 compared with 1950 (eighty-four during the 1950 census decade as against 139 during the 1960 decade), information concerning 1970 census plans suggest a possible levelling off in the number of countries which may carry out a housing census during the 1970 decade. The principal United Nations

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body concerned with housing, the Committee on Housing, Building and Planning, had supported the Commission's recommendations by urging countries to study and apply the 1970 housing census recommendations and in doing so had observed that the 1970 censuses would be relied upon as never before to quantify and qualify the world housing situation. Greater assistance and encouragement would be required if some countries which failed to carry out a housing census in the 1960 census decade were to do so during the 1970 decade.

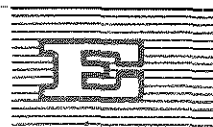
(b) Housing sample surveys

17. Housing sample surveys provide a useful and economical means of broadening the scope of housing censuses, of furnishing up-to-date information during the inter-censal period or, in the absence of a housing census, of providing the necessary data for an analysis of the housing situation and the preparation of housing programmes. The Commission felt, therefore, that it would be useful if methods of carrying out housing sample surveys could be studied and developed.

(c) Current housing statistics

18. The Commission was informed that only in Europe had a regional programme of current housing statistics been established. Since information which reflects changes in the housing inventory - and particularly the volume of dwelling construction being achieved - is essential for planning and other purposes, it would be most desirable if a conceptual and methodological framework, within which current housing statistics might be developed at the national level, could be made available in those regions lacking such a framework, namely Africa, Asia and the Americas.

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FROM 26 FEBRUARY TO 8 MARCH 1968

Addendum

FREQUENCY AND LENGTH OF SESSIONS OF THE COMMISSION AND
VOLUME OF DOCUMENTATION

(Item 13)

1. The Commission took note of Economic and Social Council resolution 1264 (XLIII) concerning the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies.
2. The Commission reviewed its method of work and calendar of conferences. The current session had been restricted to two weeks, a duration which was barely sufficient to enable it to complete the substantial agenda before it. Nevertheless, the Commission felt that a period of two weeks for the regular sessions would normally be sufficient, although it involved some limitation of the discussions. The Commission wished to record that, in the five sessions which took place over the past ten years, it had succeeded in reducing considerably the number of meetings held. It wished to record also that it had made substantial efforts to confine the documentation within the limitations necessary and had, at its present session, dispensed with summary records. It felt that it could, at future sessions, attempt to concentrate on questions of broad policy and, in this way, reduce the number of agenda items.
3. The Commission felt that its next meeting should take place in February 1970, but it wished to emphasize the need for prompt translation of the basic documents well in advance of the date of the meeting. The Commission realized that this timing of its sessions brought it about that the documentation had to compete with the documentation for the General Assembly which normally takes place from September to December of each year. It would be necessary that special effort be made by the translation services to ensure that translations were available well in advance of the Commission's session.
4. The Commission wished to draw the attention of the Council to chapter 00 of its present report, in which it has dealt with the question of the long-range programme in the field of statistics and the priority of the various projects.

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Addendum

STATISTICS OF RESEARCH AND DEVELOPMENT

(Item 12)

1. In discussing statistics of research and development, the Commission had before it documents E/CN.3/387 and E/CN.3/389. The former document presented a preliminary review of the objectives, character and classifications of statistics of research and development. The latter document outlined the activities and plans of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in respect of statistics of science and technology; it was prepared by the secretariat of the specialized agency. The Commission was also informed of the work and programme of the Organisation for Economic Co-operation and Development (OECD) concerning statistics of research and development by the observer from the secretariat of the organization.

2. The members of the Commission indicated that statistics of research and development and of scientific and technical manpower are in increasing demand nationally for such purposes as evaluating this strategic factor in economic growth and development and formulating policies in respect of the provision and use of manpower, facilities and financial resources for these pursuits. Scientific research and technological innovation is indispensable to the industrialization of the developing countries and the growth of the developed economies. The data wanted in respect of research and development concern not only the current and capital outlays for this purpose, the manpower and facilities employed, but also the benefits derived from (i.e., the impact of) these activities in the production of goods and services. Also of interest in the case of a number of countries is information of this type on the adaptation and introduction of technological innovations obtained from abroad. The information desired in respect of manpower relate to all types of scientists and high-level technicians whether they are engaged in research and development, teaching or other pursuits. The data concern the supply and deployment of the available scientists and technicians and the personnel being added and trained.

3. It was indicated that a number of countries are engaged in, or are interested in, developing statistics of science and technology. The Commission felt that international study and discussion of the subject will be, as it has been, of

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assistance to countries in this work and welcomed the intentions expressed by representatives of UNESCO and OECD to keep in close touch in the development of methods and concepts. The Commission believed that, in the light of the initiative taken by UNESCO on behalf of the United Nations, it would be sufficient for the Statistical Office to maintain close contact with the work and keep the Commission informed. However in one respect the Statistical Office has a special responsibility: that of ensuring that there is consistency in the concepts, definitions and classifications in the field of research and development and those of the national accounts and balances, in the light of the relationship between research and development and economic growth.

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Addendum

STATEMENT OF FINANCIAL IMPLICATIONS PREPARED BY THE SECRETARY-GENERAL
RELATING TO ITEM 7 (a), (c) and (d)

1. The draft resolution contained in E/CN.3/L.71/Add.9 requests the Secretary-General (a) to take the necessary steps to develop an integrated and co-ordinated international statistical programme; and, (b) to arrange for joint consultations of the chief statisticians of the United Nations and the specialized agencies together with the Chairman, Vice-Chairman, Rapporteur and two additional members of the Statistical Commission, with a view to providing an interim report to the members of the Commission prior to its sixteenth session and subsequently to the Committee on Programme and Co-ordination on the progress made and the problems encountered.

2. Should the Commission approve this draft resolution, and should it be adopted by the Economic and Social Council, the following additional expenditures would result:

(a) The development of an international statistical programme and the necessary consultations with specialized agencies will require the services of one professional officer, at level P-5, for six months in 1968 at a cost of \$17,000 and an annual cost of \$26,000 thereafter. Secretarial assistance would be required in 1969 and subsequently at an annual cost of \$7,000. Travel to Europe for consultations with the specialized agencies is estimated to cost \$2,400 in 1969.

(b) The convening of a consultative group in Geneva might entail additional expenditures for meetings services costs and would require the travel of substantive staff from Headquarters. Since members of the Statistical Commission would attend as representatives of Member States, no travel and subsistence costs would be payable. Travel and subsistence costs of the chief statisticians of the specialized agencies would be borne by those agencies. With regard to the United Nations, travel and subsistence of the Director of the Statistical Office and one other professional officer is estimated to cost \$1,600. Pending some indication of the timing of the meeting, precise estimates of any costs for meetings services which might be involved cannot be determined, therefore, the financial implications able to be stated at this time are as follows:

	<u>1968</u>	<u>1969</u>
Staff salaries and wages	\$17,000	\$33,000
Travel of staff		4,000
Total	<u>\$17,000</u>	<u>\$37,000</u>

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3. Should this resolution be adopted by the Economic and Social Council, the Secretary-General would seek the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions to incur expenditures in 1968 under the General Assembly resolution on unforeseen and extraordinary expenditures. Provision, to the extent necessary, would then be included in the supplementary budget estimates for 1968, and appropriate provision would be included in the revised estimates for 1969, to be submitted to the twenty-third session of the General Assembly.



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Addendum

FINANCIAL IMPLICATIONS OF DECISIONS TAKEN BY THE STATISTICAL
COMMISSION AT ITS FIFTEENTH SESSION

1. While the majority of the items in the work programme for 1968-1969 (see chapter 60) can be undertaken from within resources currently available, in order to enable the Secretariat to carry out the proposed work programme in full, it will be necessary to provide in 1969 for the following:

2. Ad Hoc Expert Groups

(a) An expert group of five to seven members to meet for two weeks at Headquarters to discuss recommendations for the 1973 World Programme of Industrial Statistics	\$ 10,000
(b) An expert group of five to seven members on the revision of the SITC, to meet at Headquarters for one week	7,500
(c) An expert group of six to eight members to meet for two weeks at Headquarters on statistics of the distribution of incomes and wealth	10,000
(d) An expert group of five to seven members to meet for one week at Headquarters to review the revision of Recommendations for the Improvement and Standardization of Vital Statistics . .	7,500
	<u>35,000</u>

3. Consultants

(a) Two consultants in the field of industrial statistics to assist in the preparation of the manual on industrial inquiries and in the revision of the study Index Numbers of Industrial Production. (Six man-months of consultant services) 10,000

4. Staff

(a) One P-5 officer and one G-3 clerk (preparation and co-ordination of integrated international statistical programmes); one P-5 officer (national accounts and balances); one P-4 officer (industrial statistics); two clerks (a key-punch operator and a production control clerk)^{1/} 81,000
 Travel of staff 4,000
85,000

5. Should the Commission adopt its report and thereby approve the various proposals mentioned therein, and should the report be approved by the Economic and Social Council at its forty-fourth session, the Secretary-General would reflect these additional budgetary requirements in the initial budget estimates for the financial year 1969, to be submitted to the General Assembly at its twenty-third session.

^{1/} The professional officer at P-5 level for the international statistical programmes project would be required during the latter part of 1968. Forty per cent reduction for delayed recruitment has been applied to costs of the other professional posts.