

“The monetary flow accounts” chapter 4

Introduction

The idea is to have a session with discussants to review the four chapters of the revised SEEA representing the standardised framework on the basis of a number of discussion issues that either emerge from the global consultation, or are identified by discussants themselves.

Purpose of this session is

- (1) informing the London Group about the state of play of the global consultation process on chapter 4 and
- (2) receiving further guidance from the Group in finalising the SEEA standard.

Background

The monetary flow accounts is the title of chapter 4, and this chapter has been out for global consultation during the summer. It covers the statistical areas of environmental expenditure (EPEA), environmentally related taxes, environmental goods and services (EGSS) and environmentally related transfers in detail.

The UN web-site show that 30 organisations have read the chapter and answered in this process.

I have chosen to focus this discussion on four different topics.

- 1) A general overview of the comments on the web-site
- 2) The different parts of the environmental activities classification and definition suggested (that were mentioned as a special question)
- 3) The two different ways that statistics is environmentally related
- 4) The intention of the tables and the intended audience

1. The comments on Chapter 4 on the UN website.

References to existing handbooks.

Of the 30 organisations that replied, many mentioned that they want more references to existing handbooks, and that this may reduce the need for specific texts for example about EGSS. Several of the countries also noted that they have a scarce data situation for many of the items mentioned.

Include more areas.

Several countries noted that they wanted to see also tables and mentioning of carbon dioxide emission rights. There has been an outcome paper suggesting how such tables could be designed. Also other areas such as environmental investments and adaptation to climate change were wished for.

The title

Another title was suggested for the chapter: “Accounting for environmentally related transactions”. This seems to be a good title, as it opens up for the thought that what is presented here will be used together with the other parts of the accounts, and does not necessarily constitute an account in itself. The environmental accounts should function as a satellite account to the system of national accounts and the system boundaries and classifications should match, in order for the users to have full benefit of the economic and physical data taken together. Thus, it is not necessarily through creating new subaccounts such as the EPEA that the system can be of best use – but instead merely in this case to produce statistics on the environmental expenditure broken down by industry.

Adapted goods

Several countries suggested to avoid including and making recommendations about adapted goods in the SEEA.

2 The environmental activities

The chapter defines a set of environmental activities that form a base for the identification of environmental transactions. I believe this is a new thought that was not part of the old SEEA. One specific question was attached to this new suggested classification: “Overall, do you agree that the scope of environmental activities in the SEEA should include natural resource use activities?”

Almost half of the answers recommended to avoid this category as part of environmental activities, and the main reasons for this were that oil drilling and mining are not activities that promote a cleaner environment. It was also

said that these activities are part of the ordinary economic accounts and thus are not excluded from the system as such.

Some organisations mentioned that they would want the environmental activities to connect to the environmental asset classification.

Some mentioned water abstraction as a specific problem in this regard.

3 Environmentally related can mean several things

If you buy an environmental car, that label is intended to mean it has slightly better performance than a normal car. Now it may be of interest to have statistics on the driving of environmental cars, but the driving of other cars is very important too. When looking into the national accounts to find transfers that are specifically relevant for environmental issues, the parts that are explicitly designed to be part of environmental policies are typically small, also in countries where environmental issues are rather high on the agenda. The transfers to transportation, to agriculture, fisheries and to energy purposes are also driving forces that can change the relative price of the production and influence the environmental pressure in unintended ways. That means that statisticians will have to find objective methods to say something about the size of the unintended transfers that are relevant for the environment too. Fortunately, there has been some work done in this area and that is e.g. how the definitions of environmentally related taxes were designed and tested. In analogy with the taxes, potentially damaging subsidies can be distinguished. Eurostat has a Task Force that is currently working with international harmonisation in this area. It is of outmost importance that the terminology in the SEEA has place for these transfers too. Therefore the terms 'environmentally related transfers' needs to be broader than environmental transfers'.

4 Intended audience

The intended audience of the standard will be people working in statistical offices to a large extent. Some of them, but far from all, will have a national accounts background. Some will be economists, some statisticians, others will have a natural science background. There will hopefully also be a broader interest from researchers and user groups. What can be done to make the text more available to the reader who does not have a national accounts background?