

Workshop on
Methodology for the Compilation of
Supply Utilization Accounts and Food Balance Sheets:
Challenges and Proposals for Improvement
13 July 2010
FAO, Rome, Italy

**Comments on Mr. Narain's Paper of
"Working Document on Satellite Account for Food Balances"
Prepared for the "Workshop on SUA/FBS"**

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The following are some preliminary observations on areas that may require more clarification and elaboration in the Paper.

1. **Problems with the current SUA/FBS system:** It is desirable if the Paper could make a more direct, in-depth, and comprehensive assessment and fuller inventory of the critical and urgent problems with the current SUA/FBS system at FAO. Although Section 6 of the Paper on "Advantage of SAFB over FBS" touches upon some problems, for example, individual food items vs. establishment approach, classifications, data availability, commodity trees vs. inter-industry coefficients, relationship with the SNA; and Section 3 on "Sources for basic information" addresses the problem of a lack of data but mainly at the sources; it will be very helpful if it could also elaborate how the problem of a lack of data would affect the functions of the SUA/FBS system itself.
2. **The relationship between SAFB and the current SUA/FBS:** It is not very clear whether the introduction of SAFB implies to make a conservative improvement of the current SUA/FBS or to dramatically replace the current SUA/FBS. For example, one may ask: instead of replaced by SAFB, can the current SUA/FBS be improved by simply introducing the international standard classification, by including values and prices of production, and replacing the commodity trees by inter-industry coefficients? It is also not very clear whether the proposed SAFB will be in a T-account format or a matrix format.
3. **Data requirement of SAFB:** As mentioned in the Paper, to compile SAFB, more data would be needed in addition to the quantity data of production and foreign trade for food items (which are required for compiling FBS), including value/prices of production, data of quantity and value of intermediate consumption of agricultural and agro-industrial producing establishments, as well as the consistency among them. Even with the production and trade data, there are problems associated with coverage, representativeness, completeness, accuracy, and availability, as well as the challenges related to the total population data. The question then is how to cope with the possible lack of data at the global level and what would be the consequences of such limited data availability with the adoption of SAFB?
4. **The functions of SAFB:** Besides those advantages of SAFB as listed in the Paper, e.g. being based on establishments instead of individual food items, using the international standard classification, being available in terms of quantity, value, and nutrient allowing dynamic analysis, being more realistic with the use of inter-industry coefficients instead of fixed format of commodity tree, and being part of national accounts; the questions are: Will the proposed SAFB be able to meet the demands so far imposed on FBS? For example, for the estimates of food availability and under-nourishment, among others?
5. **The impacts of SAFB:** In addition to the problem of a lack of data as in Point 3 above, what will be the other potential positive and negative impacts of adopting SAFB, including the implications in terms of human, financial and IT requirements?

* This Note is prepared by Xiaoning Gong (ESS) and Valentina Ramaschiello (ESS).