

# QUARTERLY ACCOUNTS

## First Quarter 2002

Expenditure and Output approach to GDP

First Eurostat estimates

Roberto BARCELLAN

## Statistics in focus

### ECONOMY AND FINANCE

THEME 2 – 25/2002

### NATIONAL ACCOUNTS

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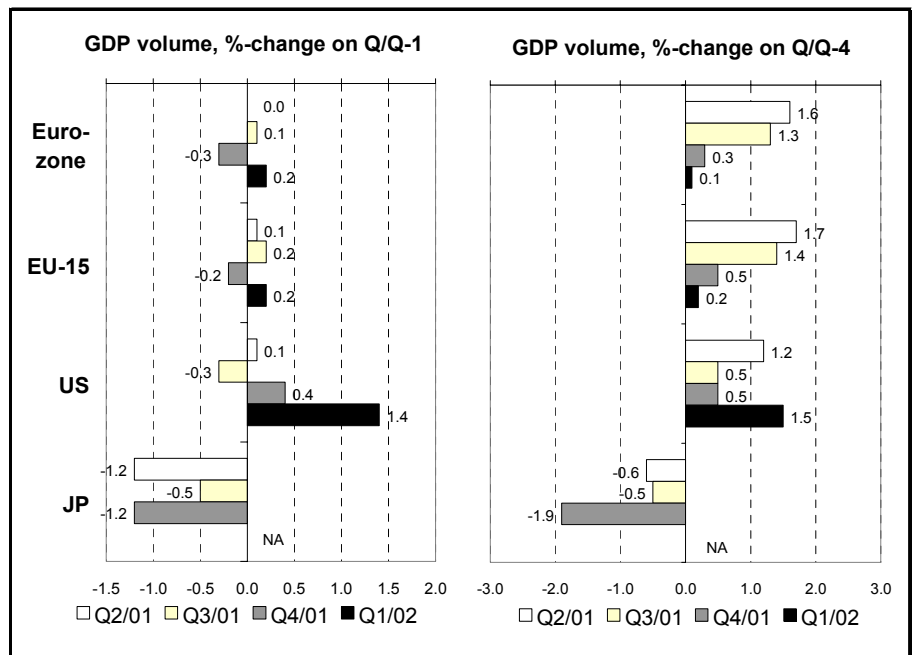
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According to Eurostat's <sup>(1)</sup> first estimates, the GDP of the **euro-zone** <sup>(2)</sup> and that of the **EU15** showed a recovery in the first quarter of 2002, reaching 0.2 %. These results follow a 0.3 % and 0.2 % decline, respectively, in the fourth quarter of 2001.

In comparison with the first quarter of 2001, the growth of GDP in the **euro-zone** and in the **EU15** slowed, reaching 0.1 % and 0.2 %, after 0.3 % and 0.5 %, respectively, in the previous quarter.

In the **United States**, the economy recorded a strong acceleration, with the GDP growing by 1.4 % in the first quarter of 2002, after a 0.4 % rise in the previous quarter. Compared to the same quarter of the year 2001, the GDP of the **United States** grew by 1.5 % in the first quarter of 2002 (+ 0.5 % in the previous quarter).

<sup>(1)</sup> Methodological note: data for euro-zone and EU15 are calculated within a coherent and consistent statistical framework using as indicators the available seasonally adjusted data from the Member States. Data are also corrected for working days by some Member States. Given that certain Member States have not published their quarterly accounts yet, and that certain data are provisional, euro-zone and EU15 data must also be considered as provisional. Revisions are likely in the coming weeks.

<sup>(2)</sup> The euro-zone consists of the following countries: Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.



## DEVELOPMENT OF GDP AND ITS COMPONENTS

### Expenditure components of GDP, euro-zone, EU15, and United States

During the first quarter of 2002, the growth of final consumption expenditure of households and NPISHs kept declining in the euro-zone (– 0.2 % compared to – 0.1 % in the previous quarter), and stagnated in the EU15 (+ 0.0 % after + 0.1 %). Investments continued decreasing in both areas, coming to – 0.7 % in the euro-zone and – 0.8 % in the EU15, after – 0.5 % and – 0.3 %, respectively, in the fourth quarter of 2001. Exports showed a significant recovery, with + 0.9 % in the euro-zone and + 0.6 % in the EU15 (– 1.3 % for both areas during the previous quarter), and imports reduced their decline, with – 1.1 % and – 0.5 % (– 1.3 % and – 1.0 % in the fourth quarter of 2001).

The most significant contribution to the growth of GDP was that of exports (+ 0.3 and + 0.2 of GDP variation, for the euro-zone and the EU15, respectively), along with a reduction in imports (+ 0.4 and + 0.2 of GDP variation, respectively).

In the United States, private final consumption expenditure slowed down, with an 0.8 % increase, while investments stagnated (+ 0.0 %) after the previous quarters' negative results. Exports and imports posted a + 1.3 % and + 3.1 % resumption, respectively, after having declined for five consecutive quarters.

### Output components of GDP, euro-zone and EU15

In the first quarter of 2002, total Gross Value Added (GVA) recorded a recovery, reaching + 0.5 % in the euro-zone and + 0.4 % in the EU15, after a 0.2 % fall in both areas during the fourth quarter of 2001. In comparison with the first quarter of 2001, total Gross Value Added increased by 0.4 % in the euro-zone and by 0.5 % in the EU15.

Compared to the previous quarter, the highest growth of total Gross Value Added (GVA) during the first quarter of 2002 was observed for the *Construction* branch, with a 0.8 % and 1.0 % resumption, respectively, in the euro-zone and in the EU15. This was followed by GVA growth in the *Financial activities and business services* branch, with 0.7 % and 0.5 %, respectively. GVA in the *Industry* branch saw a turn-around with a significant 0.6 % rise in the euro-zone, and reaching 0.3 % in the EU15. A 0.3 % increase was observed in the euro-zone as well as in the EU15 for the *Other service activities* branch. The growth of value added of the *Trade, transport and communications* branch, however, remained stable at 0.1 % in the euro-zone, arriving at 0.3 % in the EU15. Finally, the GVA of *Agriculture, hunting and fishing* stagnated in the euro-zone (+ 0.0 %) while reaching 0.4 % in the EU15.

<b>GDP and main components - first quarter 2002</b>			
<b>GDP</b>	1st Quarter 2002	growth compared to 4th quarter 2001	growth compared to 1st quarter 2001
Euro-zone	1 555 614.4	0.2	0.1
EU-15	1 905 376.9	0.2	0.2
US	1 776 427.7	1.4	1.5
JP	:	:	:
<b>Domestic Demand</b>	1st Quarter 2002	growth compared to 4th quarter 2001	growth compared to 1st quarter 2001
Euro-zone	1 503 749.0	-0.5	-0.8
EU-15	1 867 091.2	-0.2	-0.1
US	1 863 833.0	1.6	1.9
JP	:	:	:
<b>External Balance</b>	1st Quarter 2002	Percentage of GDP (seasonally adjusted)	
Euro-zone	51 865.4	3.3	
EU-15	38 285.7	2.0	
US	- 87 397.2	-4.9	
JP	:	:	
<b>Gross Value Added</b>	1st Quarter 2002	growth compared to 4th quarter 2001	growth compared to 1st quarter 2001
Euro-zone	1 469 704.4	0.5	0.4
EU-15	1 796 247.4	0.4	0.5
US	:	:	:
JP	:	:	:

: data not available.

# T1 GROWTH RATE OF GDP AND EXPENDITURE COMPONENTS

t/t-1 Percentage change over previous quarter - seasonally adjusted - at constant prices (1995)

	GDP				Household & NPISH final consumption expenditure				Government final consumption expenditure				Gross Fixed Capital Formation				Change in Inventories (1)				Domestic Demand				Exports				Imports				External Balance (1)			
	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>Euro-zone</b>	0.0	0.1	-0.3	<b>0.2</b>	0.4	0.1	-0.1	<b>-0.2</b>	0.4	0.2	0.5	<b>0.2</b>	-0.7	-0.6	-0.5	<b>-0.7</b>	0.0	-0.2	-0.5	<b>-0.8</b>	0.2	-0.2	-0.3	<b>-0.5</b>	-0.8	-0.5	-1.3	<b>0.9</b>	-0.3	-1.4	-1.3	<b>-1.1</b>	2.3	2.6	2.6	<b>3.3</b>
<b>EU-15</b>	0.1	0.2	-0.2	<b>0.2</b>	0.5	0.3	0.1	<b>0.0</b>	0.4	0.0	0.6	<b>0.4</b>	-0.5	-0.7	-0.3	<b>-0.8</b>	0.0	-0.2	-0.4	<b>-0.5</b>	0.3	-0.1	-0.1	<b>-0.2</b>	-1.0	-0.8	-1.3	<b>0.6</b>	-0.5	-1.6	-1.0	<b>-0.5</b>	1.5	1.8	1.6	<b>2.0</b>
<b>US</b>	0.1	-0.3	0.4	<b>1.4</b>	0.6	0.2	1.5	<b>0.8</b>	0.7	0.9	1.3	<b>1.4</b>	-1.6	-1.8	-1.3	<b>0.0</b>	0.1	-0.1	-0.6	<b>0.4</b>	0.1	-0.3	0.4	<b>1.6</b>	-3.1	-5.1	-2.9	<b>1.3</b>	-2.2	-3.4	-1.9	<b>3.1</b>	-4.6	-4.6	-4.6	<b>-4.9</b>
<b>JP</b>	-1.2	-0.5	-1.2	:	-1.1	-1.7	1.9	:	1.6	-0.3	0.4	:	-2.0	1.9	-8.1	:	-0.3	-0.4	-0.4	:	-0.9	-0.6	-1.1	:	-4.9	-3.0	-2.6	:	-2.6	-4.2	-2.0	:	1.8	1.8	1.8	:

(1) Percentage of GDP.

: Data not available.

# T2 GROWTH RATE OF GDP AND EXPENDITURE COMPONENTS

t/t-4 Percentage change over the same quarter of the previous year - seasonally adjusted - at constant prices (1995)

	GDP				Household & NPISH final consumption expenditure				Government final consumption expenditure				Gross Fixed Capital Formation				Domestic Demand				Exports				Imports						
	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Euro-zone</b>	1.6	1.3	0.3	<b>0.1</b>	1.7	1.8	1.5	<b>0.3</b>	2.4	2.3	1.9	<b>1.3</b>	0.2	-1.7	-2.2	<b>-2.4</b>	1.1	0.7	-0.4	<b>-0.8</b>	4.5	0.9	-2.8	<b>-1.7</b>	3.2	-1.0	-4.8	<b>-4.1</b>			
<b>EU-15</b>	1.7	1.4	0.5	<b>0.2</b>	2.0	2.1	1.9	<b>0.9</b>	2.4	2.1	2.0	<b>1.4</b>	0.4	-1.6	-2.4	<b>-2.3</b>	1.3	0.9	0.1	<b>-0.1</b>	4.1	0.3	-3.2	<b>-2.6</b>	3.1	-1.1	-4.5	<b>-3.6</b>			
<b>US</b>	1.2	0.5	0.5	<b>1.5</b>	3.2	2.4	3.1	<b>3.2</b>	1.9	3.2	4.1	<b>4.3</b>	-0.1	-2.2	-4.0	<b>-4.6</b>	1.3	0.5	0.4	<b>1.9</b>	-2.0	-9.2	-10.9	<b>-9.5</b>	-0.6	-6.8	-8.5	<b>-4.5</b>			
<b>JP</b>	-0.6	-0.5	-1.9	:	0.0	-0.4	0.9	:	3.0	2.5	2.8	:	-0.9	0.9	-8.3	:	0.2	0.4	-1.5	:	-5.9	-9.6	-11.7	:	2.3	-3.0	-9.0	:			

: Data not available.

# T3 GDP AND EXPENDITURE COMPONENTS

levels First quarter 2002 - millions of euro - seasonally adjusted - at constant prices (1995)

	GDP	Household & NPISH final consumption expenditure				Government final consumption expenditure				Gross Fixed Capital Formation				Change in Inventories				Domestic Demand				Exports				Imports				External Balance			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>Euro-zone</b>	1 555 614.4	877 000.3				309 468.1				329 141.3				- 11 860.8				1 503 749.0				590 036.6				538 171.1				51 865.4			
<b>EU-15</b>	1 905 376.9	1 102 283.4				380 807.4				393 632.2				- 9 631.9				1 867 091.2				717 586.3				679 300.5				38 285.7			
<b>US</b>	1 776 427.7	1 233 139.3				250 791.5				373 458.3				6 435.7				1 863 833.0				200 361.5				287 758.7				- 87 397.2			
<b>JP</b>	:	:				:				:				:				:				:				:				:			

: Data not available.

**T4** GROWTH RATE OF GDP AND GROSS VALUE ADDED BY INDUSTRY**t/t-1** Percentage change over previous quarter - seasonally adjusted - at constant prices (1995)

	GDP				Agriculture, hunting and fishing				Industry, incl. Energy				Construction				Trade, transport and communication services				Financial services and business activities				Other services				Total Gross Value Added (A6)			
	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>euro-zone</b>	0.0	0.1	-0.3	<b>0.2</b>	0.1	1.1	-0.4	<b>0.0</b>	-1.1	-0.2	-1.8	<b>0.6</b>	-0.8	-0.2	-0.1	<b>0.8</b>	0.2	0.1	0.1	<b>0.1</b>	0.7	0.6	0.5	<b>0.7</b>	0.3	0.3	0.2	<b>0.3</b>	0.0	0.2	-0.2	<b>0.5</b>
<b>EU-15</b>	0.1	0.2	-0.2	<b>0.2</b>	0.2	1.0	-0.7	<b>0.4</b>	-1.1	-0.3	-1.8	<b>0.3</b>	-0.5	0.0	0.0	<b>1.0</b>	0.3	0.2	0.2	<b>0.3</b>	0.7	0.7	0.6	<b>0.5</b>	0.3	0.3	0.3	<b>0.3</b>	0.0	0.3	-0.2	<b>0.4</b>

**T5** GROWTH RATE OF GDP AND GROSS VALUE ADDED BY INDUSTRY**t/t-4** Percentage change over the same quarter of the previous year - seasonally adjusted - at constant prices (1995)

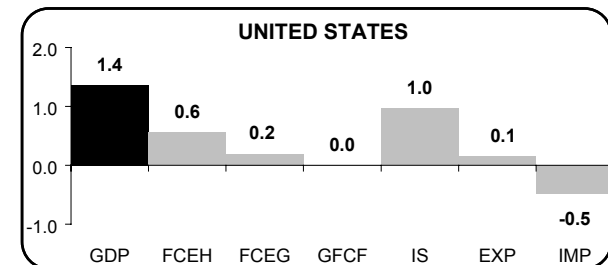
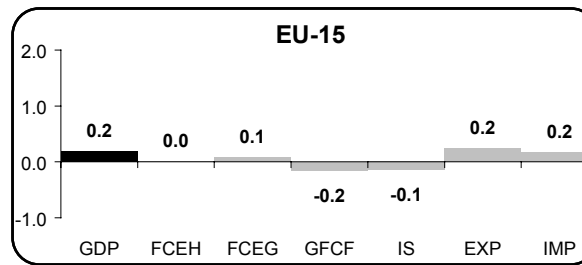
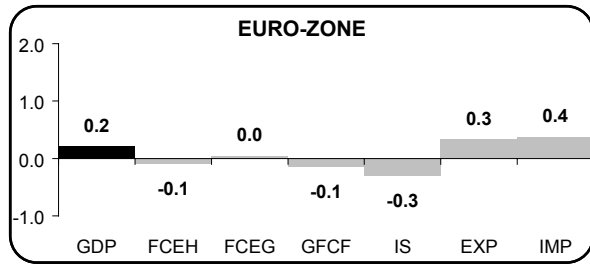
	GDP				Agriculture, hunting and fishing				Industry, incl. Energy				Construction				Trade, transport and communication services				Financial services and business activities				Other services				Total Gross Value Added (A6)			
	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>euro-zone</b>	1.6	1.3	0.3	<b>0.1</b>	-0.7	-0.8	-0.6	<b>0.8</b>	1.2	0.4	-2.2	<b>-2.5</b>	-0.2	-0.7	-0.7	<b>-0.4</b>	2.9	2.4	1.1	<b>0.6</b>	3.2	2.8	2.6	<b>2.5</b>	1.0	1.2	1.0	<b>1.1</b>	2.0	1.5	0.6	<b>0.4</b>
<b>EU-15</b>	1.7	1.4	0.5	<b>0.2</b>	-1.6	-1.4	-1.3	<b>0.8</b>	0.7	-0.2	-2.5	<b>-2.8</b>	0.1	0.2	0.2	<b>0.5</b>	3.1	2.5	1.4	<b>0.9</b>	3.5	3.2	2.9	<b>2.5</b>	1.2	1.3	1.2	<b>1.2</b>	2.0	1.6	0.7	<b>0.5</b>

**T6** GDP AND GROSS VALUE ADDED BY INDUSTRY**levels** First quarter 2002 - millions of euro - seasonally adjusted - at constant prices (1995)

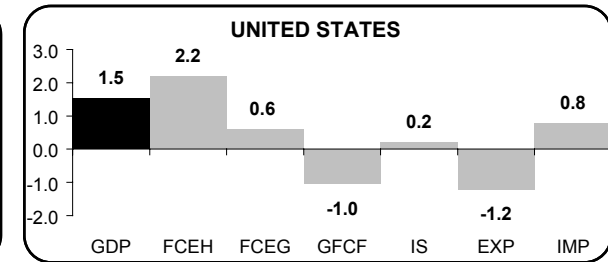
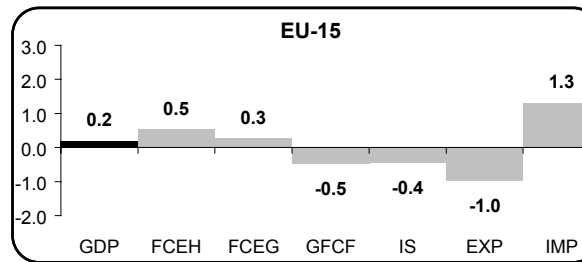
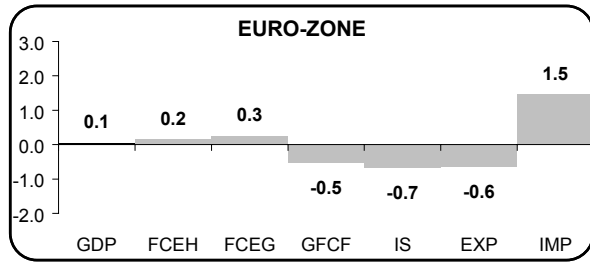
	GDP	Gross Value Added by Industry							Total Gross Value Added (A6)	Taxes less subsidies on products	FISIM
		Agriculture, hunting and fishing	Industry, incl. Energy	Construction	Trade, transport and communication services	Financial services and business activities	Other services				
<b>EURO-ZONE</b>	1 555 614.4	38 173.9	334 263.6	77 910.8	320 393.8	399 289.7	299 672.7	1 469 704.4	152 222.1	66 312.1	
<b>EU-15</b>	1 905 376.9	43 692.8	406 321.7	93 276.9	396 795.7	487 750.2	368 410.1	1 796 247.4	189 819.2	80 689.7	

FISIM: Financial Intermediation Services Indirectly Measured.

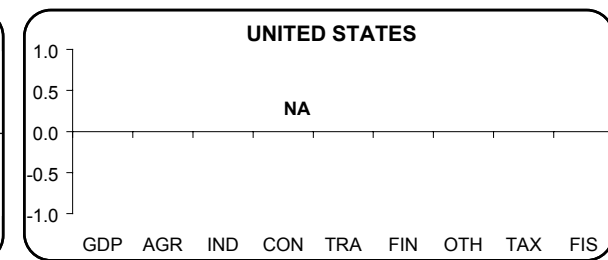
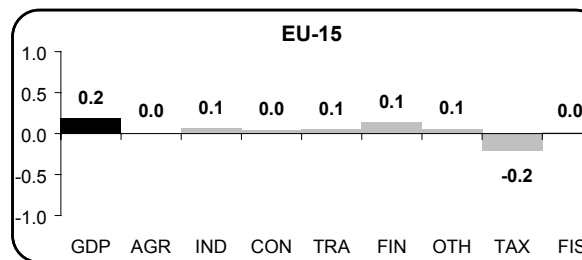
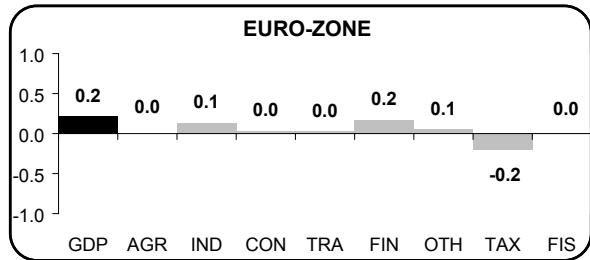
Contribution (³) of expenditure components to variation in GDP  
Q/Q-1 – First Quarter 2002



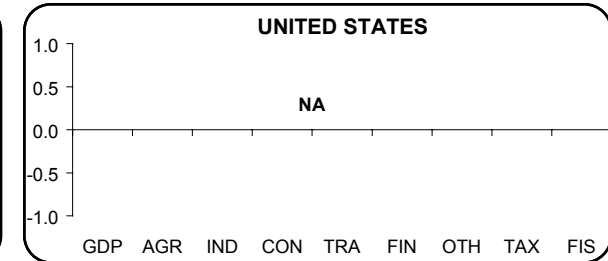
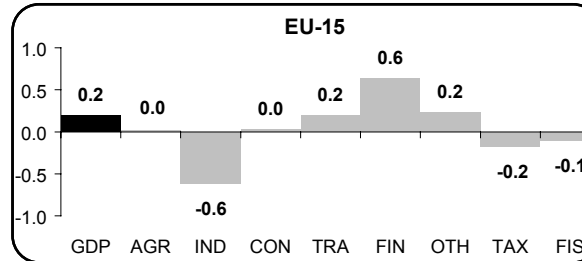
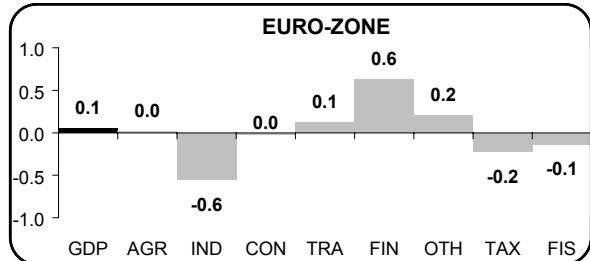
Q/Q-4 - First Quarter 2002



Contribution (³) of output components to GDP change  
Q/Q-1 – First Quarter 2002



Q/Q-4 - First Quarter 2002



(³) Contributions to change in GDP are calculated by expressing absolute changes in components as a percentage of the GDP in the period referenced (q-1 or q-4, respectively). See the legend on page 7 for an explanation of the abbreviations used in the graphs.

**T7 CONTRIBUTION OF EXPENDITURE COMPONENTS TO VARIATION IN GDP****t/t-1 GDP variation over previous quarter - seasonally adjusted - at constant prices (1995)**

	GDP				Household & NPISH final consumption expenditure				Government final consumption expenditure				Gross Fixed Capital Formation				Change in Inventories				Exports				Imports						
	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Euro-zone</b>	0.0	0.1	-0.3	<b>0.2</b>	0.2	0.1	0.0	<b>-0.1</b>	0.1	0.0	0.1	<b>0.0</b>	-0.2	-0.1	-0.1	<b>-0.1</b>	0.1	-0.2	-0.2	<b>-0.3</b>	-0.3	-0.2	-0.5	<b>0.3</b>	0.1	0.5	0.5	<b>0.4</b>			
<b>EU-15</b>	0.1	0.2	-0.2	<b>0.2</b>	0.3	0.2	0.1	<b>0.0</b>	0.1	0.0	0.1	<b>0.1</b>	-0.1	-0.2	-0.1	<b>-0.2</b>	0.0	-0.1	-0.2	<b>-0.1</b>	-0.4	-0.3	-0.5	<b>0.2</b>	0.2	0.6	0.4	<b>0.2</b>			
<b>US</b>	0.1	-0.3	0.4	<b>1.4</b>	0.4	0.2	1.0	<b>0.6</b>	0.1	0.1	0.2	<b>0.2</b>	-0.4	-0.4	-0.3	<b>0.0</b>	-0.1	-0.2	-0.5	<b>1.0</b>	-0.4	-0.6	-0.3	<b>0.1</b>	0.4	0.6	0.3	<b>-0.5</b>			
<b>JP</b>	-1.2	-0.5	-1.2	:	-0.6	-0.9	1.0	:	0.3	0.0	0.1	:	-0.6	0.5	-2.2	:	0.0	-0.1	0.0	:	-0.5	-0.3	-0.3	:	0.2	0.4	0.2	:			

**t/t-4 GDP variation over the same quarter of the previous year - seasonally adjusted - at constant prices (1995)**

<b>Euro-zone</b>	1.6	1.3	0.3	<b>0.1</b>	1.0	1.0	0.8	<b>0.2</b>	0.5	0.5	0.4	<b>0.3</b>	0.0	-0.4	-0.5	<b>-0.5</b>	-0.4	-0.4	-1.1	<b>-0.7</b>	1.7	0.3	-1.1	<b>-0.6</b>	-1.1	0.3	1.8	<b>1.5</b>
<b>EU-15</b>	1.7	1.4	0.5	<b>0.2</b>	1.1	1.2	1.1	<b>0.5</b>	0.5	0.4	0.4	<b>0.3</b>	0.1	-0.3	-0.5	<b>-0.5</b>	-0.4	-0.4	-0.9	<b>-0.4</b>	1.5	0.1	-1.3	<b>-1.0</b>	-1.1	0.4	1.7	<b>1.3</b>
<b>US</b>	1.2	0.5	0.5	<b>1.5</b>	2.2	1.6	2.1	<b>2.2</b>	0.3	0.4	0.6	<b>0.6</b>	0.0	-0.5	-0.9	<b>-1.0</b>	-1.1	-1.0	-1.4	<b>0.2</b>	-0.2	-1.2	-1.4	<b>-1.2</b>	0.1	1.2	1.5	<b>0.8</b>
<b>JP</b>	-0.6	-0.5	-1.9	:	0.0	-0.2	0.5	:	0.5	0.4	0.5	:	-0.3	0.2	-2.3	:	0.0	-0.1	-0.1	:	-0.7	-1.1	-1.3	:	-0.2	0.3	0.8	:

: Data not available.

**T8 CONTRIBUTION OF GROSS VALUE ADDED BY INDUSTRY TO VARIATION IN GDP****t/t-1 GDP variation over previous quarter - seasonally adjusted - at constant prices (1995)**

	GDP				Agriculture, hunting and fishing				Industry, incl. Energy				Construction				Trade, transport and communication services				Financial services and business activities				Other services				Taxes less subsidies on products				FISIM			
	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002	2001			2002				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>Euro-zone</b>	0.0	0.1	-0.3	<b>0.2</b>	0.0	0.0	0.0	<b>0.0</b>	-0.2	-0.1	-0.4	<b>0.1</b>	0.0	0.0	0.0	<b>0.0</b>	0.1	0.0	0.0	<b>0.0</b>	0.2	0.1	0.1	<b>0.2</b>	0.1	0.1	0.0	<b>0.1</b>	0.1	0.0	0.0	<b>-0.2</b>	0.0	-0.1	0.0	<b>0.0</b>
<b>EU-15</b>	0.1	0.2	-0.2	<b>0.2</b>	0.0	0.0	0.0	<b>0.0</b>	-0.2	-0.1	-0.4	<b>0.1</b>	0.0	0.0	0.0	<b>0.0</b>	0.1	0.0	0.0	<b>0.1</b>	0.2	0.2	0.1	<b>0.1</b>	0.1	0.1	0.1	<b>0.1</b>	0.1	0.0	0.0	<b>-0.2</b>	0.0	-0.1	0.0	<b>0.0</b>

**t/t-4 GDP variation over the same quarter of the previous year - seasonally adjusted - at constant prices (1995)**

<b>Euro-zone</b>	1.6	1.3	0.3	<b>0.1</b>	0.0	0.0	0.0	<b>0.0</b>	0.3	0.1	-0.5	<b>-0.6</b>	0.0	0.0	0.0	<b>0.0</b>	0.6	0.5	0.2	<b>0.1</b>	0.8	0.7	0.6	<b>0.6</b>	0.2	0.2	0.2	<b>0.2</b>	0.0	0.1	0.0	<b>-0.2</b>	-0.2	-0.2	-0.2	<b>-0.1</b>
<b>EU-15</b>	1.7	1.4	0.5	<b>0.2</b>	0.0	0.0	0.0	<b>0.0</b>	0.2	0.0	-0.5	<b>-0.6</b>	0.0	0.0	0.0	<b>0.0</b>	0.6	0.5	0.3	<b>0.2</b>	0.9	0.8	0.7	<b>0.6</b>	0.2	0.3	0.2	<b>0.2</b>	0.1	0.1	0.0	<b>-0.2</b>	-0.2	-0.2	-0.2	<b>-0.1</b>

FISIM: Financial Intermediation Services Indirectly Measured.

## ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Data are compiled in accordance with ESA 1995 (European System of Accounts) which is described in Council Regulation No 2223/96 of 25. June 1995.

**Gross Domestic Product (GDP)** at market prices is the final result of the production activity of resident producer units. It may be compiled from different sources relating to different approaches:

Using the **expenditure approach**, GDP is obtained from the following equation:

$$\begin{aligned} \text{GDP} = & \text{Household final consumption expenditure} \\ & + \text{Government final consumption expenditure} \\ & + \text{Gross fixed capital formation} \\ & + \text{Change in inventories} \\ & + \text{Exports} \\ & - \text{Imports.} \end{aligned}$$

The first four components constitute **domestic demand**, the balance of the latter two, i.e. exports minus imports, is the **external balance**.

**Final consumption expenditure** (ESA 1995 3.75) is defined as expenditure on goods and services that are used for the direct satisfaction of individual or collective needs. The consumption expenditure may take place on the economic territory or abroad. **Household final consumption expenditure** entails the expenditure of non-profit institutions serving households (NPISHs). **Government final consumption expenditure** includes the value of goods and services produced by general government itself other than own-account capital formation, and purchases by general government of goods and services produced by market producers that are supplied to households — without any transformation — as social transfers in kind.

**Gross fixed capital formation** (ESA 1995, 3.102) consists of acquisitions, less disposals, of fixed tangible or intangible assets.

**Changes in inventories** (ESA 1995, 3.117) are measured by the value of the entries into inventories less the value of withdrawals and recurrent losses. Inventories include materials and supplies as well as work-in-progress and growing crops.

**Exports and imports** (ESA 1995, 3.128 f.) of goods and services are transactions between residents and non-residents. They consist of sales, barter, gifts and grants. Imports and exports of goods are valued free on board at the border of the exporting country (f.o.b.).

Using the **output approach**, GDP is obtained from the following equation:

$$\begin{aligned} \text{GDP} = & \text{Total Gross value added (A6)} \\ & + \text{Taxes less subsidies on products} \\ & - \text{FISIM.} \end{aligned}$$

**Gross value added (GVA)** (ESA 1995, 8.11) is defined as the value of all newly generated goods and services less the value of all goods and services consumed as intermediate consumption. The depreciation of fixed assets is not taken into account. Gross value added is compiled by industry that creates it. Here, the A6 breakdown of the NACE Rev. 1 is used. This is the European classification of economic activities governed by Council Regulation 3037/90 of 9 October 1990. It should be noted that total gross value added, i.e. the sum of industries' GVA, still contains some intermediate consumption (FISIM, see below). GVA of a whole economy is therefore to be calculated as Total GVA minus FISIM.

When calculating value added, output is valued at basic prices and intermediate consumption at purchaser's prices, and thus the difference between taxes and subsidies on products has to be added to value added.

**Taxes less subsidies on products** (ESA 1995, 9.47) are, in fact, a part of value added measured in the government accounts because of the different prices used. The GDP resulting from the above equation will then be valued at market prices.

**FISIM** (Financial Intermediation Services Indirectly Measured, ESA 1995, 8.14) is a kind of intermediate consumption paid to financial service providers via the interest margin, which cannot be allocated directly to individual customers as intermediate consumption, so value added is overestimated for the branches. FISIM is therefore normally considered to be intermediate consumption at the national economy level.

### Legend:

<b>GDP:</b>	Gross Domestic Product
<b>FCEH:</b>	Household final consumption expenditure
<b>FCEG:</b>	Government final consumption expenditure
<b>GFCF:</b>	Gross fixed capital formation
<b>IS:</b>	Changes in inventories
<b>IMP:</b>	Imports
<b>EXP:</b>	Exports
<b>EB:</b>	External balance

<b>GVA:</b>	Gross Value Added
<b>AGR:</b>	Agriculture, hunting and fishing
<b>IND:</b>	Industry, including energy
<b>CON:</b>	Construction
<b>TRA:</b>	Trade, transport and communication services
<b>FIN:</b>	Business activities and financial services
<b>OTH:</b>	Other services
<b>TAX:</b>	Taxes less subsidies on products
<b>FIS:</b>	FISIM

