

QUARTERLY ACCOUNTS

First Quarter 2002

Breakdown of gross capital formation

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Statistics
in focus

ECONOMY AND
FINANCE

THEME 2 – 40/2002

NATIONAL ACCOUNTS

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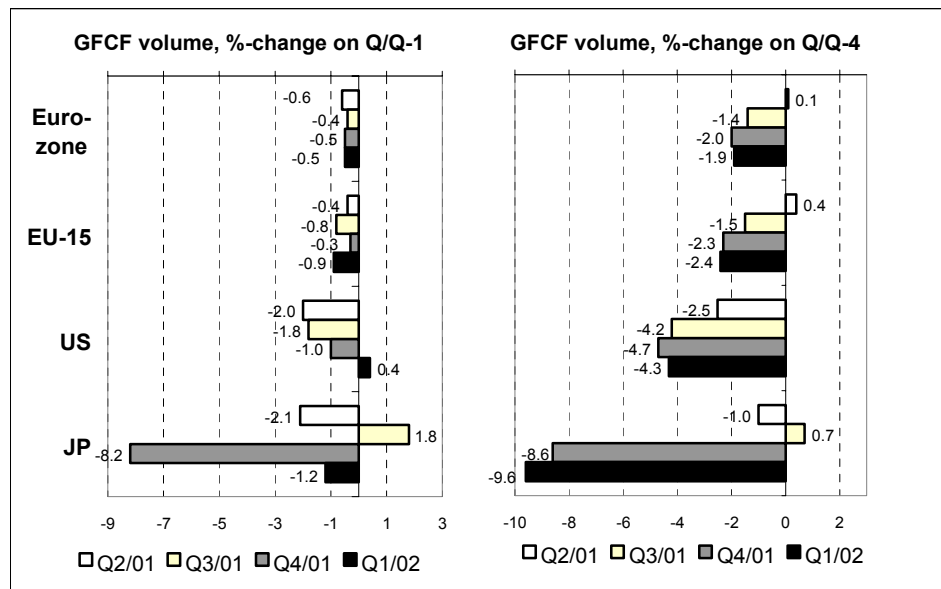
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According to Eurostat ⁽¹⁾ estimates concerning the first quarter 2002, Gross Capital Formation (GCF) of the euro-zone ⁽²⁾ and the European Union (EU15) dropped again, but less than in the previous quarter (– 1.5 % and – 1.3 %, respectively, compared to – 1.9% for both areas).

The fall of Gross Fixed Capital Formation (GFCF) was confirmed in the euro-zone (– 0.5 %), and worsened in the EU15 (– 0.9 % after – 0.3 % during the previous quarter).

In comparison with the first quarter 2001, GCF decreased by 5.0 % in the euro-zone and by 4.7 % in the EU15, having recorded – 7.0 % and – 6.9 %, respectively, during the previous quarter. GFCF also posted negative results in both areas: – 1.9 % in the euro-zone and – 2.4 % in the EU15, compared to – 2.0 % and – 2.3 % during the previous quarter.

Among the components of the GFCF, *Metal products and machinery* declined again in the euro-zone (– 1.0 %) and in the EU15 (– 1.1 %). With regard to *Transport equipment*, the fall observed in the previous quarter worsened both in the euro-zone (– 3.3 %) and in the EU15 (– 4.3 %). Investments in *Construction of housing* showed a recovery in the euro-zone (+ 0.1 %) and a light fall in the EU15 (– 0.1 %). The *Other construction* change remained negative, but improved in both areas (– 0.1 % for both). *Other products* experienced a strong acceleration in the euro-zone (+ 1.5 %), but went through a light fall in the EU15 (– 0.1 %).

⁽¹⁾ Methodological note: data for the euro-zone and EU15 are calculated in a coherent statistical framework, using as indicators the data of all the Member States compiling quarterly accounts. Aggregations for the euro-zone and EU15 were carried out using the seasonally adjusted data of the Member States. These data are also corrected for working days for Belgium, Germany, Spain, France, the Netherlands, Sweden and the United Kingdom.

⁽²⁾ The euro-zone consists of Belgium, Germany, Greece (starting from 2001), Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.



DEVELOPMENT OF GCF AND ITS COMPONENTS

The growth of investments in the euro-zone, EU15, US and Japan

Eurostat estimates concerning the first quarter 2002 showed that the GCF of the euro-zone and the EU15 recorded a further decline, although improving compared to the previous quarter (– 1.5 % and – 1.3 %, respectively, compared with – 1.9 % for both areas).

With regard to the main partners of the European Union, GCF showed recovery in the United States (+ 3.9 %), after several negative quarters. In Japan, GCF kept falling, however clearly improving in comparison to the previous quarter (– 1.4 % vs. – 8.2 %).

GFCF kept falling at – 0.5 % in the euro-zone, but worsened in the EU15, reaching – 0.9 % (– 0.3 % during the previous quarter).

In the first quarter 2002, GFCF recovered in the United States (+ 0.4 %) and fell in Japan (– 1.2 % compared with – 8.2 %).

Member States of the European Union

GFCF development was not homogeneous in the EU Member States. Acceleration of the growth rate was observed in France (+ 0.8 %), as well as recovery in Belgium (+ 1.0 %), in Spain (+ 0.6 %) and in Austria (+ 0.9 %). A fall was conversely recorded in Denmark (– 5.0 %), in the Netherlands (– 0.3 %), in Portugal (– 6.8 %) and in Sweden (– 9.0 %), worsening in Italy (– 2.4 %) and in the United Kingdom (– 1.4 %). On the other hand, this same fall eased in Germany (– 0.7 %) and in Finland (– 1.1 %).

Among the GFCF components, *Metal products and machinery* recorded the highest growth in the Netherlands (+ 6.3 %), followed by France (+ 2.4 %) and Austria (+ 1.4 %). All the other Member States for which these data are available showed a fall: Denmark (– 2.4 %), Italy (– 5.3 %), Portugal (– 2.8 %), Finland (– 2.3 %) and Sweden (– 1.7 %).

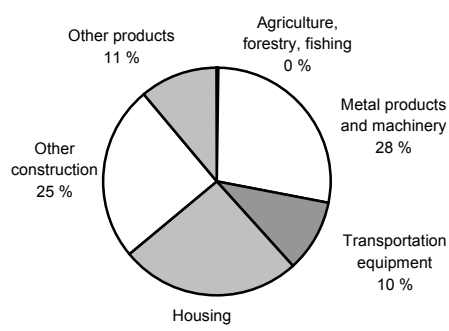
The volume of investments in *Transport equipment* saw a recovery in Austria (+ 1.8 %), but dropped in Denmark (– 16.1 %), in France (– 2.5 %), in Italy (– 2.8 %), in the Netherlands (– 8.4 %), in Portugal (– 32.3 %), in Finland (– 6.2 %) as well as in Sweden (– 7.1 %).

Investments in the *Construction of housing* sector varied in the EU Member States, recovering in Germany (+ 0.5 %) and in Sweden (+ 3.8 %), increasing in Austria (+ 1.4 %), and keeping stable at + 2.1 % in Finland; the other Member States dropped: Denmark (– 1.3 %), France (stable at – 0.3 %), Italy (– 0.1 %) and the Netherlands (– 0.1 %).

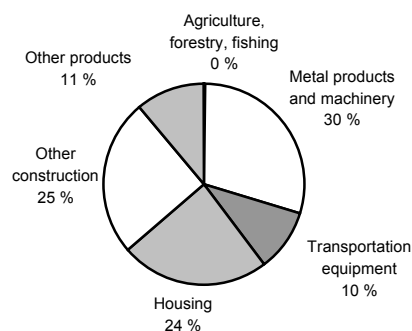
The growth of the *Other constructions* sector decreased in Italy (– 0.9 %), in Austria (– 1.2 %), in Finland (– 1.0 %) and in Sweden (– 1.8 %); braking was noticed in the Netherlands (+ 0.4 %). Resumption was however observed in Denmark (+ 1.9 %), in Germany (+ 0.4 %) and in France (+ 0.6 %).

Finally, the volume of investments in the *Other products* sector showed recovery in Austria (+ 10.0 %), as well as acceleration in Germany (+ 1.0 %), in France (+ 1.5 %) and in Italy (+ 1.0 %); a fall was nonetheless observed in Denmark (– 13.1 %), in the Netherlands (– 2.5 %), in Portugal (– 6.5 %), in Finland (– 0.9 %) and in Sweden (– 2.2 %).

Euro-zone, gross fixed capital formation by product as a % of total, first quarter 2002



EU-15, gross fixed capital formation by product as a % of total, first quarter 2002



T1

**GROSS CAPITAL FORMATION BY COMPONENTS
EURO-ZONE, EU15 AND MAIN ECONOMIC PARTNERS**
t/t-1
Percentage change over previous quarter - seasonally adjusted - at constant prices (1995)

	Total gross capital formation				Agriculture, forestry, fishing				Metal products and machinery				Transportation equipment				Housing				Other construction				Other products				Total gross fixed capital formation				Changes in inventories ⁽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
euro-zone	-0.1	-1.6	-1.9	-1.5	14.2	3.7	8.6	10.7	-1.0	-2.3	-0.9	-1.0	-1.7	2.6	-1.8	-3.3	-0.7	-0.1	-0.2	0.1	-0.2	-0.1	-0.3	-0.1	0.6	1.4	0.2	1.5	-0.6	-0.4	-0.5	-0.5	0.1	-0.2	-0.5	-0.7
EU-15	0.2	-1.8	-1.9	-1.3	0.9	-18.9	-11.2	-13.1	-2.1	-2.1	0.3	-1.1	2.0	0.6	-1.6	-4.3	-0.7	-0.4	-0.5	-0.1	0.4	-0.3	-0.7	-0.1	1.2	0.7	0.8	-0.1	-0.4	-0.8	-0.3	-0.9	0.1	-0.1	-0.4	-0.5
EU MEMBER STATES																																				
B	-3.6	-7.3	9.4	0.8	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-3.0	0.1	-0.6	1.0	-0.4	-1.9	0.0	-0.1
DK	4.6	0.4	0.9	-3.6	:	:	:	:	1.0	-4.9	7.4	-2.4	5.8	9.7	23.0	-16.1	3.9	-2.0	-1.9	-1.3	-3.7	-0.9	-2.5	1.9	7.7	2.0	6.7	-13.1	1.8	-0.9	5.6	-5.0	1.0	1.2	0.1	0.1
D	-0.5	-3.5	1.1	-6.5	:	:	:	:	-2.8	-5.4	-0.8	:	-6.7	5.1	-5.2	:	-0.4	-0.3	-0.5	0.5	0.0	-0.8	-0.6	0.4	2.0	0.7	0.6	1.0	-1.5	-1.5	-0.9	-0.7	-0.6	-1.0	-0.6	-1.7
EL	-0.5	2.8	-2.1	11.0	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
E	-0.5	-0.3	-0.6	2.8	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	0.4	0.9	-1.1	0.6	0.5	0.2	0.3	0.8
F	-0.3	-1.3	-4.1	1.4	0.0	0.1	0.1	0.2	0.5	-0.5	1.2	2.4	2.5	1.6	0.1	-2.5	-1.6	0.5	-0.3	-0.3	-1.5	0.9	-0.3	0.6	0.4	0.1	0.5	1.5	-0.1	0.3	0.3	0.8	0.1	-0.2	-1.1	-1.0
IRL	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
I	2.5	0.5	-3.9	3.5	-11.1	-8.5	-5.4	3.5	1.0	-0.5	-1.8	-5.3	0.5	-0.3	1.1	-2.8	0.3	0.0	0.6	-0.1	1.6	-0.7	0.8	-0.9	-0.9	3.9	0.8	1.0	0.7	0.0	-0.2	-2.4	0.1	0.2	-0.6	0.6
L	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	-1.7	-1.0	-6.2	0.7	65.6	-70.8	106.5	-7.8	-2.6	1.0	-0.4	6.3	-2.7	0.2	-0.1	-8.4	0.3	-0.7	1.3	-0.1	-0.8	0.2	1.2	0.4	-1.2	-1.5	-4.6	-2.5	-0.7	-0.2	0.1	-0.3	0.1	-0.1	-1.2	-1.5
A	-3.4	-2.3	-3.6	1.0	0.0	1.3	4.8	4.0	-1.8	-3.9	-6.3	1.4	-3.7	-1.6	-5.2	1.8	-6.0	-1.4	0.6	1.4	-2.5	-0.8	-0.6	-1.2	-0.1	0.5	-8.2	10.0	-3.1	-2.0	-2.9	0.9	1.8	0.6	-0.1	-2.6
P	1.0	5.2	-3.3	-2.9	-0.4	15.9	-2.6	0.2	-0.7	2.6	-1.3	-2.8	22.0	-0.9	16.2	-32.3	:	:	:	:	:	:	:	:	4.8	1.5	0.4	-6.5	4.9	2.7	1.2	-6.8	0.3	1.0	-0.3	0.8
FIN	-8.3	2.5	-6.2	4.3	10.0	0.0	0.0	-9.1	-2.4	3.0	-7.4	-2.3	-6.3	6.4	-2.5	-6.2	-6.3	-2.2	2.1	2.1	-0.6	-2.6	-0.6	-1.0	-0.2	0.4	0.7	-0.9	-2.6	0.1	-2.3	-1.1	-0.4	2.1	-1.5	-0.9
S	-2.5	-1.5	-1.8	0.8	-4.3	10.2	21.5	9.1	0.2	-0.3	1.5	-1.7	-3.9	-0.5	0.4	-7.1	2.9	-0.1	-1.7	3.8	-0.1	0.4	0.7	-1.8	-1.0	-1.8	-2.1	-2.2	-0.6	0.8	1.4	-9.0	0.0	-0.4	-1.0	0.8
UK	1.6	-3.8	-2.1	0.7	-13.9	-18.5	-25.7	:	-6.9	-0.2	4.2	:	26.0	-8.8	-4.5	:	-1.1	-0.9	-2.3	:	5.6	0.3	-1.9	:	3.6	-0.9	4.1	:	0.3	-3.8	-0.2	-1.4	0.3	0.3	-0.1	0.3
MAIN PARTNERS																																				
US	-3.1	-1.9	-2.5	3.9	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-2.0	-1.8	-1.0	0.4	0.0	0.0	-0.3	0.4
JP	-2.2	1.4	-8.2	-1.4	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-2.1	1.8	-8.2	-1.2	-0.3	-0.4	-0.4	-0.5
CAN	1.2	-1.0	-7.4	4.5	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	0.1	1.8	-2.3	1.8	0.1	-0.5	-1.6	-1.1

⁽¹⁾ Percentage of GDP.

: Data not available or not computable.

T2

GROSS CAPITAL FORMATION BY COMPONENTS
EURO-ZONE, EU15 AND MAIN ECONOMIC PARTNERS

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

	Total gross capital formation				Agriculture, forestry, fishing				Metal products and machinery				Transportation equipment				Housing				Other construction				Other products				Total gross fixed capital formation			
	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				
euro-zone	-1.0	-3.2	-7.0	-5.0	-16.1	-5.3	34.6	42.3	3.3	-2.3	-4.9	-5.0	-4.5	-3.8	-2.2	-4.2	-3.6	-3.3	-2.2	-0.9	1.1	0.9	0.0	-0.7	2.5	2.8	2.2	3.7	0.1	-1.4	-2.0	-1.9
EU-15	-1.0	-3.2	-6.9	-4.7	-2.4	-11.3	-15.1	-36.9	2.4	-3.1	-5.1	-4.9	-2.3	-3.0	-2.5	-3.4	-3.4	-3.0	-2.1	-1.7	1.8	1.3	-0.6	-0.7	3.1	3.1	2.9	2.6	0.4	-1.5	-2.3	-2.4

EU MEMBER STATES

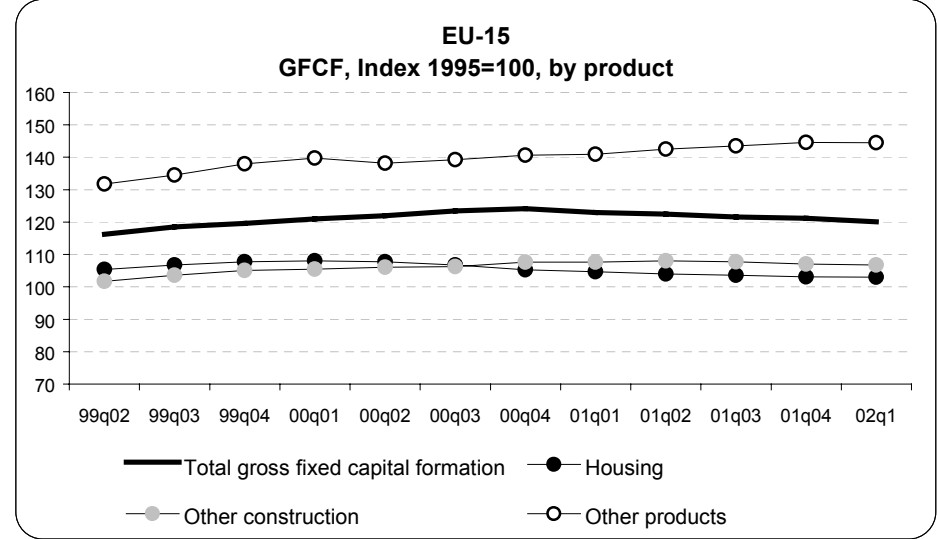
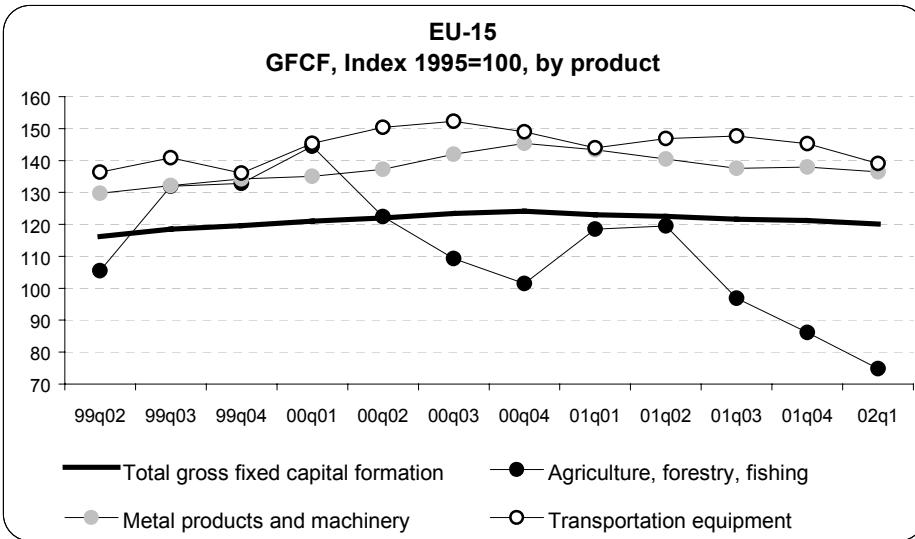
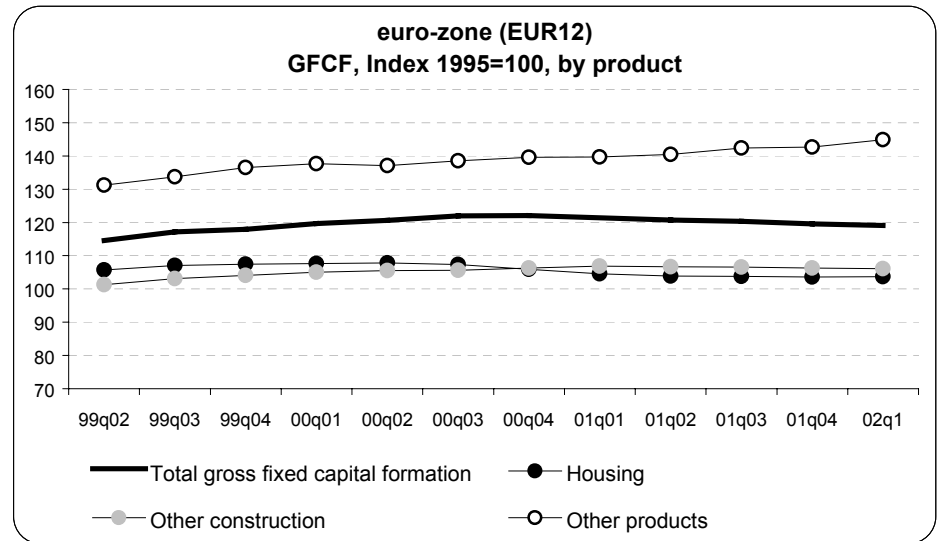
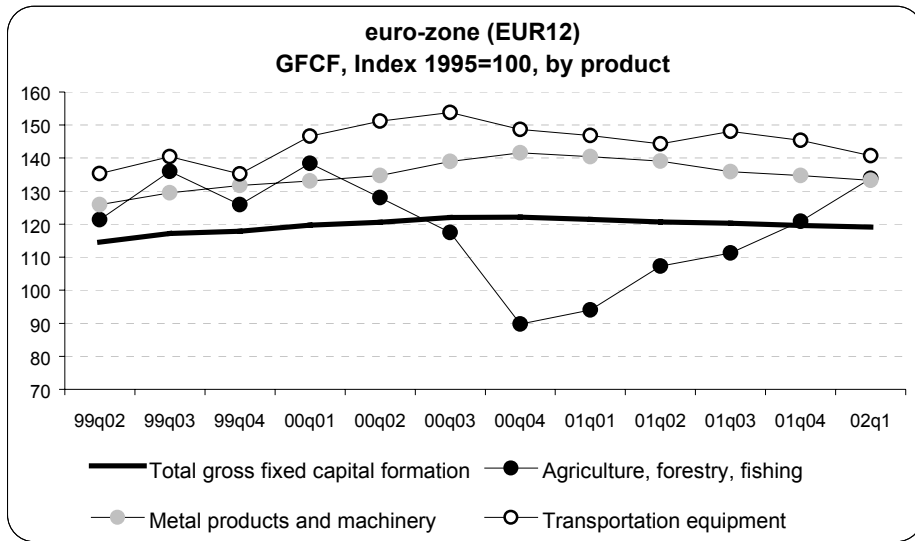
B	-3.6	-11.4	-0.4	-1.4	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-0.4	0.5	-0.9	-2.5
DK	0.8	5.3	2.7	2.1	:	:	:	:	1.8	-8.0	0.5	0.7	-1.3	-8.4	26.6	19.9	-16.2	-12.0	-4.0	-1.4	-4.2	-0.3	3.7	-5.3	11.1	7.0	8.9	1.9	-2.0	-4.5	3.8	1.3
D	-6.8	-10.5	-12.3	-9.3	:	:	:	:	3.6	-6.4	-8.7	:	-17.8	-17.6	-12.7	:	-7.6	-6.8	-4.9	-0.7	-3.7	-3.6	-3.7	-1.0	7.9	7.5	4.1	4.4	-3.6	-6.3	-6.0	-4.6
EL	6.3	5.1	6.0	11.2	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
E	5.1	0.0	3.1	1.4	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	2.9	1.8	1.1	0.9
F	1.0	-2.6	-9.3	-4.3	0.6	0.2	0.1	0.4	6.3	0.5	-2.1	3.7	9.3	8.5	6.0	1.6	-1.7	-1.0	-0.8	-1.6	2.8	2.8	0.6	-0.3	0.8	1.2	0.7	2.5	3.5	1.8	0.1	1.4
IRL	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
I	2.1	7.5	-1.2	2.4	-3.5	-7.4	-9.2	-20.3	0.7	-1.1	-1.7	-6.7	4.1	3.3	4.1	-1.6	2.7	2.4	2.9	0.8	6.0	3.4	4.6	0.8	3.5	2.9	4.8	4.8	2.8	1.4	1.8	-1.9
L	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	-2.5	0.5	-5.9	-8.1	-17.2	-65.6	1.6	-7.8	-8.2	-5.7	-5.8	4.1	-7.3	-5.5	-6.6	-10.7	0.4	-0.1	1.7	0.8	1.5	5.6	3.6	1.0	0.4	-2.5	-5.1	-9.4	-2.2	-1.1	-1.1	-1.2
A	-3.1	-3.8	-2.3	-8.1	0.7	0.3	-3.1	10.4	-1.1	-2.2	-14.8	-10.3	-8.5	-4.5	-10.9	-8.5	-2.6	-4.0	-5.1	-5.4	0.2	-2.0	-3.2	-4.9	5.2	8.1	-4.3	1.4	-1.6	-2.5	-8.4	-6.9
P	-0.9	3.8	2.2	-0.2	-8.3	19.1	21.6	12.7	3.7	2.6	4.7	-2.3	-11.7	-9.8	-10.6	-4.9	:	:	:	:	:	:	:	:	-1.4	-0.1	0.1	-0.2	1.1	2.2	4.1	1.7
FIN	1.9	-6.2	-7.2	-8.1	22.2	37.5	57.1	0.0	16.2	18.7	3.1	-9.1	0.9	22.5	3.8	-8.7	-13.3	-13.3	-9.4	-4.5	5.7	1.1	0.1	-4.7	3.1	2.2	2.5	0.0	3.7	4.3	-0.6	-5.9
S	-0.8	-2.0	-6.7	-5.0	4.4	15.7	35.4	39.7	6.3	2.4	2.5	-0.3	-8.0	-6.9	-2.7	-10.8	8.2	7.2	6.1	4.8	-1.6	0.4	-1.0	-0.8	0.4	-2.7	-4.0	-6.9	1.1	0.8	2.0	-7.6
UK	-1.3	-5.3	-8.5	-3.6	-11.4	-36.1	-56.4	:	-2.2	-6.6	-7.0	:	10.5	5.0	-6.4	:	-0.9	1.7	2.0	:	7.9	5.4	-2.5	:	1.7	3.6	9.8	:	3.2	-1.7	-6.7	-5.1

MAIN PARTNERS

US	-8.3	-9.0	-10.9	-3.7	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-2.5	-4.2	-4.7	-4.3
JP	-1.1	0.4	-9.0	-10.2	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-1.0	0.7	-8.6	-9.6
CAN	-4.2	-6.3	-9.1	-3.0	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	1.7	2.0	0.2	1.3

: Data not available or not computable.

GROSS FIXED CAPITAL FORMATION BY PRODUCT
EURO-ZONE AND EU15
 Volume index 1995=100



T3

GROSS CAPITAL FORMATION BY COMPONENTS
EURO-ZONE, EU15 AND MAIN ECONOMIC PARTNERS

levels First quarter 2002, in millions euro - seasonally adjusted - at current prices

	Total gross capital formation							Total gross fixed capital formation	Changes in inventories
		Agriculture, forestry, fishing	Metal products and machinery	Transportation equipment	Housing	Other construction	Other products		
euro-zone	347 963.3	1 099.2	99 832.2	36 020.9	91 363.8	90 233.4	39 574.9	358 124.4	-10 161.1
EU-15	432 410.6	1 097.0	130 055.0	44 146.4	105 351.8	112 568.1	48 764.5	441 982.6	-9 572.0
EU MEMBER STATES									
B	13 368.0	:	:	:	:	:	:	13 264.0	104.0
DK	9 609.2	1.1	2 974.4	1 082.0	1 527.0	2 165.4	1 507.6	9 295.7	135.4
D	95 690.0	0.0	:	:	33 020.0	23 770.0	5 980.0	102 450.0	-6 760.0
EL	8 740.0	:	:	:	:	:	:	:	:
E	43 123.0	:	:	:	:	:	:	42 155.0	968.0
F	71 847.5	320.0	20 001.7	7 843.5	13 014.1	20 594.2	13 436.6	75 210.0	-3 362.4
IRL	:	:	:	:	:	:	:	:	:
I	60 543.1	60.6	19 908.1	7 554.3	14 195.2	11 882.3	6 341.8	59 942.3	600.8
L	:	:	:	:	:	:	:	:	:
NL	22 302.0	72.0	5 341.0	2 320.0	6 551.0	6 954.0	2 580.0	23 647.0	-1 601.0
A	11 759.3	22.7	3 480.4	1 086.6	2 758.4	3 832.6	427.5	11 608.2	-1 342.0
P	8 447.9	65.7	1 976.2	630.4	:	:	1 010.7	8 132.8	315.1
FIN	6 798.0	9.0	1 653.0	421.0	1 570.0	2 208.0	726.0	6 587.0	- 158.0
S	:	:	:	:	:	:	:	:	:
UK	65 262.0	:	:	:	:	:	:	64 298.9	963.1
MAIN PARTNERS									
US	546 117.5	:	:	:	:	:	:	554 673.4	-8 555.8
JP	254 152.7	:	:	:	:	:	:	258 109.3	-3 956.6
CAN	37 749.1	:	:	:	:	:	:	39 740.1	-1 991.0

: Data not available or not computable.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Gross capital formation (ESA 95, 3.100) is the main alternative to consumption as the second big way of spending the value created in an economy during a period. It is made up of three sub-components:

Gross fixed capital formation (ESA 95, 3.102) is often simply referred to as "investment". While all capital production could technically be called investment, only GFCF is considered to maintain or enhance the productive potential of the economy for future periods, thus warranting a special interest. GFCF consists of resident producers' acquisitions, less disposals, of fixed assets plus certain additions to the value of non-produced assets realised by the productive activity units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, for more than one year.

Gross fixed capital formation consists of:

- a) Acquisitions, less disposals, of tangible fixed assets such as buildings and structures, machinery and equipment, cultivated assets, e.g. trees and livestock;
- b) Acquisitions, less disposals, of intangible fixed assets such as mineral exploration, computer software and entertainment or artistic originals;
- c) major improvements to tangible non-produced assets, in particular to land such as the reclamation of land from sea or the draining of marshes;
- d) costs associated with the transfers of ownership of non-produced assets, like land and patented assets.

For presenting data on GFCF, the PI6 classification from ESA 95 is used. This classification combines elements from the list given above with some information on the branches whose output has been used for investment:

1. Products of agriculture, forestry, fisheries and aquaculture
2. Metal products and machinery
3. Transport equipment
4. Housing
5. Constructions other than housing
6. Other products

The sum of these six categories is equal to total gross fixed capital formation.

Both consumption of fixed capital (which includes normal accidental damage) and exceptional losses, such as those due to drought or other natural disasters are not deducted when calculating GFCF. Taking into account the consumption of fixed capital will result in Net (instead of Gross) fixed capital formation.

GFCF includes some bordering cases like acquisitions of mobile homes used as residences of households; structures and equipment used by the military similar to those utilised by civilian producers such as airfields, Docks, roads and hospitals; changes in livestock used in production year after year, such as dairy cattle. On the other hand, GFCF excludes transactions included in intermediate consumption like the purchase of small tools for production purposes; ordinary maintenance and repairs; purchase of military weapons or purchase of fixed assets to be used under an operational leasing contract. GFCF also excludes transactions recorded as changes in inventories, as for instance animals raised for slaughter. Other items not included are machinery acquired by households for final consumption and catastrophic losses on fixed assets.

GFCF in general is recorded when the ownership of the fixed assets is transferred to the institutional unit that intends to use them in production. It is valued at purchasers' prices including installation charges and other costs of ownership transfer.

Changes in inventories (ESA 95, 3.117) are measured by the value of the entries into inventories less the value of withdrawals and the value of any current losses (due to physical deterioration, accidental damage or pilfering). Even though it is observable in principle, the data sources generally available are much less reliable than that for, say, gross fixed capital formation. It is therefore sometimes treated as a balancing item in the goods and services account and used to, at least partially, balance the output and expenditure approaches to the calculation of GDP.

Inventories include also work-in-progress and goods for resale that are goods acquired for the purpose of reselling them in their present state.

Acquisitions less disposals of valuables (ESA 95, 3.125)

Valuables are non-financial goods that are not used primarily for production or consumption, do not deteriorate (physically) over time under normal conditions and that are acquired and held primarily as stores of value. Acquiring them will use up resources that otherwise could have been spent on consumption, but will not qualify as gross fixed capital formation or adding to inventories because of the lacking connection to production processes. Valuables include precious stones and metals, antiques and other art objects, and collectors' items.

In this publication, "Acquisitions less disposals of valuables" are included in the item "Changes in inventories".

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