

QUARTERLY ACCOUNTS

Third quarter 2002

Breakdown of gross capital formation

Luca PROTTI

Statistics
in focus

ECONOMY AND
FINANCE

THEME 2 – 4/2003

NATIONAL ACCOUNTS

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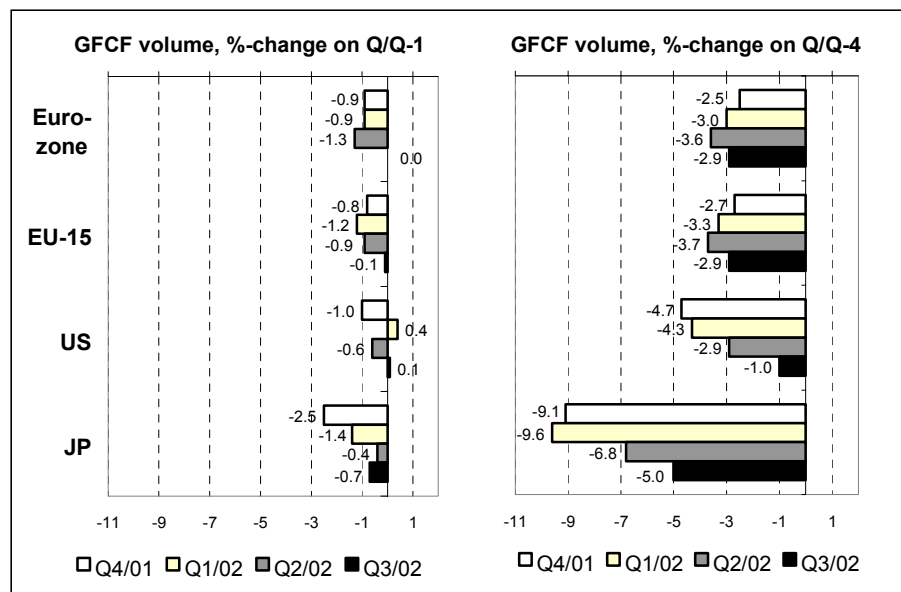
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According to Eurostat ⁽¹⁾ estimates for the third quarter of 2002, Gross Capital Formation (GCF) fell again both in the euro-zone ⁽²⁾ and in the European Union (EU15), after the negative results of the previous quarter (-0.7% and 0.4%, respectively, compared to -0.4% and -0.9%). Gross Fixed Capital Formation (GFCF) remained unchanged in the euro-zone, after the fall shown in the previous quarter (-1.3%), while it continued to decrease in the EU15 (-0.1%), however clearly improving with respect to the previous quarter (-0.9%). Both in the case of GCF and GFCF, the results shown in the third quarter of 2002 follow persistent decreases, which lasted for five consecutive quarters in the euro-zone and for six consecutive ones in the EU-15.

In comparison with the third quarter of 2001, GCF decreased by 2.8% in the euro-zone and by 3.0% in the EU15, having recorded -4.2% and -4.9%, respectively, during the previous quarter. GFCF posted a decrease of 2.9% in both zones, after the fall shown in the previous quarter (-3.6% in the euro-zone and -3.7% in the EU15).

Among the components of GFCF, *Metal products and machinery* recovered in the euro-zone (+0.6%), while it fell further in the EU15 (-0.6%). With regard to *Transport equipment*, the falls observed in previous quarters were reversed both in the euro-zone (+1.3%) and in the EU15 (+2.3%). A milder decline was observed in *Construction of housing* both in the euro-zone (-0.3%) and in the EU15 (-0.2%). The *Other construction* sector also showed a less severe fall in the two zones (-0.9% in the euro-zone and -0.8% in the EU15). *Other products* experienced a slight decrease in the euro-zone (-0.1%), thus reversing the increase shown in the previous quarter, while in the EU15 it confirmed the positive result of the second quarter 2002 (+1.1%).

⁽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 third quarter of 2002 showed that GCF fell both in the euro-zone ⁽²⁾ and in the European Union (EU15), after the negative results of the previous quarter (-0.7% and -0.4%, respectively, compared to -0.4% and -0.9%).

With regard to the main partners of the European Union, GCF showed an increase in the United States (+0.9%), even if the speed of growth was lower than in the second quarter of 2002 (+1.5%). In Japan, GCF expanded as well (+1.3%), showing slight acceleration with respect to the previous quarter (+1.1%).

Gross Fixed Capital Formation (GFCF) remained unchanged in the euro-zone, after the fall shown in the previous quarter (-1.3%), while it continued to decrease in the EU15 (-0.1%), however clearly improving with respect to the previous quarter (-0.9%).

In the third quarter of 2002, GFCF increased in the United States (+0.1%) after the fall of the previous quarter (-0.6%) and it decreased again in Japan (-0.7% compared with -0.4%).

Member States of the European Union

GFCF development was not homogeneous in the EU Member States. A recovery was seen in Belgium (+0.5%) and in Italy (+2.8%), while a confirmation of the increase shown in the previous quarter was observed in Denmark (+0.9%), in Spain (+1.3%) and in Finland (+0.9%). A fall was recorded in France (-0.7%), in Portugal (-4.4%), in Sweden (-1.3%) and in the United Kingdom (-0.9%). On the other hand, the decline eased in Germany (-0.5%), in the Netherlands (-1.1%) and in Austria (-2.7%).

Among the GFCF components, *Metal products and machinery* recorded the highest growth in Italy (+4.9%), followed by Denmark (+2.7%), Finland (+2.7%) and France (+0.2%). All the other Member States for which these data are available showed a fall: the Netherlands (-1.5%), Austria (-4.1%), Portugal (-5.5%), Sweden (-0.8%) and the United Kingdom (-5.7%).

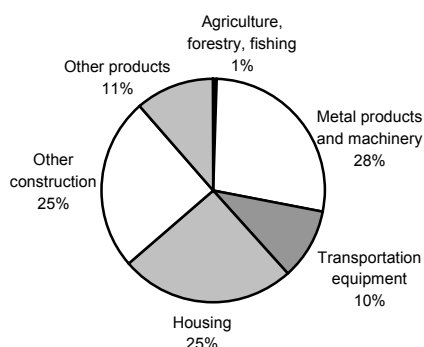
The volume of investments in *Transport equipment* saw a recovery in the Netherlands (+0.5%), in Austria (+9.4%) and in the United Kingdom (+7.2%), while a confirmation of the positive result of the previous quarter was observed in Denmark (+8.5%), in Italy (+6.0%) and in Finland (+5.3%). Finally, a decrease was experienced in France (-1.3%), in Portugal (-4.5%) and in Sweden (-24.2%).

The *Construction of housing* sector showed mixed results in the EU Member States: it recovered in Denmark (+2.4%), it continued to grow in Italy (+0.4%), in Sweden (+2.3%) and in the United Kingdom (+0.6%). It conversely developed negatively in Germany (-0.1%), in France (-0.2%), in the Netherlands (-1.6%), in Austria (-1.0%) and in Finland (-0.9%).

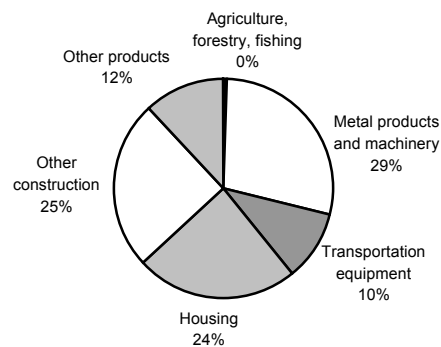
The *Other constructions* sector decreased in Denmark (-4.2%), in Germany (-0.8%), in France (-1.6%), in Austria (-5.4%) and in Finland (-0.5%), while it increased in the other Member States for which these data are available. In particular, the Netherlands (+0.4%), Sweden (+1.1%) and the United Kingdom (+1.7%) posted a recovery, while Italy remained in positive territory (+1.0%).

Finally, the volume of investments in *Other products* showed a recovery in Italy (+0.4%) and in Finland (+0.2%), it kept growing in Denmark (+8.9%), in Germany (+1.0%) and in the United Kingdom (+7.1%). On the other hand a fall was recorded in France (-1.1%), in the Netherlands (-2.2%), in Austria (-2.4%), in Portugal (-2.9%) and in Sweden (-2.1%).

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



EU-15, gross fixed capital formation by product as a % of total, third 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					
	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				
euro-zone	-1.5	-0.2	-0.4	-0.7	-11.9	28.9	18.6	12.7	-1.3	-2.4	-1.0	0.6	-2.0	-1.8	-0.9	1.3	-0.4	-0.5	-2.3	-0.3	-0.6	-0.3	-1.8	-0.9	0.3	1.3	0.8	-0.1	-0.9	-0.9	-1.3	0.0	-0.5	-0.3	-0.1	-0.3
EU-15	-1.6	-0.1	-0.9	-0.4	-10.1	30.3	14.0	4.5	-1.7	-2.6	-0.6	-0.6	-0.8	-2.3	-0.6	2.3	-0.4	0.0	-1.6	-0.2	-0.6	-0.6	-2.0	-0.8	1.2	0.0	1.1	1.1	-0.8	-1.2	-0.9	-0.1	-0.4	-0.2	-0.2	-0.3
EU MEMBER STATES																																				
B	5.6	-2.1	-5.9	9.5	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-4.5	3.8	-2.8	0.5	0.2	-1.0	-1.6	0.1
DK	-1.3	-1.9	2.6	0.2	14.3	-43.1	134.1	:	4.2	4.9	-1.4	2.7	21.7	-16.5	12.7	8.5	-0.4	0.9	-0.5	2.4	-1.2	-2.3	-1.8	-4.2	6.5	-12.8	2.0	8.9	5.7	-2.8	0.9	0.9	-0.2	-0.2	0.6	0.2
D	0.3	-3.2	0.1	-0.6	:	:	:	:	-1.6	:	:	:	-4.8	:	:	:	-0.7	-0.8	-5.0	-0.1	-1.1	-0.4	-5.2	-0.8	1.4	-0.3	0.4	1.0	-1.3	-1.9	-3.0	-0.5	-0.9	-1.1	-0.5	-0.5
EL	-1.9	11.2	-2.1	1.7	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
E	0.1	1.8	-1.2	1.0	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-1.5	0.8	0.9	1.3	0.5	0.7	0.2	0.1
F	-3.3	1.8	-0.4	-2.2	0.1	0.2	0.2	0.2	-1.5	1.3	-0.5	0.2	0.2	-2.2	-1.1	-1.3	-0.2	-0.2	1.2	-0.2	-0.3	0.1	0.3	-1.6	0.5	1.2	0.4	-1.1	-0.5	0.3	0.1	-0.7	-0.9	-0.6	-0.7	-1.0
IRL	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
I	-2.4	3.4	-0.5	-1.0	-5.4	3.4	-3.4	-3.4	-1.7	-5.0	-1.3	4.9	2.3	-2.2	1.0	6.0	0.5	0.5	0.2	0.4	-0.4	-1.7	1.3	1.0	1.8	0.8	-0.9	0.4	-0.1	-2.2	-0.1	2.8	-0.3	0.8	0.8	0.0
L	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	-6.1	0.5	0.0	-0.9	-4.3	-1.5	7.7	0.0	0.6	1.6	-3.1	-1.5	0.2	-8.9	-5.1	0.5	0.0	-0.5	-1.4	-1.6	1.3	1.7	-2.2	0.4	-4.6	-2.3	1.6	-2.2	0.4	-1.2	-1.7	-1.1	-1.1	-0.7	-0.3	-0.3
A	-0.1	-0.5	-3.5	-2.7	-0.6	0.1	-0.1	-2.0	4.6	-4.3	-9.3	-4.1	-17.5	18.0	-13.4	9.4	1.5	-1.7	-0.4	-1.0	0.7	-2.3	2.3	-5.4	-7.5	-2.6	-5.5	-2.4	0.0	-1.2	-3.8	-2.7	0.1	0.3	0.3	0.3
P	-3.2	-1.4	0.2	-3.0	-1.8	-3.2	-3.9	-3.3	2.3	-3.8	-1.0	-5.5	9.9	-25.8	1.1	-4.5	:	:	:	:	:	:	:	:	-2.1	-1.5	-0.4	-2.9	1.5	-5.5	0.1	-4.4	-0.3	0.9	0.9	1.3
FIN	-5.5	9.6	-16.6	16.9	0.0	-9.1	20.0	0.0	-5.9	-0.5	7.0	2.7	-0.3	-3.7	5.3	5.3	2.2	0.5	0.3	-0.9	-0.5	1.4	-2.2	-0.5	0.5	-0.7	0.0	0.2	-1.6	0.1	1.9	0.9	-0.3	1.4	-2.1	0.4
S	-3.2	6.4	-10.4	:	3.6	-4.6	-0.2	0.7	-0.7	-1.9	-0.7	-0.8	-5.0	-4.8	20.3	-24.2	-0.7	4.1	5.0	2.3	1.7	-3.0	-1.1	1.1	-2.4	-1.8	-1.6	-2.1	-0.2	-1.9	0.5	-1.3	-0.9	0.5	-1.4	:
UK	-2.4	0.9	-5.9	2.5	0.0	1.3	2.5	3.6	-4.2	-4.8	1.3	-5.7	1.4	-1.8	-0.6	7.2	0.2	4.0	3.7	0.6	-0.3	-1.9	-3.5	1.7	4.9	-3.3	3.2	7.1	-1.6	-2.5	0.5	-0.9	-0.1	0.5	-0.6	-0.1
MAIN PARTNERS																																				
US	-2.5	3.9	1.5	0.9	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-1.0	0.4	-0.6	0.1	-0.3	0.4	0.8	1.0
JP	-2.9	-3.4	1.1	1.3	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-2.5	-1.4	-0.4	-0.7	-0.5	-1.0	-0.6	-0.1
CAN	-7.4	4.6	10.0	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-2.3	1.8	2.3	:	-1.6	-1.1	0.4	:

⁽¹⁾ Percentage of GDP.

: Data not available or not computable.

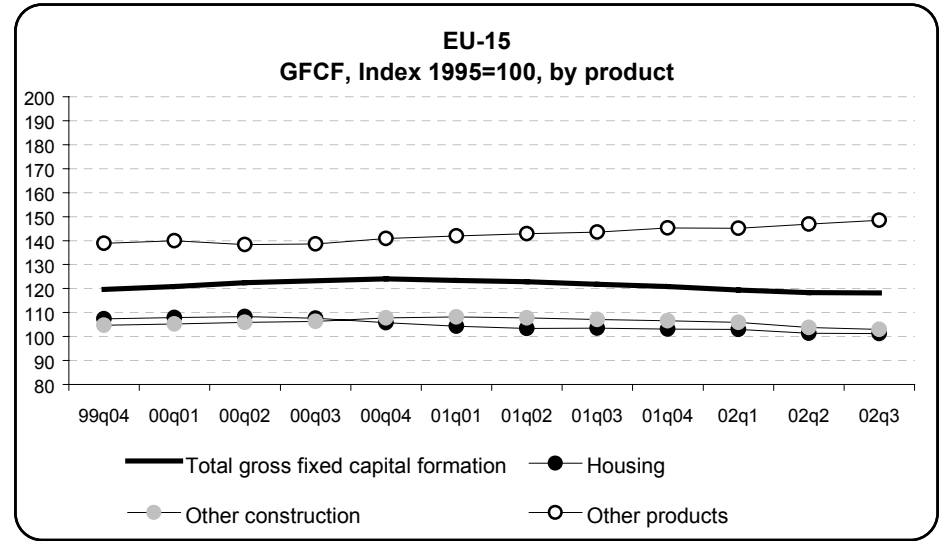
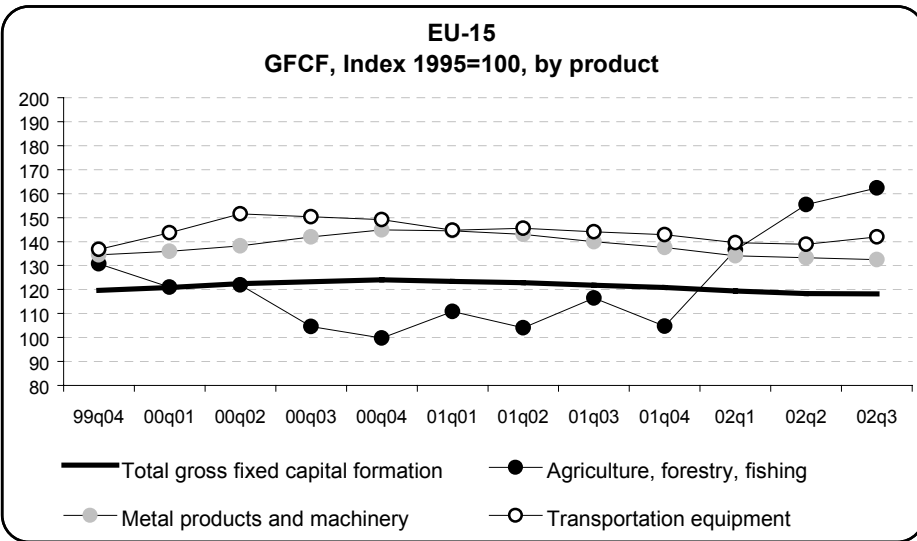
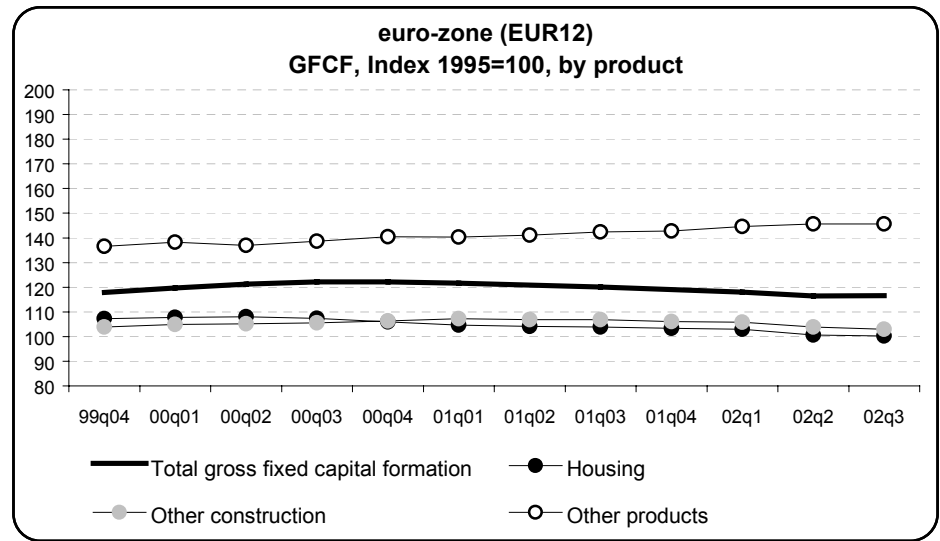
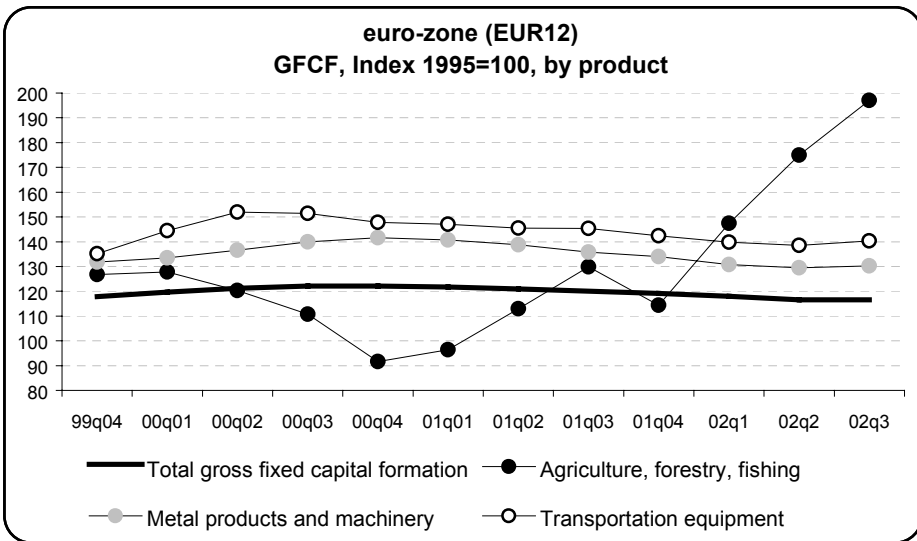
T2 GROSS CAPITAL FORMATION BY COMPONENTS EURO-ZONE, EU15 AND MAIN ECONOMIC PARTNERS

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		2001		2002	
	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
euro-zone	-6.1	-4.7	-4.2	-2.8	24.8	53.0	54.8	51.7	-5.4	-7.0	-6.6	-4.1	-3.7	-4.9	-4.8	-3.4	-2.4	-1.6	-3.3	-3.4	-0.2	-1.3	-2.8	-3.6	1.6	3.0	3.3	2.3	-2.5	-3.0	-3.6	-2.9
EU-15	-6.2	-4.6	-4.9	-3.0	5.0	23.0	49.4	39.5	-5.1	-7.3	-6.8	-5.4	-4.2	-3.6	-4.7	-1.4	-2.5	-1.2	-1.8	-2.2	-1.2	-2.0	-3.7	-3.9	3.1	2.4	2.7	3.4	-2.7	-3.3	-3.7	-2.9
EU MEMBER STATES																																
B	-2.0	-4.1	-9.8	6.6	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-4.6	-2.9	-4.4	-3.2
DK	-0.7	0.8	0.2	-0.6	:	:	:	:	1.0	7.6	1.2	10.7	20.8	6.1	3.9	24.3	-0.2	5.0	-1.2	2.4	5.4	-5.4	-4.2	-9.2	10.0	-5.6	-8.5	3.0	5.3	2.0	-1.2	4.6
D	-11.0	-9.6	-7.8	-3.4	:	:	:	0.0	-9.9	:	:	:	-16.1	:	:	:	-5.2	-2.3	-6.8	-6.6	-4.3	-2.8	-7.6	-7.3	2.4	2.6	2.4	2.6	-7.0	-6.4	-7.8	-6.7
EL	5.9	11.7	9.8	8.6	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
E	3.8	1.7	0.9	1.7	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	1.3	0.8	1.1	1.5
F	-9.0	-4.0	-4.0	-4.2	0.1	0.4	0.6	0.8	-2.7	-1.2	-1.0	-0.5	6.1	2.0	-1.6	-4.4	-0.8	-1.9	1.2	0.6	0.8	-0.9	1.0	-1.5	0.7	2.4	2.5	1.0	0.0	-0.3	0.4	-0.8
IRL	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
I	0.1	3.9	1.3	-0.5	-9.2	-20.3	-13.5	-8.7	-1.7	-6.5	-8.3	-3.3	5.1	-0.2	0.4	7.2	2.9	1.5	1.3	1.6	4.3	-0.8	-1.6	0.2	4.6	4.9	3.7	2.1	1.9	-1.8	-2.7	0.3
L	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	-3.7	-7.3	-5.5	-6.5	11.9	-1.5	-17.6	1.4	-3.6	2.0	0.0	-2.5	-3.9	-10.7	-14.9	-13.0	-1.4	-2.7	-3.8	-3.5	4.9	3.5	-0.2	1.3	-7.0	-10.8	-8.9	-7.4	-0.8	-2.1	-3.6	-3.5
A	-7.0	-5.6	-6.6	-6.7	8.0	2.2	0.9	-2.6	-7.9	-9.6	-18.2	-12.9	-22.4	-7.6	-20.6	-7.8	-5.4	-3.4	-0.8	-1.6	-1.4	-4.7	3.9	-4.8	-1.2	-8.0	-15.3	-16.8	-6.4	-6.4	-7.8	-7.5
P	1.7	1.4	-2.6	-7.2	27.7	5.9	-6.1	-11.8	4.9	-2.3	-3.0	-7.9	-17.6	-9.9	-18.7	-21.3	:	:	:	:	:	:	:	:	3.9	1.9	-1.5	-6.7	3.6	1.5	-2.7	-8.2
FIN	-7.0	-3.6	-11.7	1.0	57.1	0.0	9.1	9.1	3.4	-7.9	2.8	3.0	3.5	-9.1	3.8	6.5	-9.4	-6.9	0.9	2.1	0.3	-1.4	-3.5	-1.7	2.3	0.0	0.0	0.0	-0.4	-5.0	0.2	1.3
S	-9.3	-3.6	-9.9	:	22.4	4.0	-1.0	-0.7	-2.5	-5.1	-4.8	-4.0	-14.8	-11.5	18.7	-17.5	0.5	5.1	10.7	11.1	6.0	-1.4	-3.4	-1.4	-5.3	-6.8	-6.6	-7.6	-1.4	-4.5	-1.7	-2.8
UK	-7.6	-4.4	-10.7	-5.0	-7.6	-3.0	1.9	7.5	-6.6	-11.2	-9.4	-12.8	-11.5	5.2	-5.0	6.2	-5.3	3.8	14.9	8.7	-11.5	-7.0	-9.8	-4.0	14.5	4.4	4.5	12.1	-5.5	-5.7	-5.0	-4.4
MAIN PARTNERS																																
US	-10.9	-3.7	0.8	3.7	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-4.7	-4.3	-2.9	-1.0
JP	-11.3	-15.0	-9.2	-4.0	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	-9.1	-9.6	-6.8	-5.0
CAN	-9.1	-2.9	5.5	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	0.2	1.4	3.7	:

: 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 Third 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	350 711.1	1 866.2	97 678.3	36 911.8	89 228.5	88 423.7	40 684.7	354 793.2	-4 082.2
EU-15	436 184.5	2 029.8	124 441.3	45 830.4	104 486.0	109 844.4	51 828.1	438 460.1	-2 275.6
EU MEMBER STATES									
B	12 691.0	:	:	:	:	:	:	12 820.0	- 129.0
DK	9 336.7	4.0	2 742.4	1 258.6	1 579.3	2 118.6	1 422.4	9 074.3	162.0
D	96 330.0	10.0	:	:	30 670.0	21 880.0	6 060.0	96 750.0	- 420.0
EL	8 559.0	:	:	:	:	:	:	:	:
E	44 905.0	:	:	:	:	:	:	44 632.0	273.0
F	70 892.7	322.8	19 162.4	7 656.7	13 298.5	20 571.4	13 543.3	74 555.0	-3 662.3
IRL	:	:	:	:	:	:	:	:	:
I	60 618.5	59.9	20 619.0	8 362.5	14 475.1	12 056.5	6 339.3	61 912.3	-1 293.8
L	:	:	:	:	:	:	:	:	:
NL	23 232.0	64.0	4 932.0	2 252.0	6 408.0	7 101.0	2 545.0	23 339.0	- 107.0
A	11 534.2	16.2	3 016.5	1 062.2	2 604.6	4 116.5	436.8	11 252.9	281.3
P	8 394.8	67.6	1 779.4	665.5	:	:	1 155.6	7 973.8	421.0
FIN	6 918.0	13.0	1 912.0	434.0	1 490.0	2 206.0	738.0	6 793.0	125.0
S	:	:	:	:	:	:	:	:	:
UK	65 373.9	204.6	20 634.9	6 609.2	12 305.4	16 496.9	7 490.6	63 741.7	1 632.2
MAIN PARTNERS									
US	495 297.6	:	:	:	:	:	:	490 824.9	4 472.7
JP	251 848.1	:	:	:	:	:	:	253 685.4	-1 837.4
CAN	:	:	:	:	:	:	:	:	:

: 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".

Further information:

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For information on methodology

Luca PROTTI Tel. (352) 4301 35005 E-mail: luca.protti@cec.eu.int Eurostat/B2, L2920 Luxembourg
Ingo KUHNERT Tel. (352) 4301 35234 E-mail: ingo.kuhnert@cec.eu.int Fax (352) 4301 33879
ORIGINAL: English Layout: Cindy BROCKLY Co-Author: Pietro BENEDETTI

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