



Statistics in focus

ECONOMY AND FINANCE

THEME 2 – 31/2003

NATIONAL ACCOUNTS

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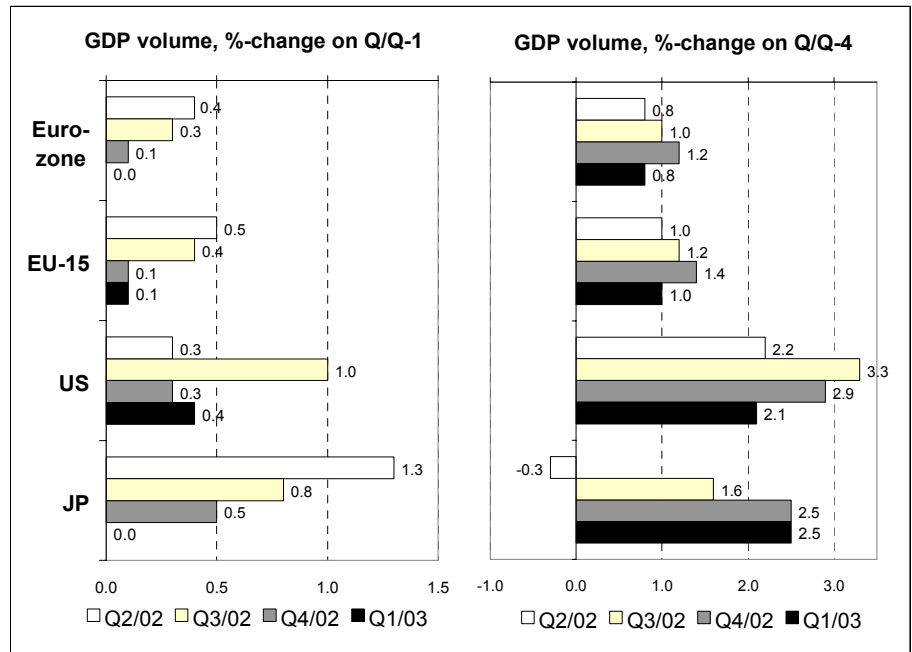
QUARTERLY ACCOUNTS

First Quarter 2003

Expenditure and Output approach to GDP

First Eurostat estimates

Roberto BARCELLAN



According to Eurostat's first estimates ⁽¹⁾, euro-zone ⁽²⁾ GDP remained unchanged during the first quarter 2003 while economic growth in the EU15 developed at the previous quarter's rate (+0.1%).

In comparison with the first quarter 2002, euro-zone and EU15 GDP increased by +0.8% and +1.0%, respectively, compared to +1.2% and +1.4% during the previous quarter.

In the United States, GDP growth accelerated to +0.4%, following a +0.3% increase in the previous quarter. GDP growth in Japan slowed down, passing from +0.5% to +0.0%.

Compared to the same quarter of 2002, GDP growth reached +2.1% in the United States (+2.9% in the previous quarter); it kept steady at +2.5% in Japan.

⁽¹⁾ *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.*

⁽²⁾ *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, United States and Japan

During the first quarter 2003, the growth of final consumption expenditure of households and NPISH (non-profit institutions serving households) slowed to +0.3% both in the euro-zone and in the EU15 (+0.4% and +0.5%, respectively, in the previous quarter). Investments experienced a strong fall both in the euro-zone and in the EU15 (-1.4% and -1.3%, respectively, compared with +0.1% and +0.4% in the previous quarter). The decrease in exports worsened in the euro-zone (-0.6% compared with -0.2% in the previous quarter), whilst in the EU15 the negative trend eased, passing from -0.7% to -0.4%. Imports increased less speedily than in the previous quarter in the euro-zone (+0.6% compared to +0.8%), whereas they passed from +0.6% to +0.7% in the EU15.

An important contribution to the GDP growth for the euro-zone and the EU15 was that of private final consumption expenditure (+0.2 of GDP variation for both). With the exception of change in inventories, the only other positive contribution was that of Government final consumption expenditure (+0.0 and +0.1, respectively). The remaining contributions, in particular those of exports and imports, were negative.

In the United States, growth of private consumption slowed to +0.3%, having reached +0.4% in the previous quarter; investments endured strong braking (+0.1% compared to +0.9%). The negative trend in exports eased (-0.8% compared to -1.5%), whereas imports dropped noticeably (-2.0% compared to +1.8%).

In Japan, compared to the previous quarter, the growth of private final consumption expenditure accelerated to +0.3%, while on the other hand the development of investments actually slowed (+0.2% compared to +1.1%). Exports fell abruptly, passing from +4.5% to -0.5%, whereas imports' growth slowed (+1.4% compared to +1.6% in the previous quarter).

Output components of GDP, euro-zone and EU15

During the first quarter 2003, total gross value added (GVA) remained unchanged in the euro-zone and its growth passed from +0.2% to +0.1% growth in the EU15. In comparison with the first quarter 2002, the growth of total gross value added slowed, reaching +1.0% in the euro-zone and +1.2% in the EU15 (+1.6% for both in the previous quarter).

The highest growth rate of GVA was that of *Agriculture*, with a rate of +0.8% in the euro-zone and of +0.5% in the EU15, respectively. It was followed by *Industry*, with a +0.4% and +0.2% resumption, respectively, and by the *Financial activities and business services* branch (+0.2% for both areas). GVA growth of the *Trade, transport and communications* branch stagnated in the euro-zone (+0.0%), while in the EU15 its growth slowed to +0.1%. A fall was observed for the *Other services* branch in the euro-zone (-0.1%), whereas its growth stagnated in the EU15 (+0.0%). Finally, GVA of the *Construction* branch suffered a strong fall both in the euro-zone and in the EU15 (-2.4% and -2.0%, respectively, after -0.2% and +0.1% in the previous quarter).

GDP and main components - first quarter 2003				
GDP	1st Quarter 2003*	growth compared to 4th quarter 2002	growth compared to 1st quarter 2002	
Euro-zone	1 574 843.6	0.0	0.8	
EU-15	1 936 664.1	0.1	1.0	
US	1 791 363.8	0.4	2.1	
JP	1 109 337.6	0	2.5	
Domestic Demand	1st Quarter 2003	growth compared to 4th quarter 2002	growth compared to 1st quarter 2002	
Euro-zone	1 538 334.1	0.5	1.4	
EU-15	1 912 844.8	0.5	1.7	
US	1 891 354.9	0.1	2.6	
JP	1 080 631.6	0.2	2.2	
External Balance	1st Quarter 2003	Percentage of GDP (seasonally adjusted)		
Euro-zone	36 509.5	2.3		
EU-15	23 819.4	1.2		
US	- 99 991.1	-5.6		
JP	28 706.0	2.6		
Gross Value Added	1st Quarter 2003	growth compared to 4th quarter 2002	growth compared to 1st quarter 2002	
Euro-zone	1 490 619.6	0.0	1.0	
EU-15	1 825 840.2	0.1	1.2	
US	:	:	:	
JP	:	:	:	

: Data not available.

* in millions of euro, seasonally adjusted, at constant prices (1995)

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⁾			
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003				
	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	0.4	0.3	0.1	0.0	0.3	0.5	0.4	0.3	0.8	0.4	0.2	0.2	-1.3	0.2	0.1	-1.4	-0.2	-0.3	-0.2	0.4	0.2	0.3	0.4	0.5	2.1	2.0	-0.2	-0.6	1.6	2.0	0.8	0.6	3.1	3.2	2.8	2.3
EU-15	0.5	0.4	0.1	0.1	0.4	0.5	0.5	0.3	0.5	0.4	0.3	0.4	-1.0	0.1	0.4	-1.3	-0.2	-0.2	-0.1	0.4	0.1	0.4	0.6	0.5	2.2	1.4	-0.7	-0.4	1.5	1.6	0.6	0.7	2.2	2.1	1.6	1.2
US	0.3	1.0	0.3	0.4	0.4	1.0	0.4	0.3	0.9	0.7	1.4	0.3	-0.6	0.1	0.9	0.1	0.8	1.0	1.1	0.9	0.7	0.9	0.8	0.1	3.4	1.1	-1.5	-0.8	5.1	0.8	1.8	-2.0	-5.4	-5.4	-5.9	-5.6
JP	1.3	0.8	0.5	0.0	0.3	0.7	0.0	0.3	0.1	0.8	0.3	0.8	0.4	0.3	1.1	0.2	-0.4	0.0	-0.2	-0.4	0.8	1.0	0.1	0.2	6.8	0.0	4.5	-0.5	3.3	2.8	1.6	1.4	2.7	2.4	2.8	2.6

⁽¹⁾ Percentage of GDP.

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						
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003			
	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
Euro-zone	0.8	1.0	1.2	0.8	0.2	0.6	0.9	1.5	3.0	2.9	2.4	1.6	-3.3	-2.6	-1.7	-2.4	-0.3	0.4	0.9	1.4	1.0	3.0	3.7	3.3	-1.8	1.7	3.0	5.1			
EU-15	1.0	1.2	1.4	1.0	0.9	1.1	1.4	1.8	3.1	2.9	2.3	1.6	-3.4	-2.6	-1.5	-1.8	0.1	0.8	1.3	1.7	1.1	2.9	2.9	2.5	-1.4	1.9	2.8	4.4			
US	2.2	3.3	2.9	2.1	3.1	3.8	2.7	2.3	4.7	4.4	4.0	3.3	-2.9	-1.0	0.9	0.6	2.9	3.9	3.9	2.6	-3.0	2.8	3.9	2.2	2.6	6.7	10.1	5.7			
JP	-0.3	1.6	2.5	2.5	0.9	2.2	1.4	1.4	2.3	2.8	1.6	2.1	-5.8	-4.1	0.6	2.1	-1.1	0.9	1.5	2.2	7.7	11.0	17.7	11.0	-0.3	5.3	8.8	9.3			

T3 GDP AND EXPENDITURE COMPONENTS

levels First quarter 2003 - 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
Euro-zone	1 574 843.6	893 084.6				318 558.6				320 902.8				5 788.1				1 538 334.1				609 794.2				573 284.6				36 509.5			
EU-15	1 936 664.1	1 127 697.2				392 897.3				384 977.0				7 273.3				1 912 844.8				740 767.2				716 947.8				23 819.4			
US	1 791 363.8	1 245 943.8				262 437.2				366 275.9				16 766.6				1 891 354.9				203 772.2				303 763.3				- 99 991.1			
JP	1 109 337.6	613 226.5				188 366.6				283 843.3				- 4 646.1				1 080 631.6				129 031.7				100 325.7				28 706.0			

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)			
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003				
	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	0.4	0.3	0.1	0.0	-0.2	0.1	-0.7	0.8	1.1	0.3	-0.5	0.4	-0.9	-0.2	-0.2	-2.4	0.3	0.3	0.3	0.0	0.6	0.2	0.2	0.2	0.7	0.5	0.6	-0.1	0.6	0.3	0.1	0.0
EU-15	0.5	0.4	0.1	0.1	0.0	0.1	-0.7	0.5	1.1	0.3	-0.5	0.2	-0.6	0.1	0.1	-2.0	0.4	0.4	0.4	0.1	0.6	0.4	0.4	0.2	0.7	0.5	0.5	0.0	0.6	0.4	0.2	0.1

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)			
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003				
	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	0.8	1.0	1.2	0.8	-0.1	-1.1	-1.4	0.1	1.0	1.3	2.1	1.3	-0.8	-1.1	-1.7	-3.7	1.2	1.3	1.6	0.9	1.3	1.1	1.2	1.2	2.5	2.6	2.6	1.8	1.3	1.3	1.6	1.0
EU-15	1.0	1.2	1.4	1.0	0.3	-0.5	-1.1	-0.1	0.5	0.8	1.7	1.1	0.2	0.1	-0.4	-2.4	1.6	1.7	1.9	1.3	1.5	1.3	1.4	1.5	2.5	2.6	2.4	1.7	1.4	1.4	1.6	1.2

T6 GDP AND GROSS VALUE ADDED BY INDUSTRY**levels** First quarter 2003 - millions of euro - seasonally adjusted - at constant prices (1995)

	GDP								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				
EURO-ZONE	1 574 843.6	37 811.1	341 352.4	74 812.2	326 426.6	399 766.8	310 450.5	1 490 619.6	153 232.2	69 007.8	
EU-15	1 936 664.1	43 442.9	415 473.8	90 916.1	406 049.5	489 303.9	380 654.0	1 825 840.2	195 190.4	84 366.7	

FISIM: Financial Intermediation Services Indirectly Measured.

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						
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003			
	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
Euro-zone	0.4	0.3	0.1	0.0	0.2	0.3	0.2	0.2	0.2	0.1	0.0	0.0	-0.3	0.0	0.0	-0.3	0.1	-0.1	0.1	0.5	0.8	0.8	-0.1	-0.2	-0.6	-0.7	-0.3	-0.2			
EU-15	0.5	0.4	0.1	0.1	0.2	0.3	0.3	0.2	0.1	0.1	0.1	0.1	-0.2	0.0	0.1	-0.3	0.0	0.0	0.2	0.4	0.8	0.6	-0.3	-0.2	-0.5	-0.6	-0.2	-0.3			
US	0.3	1.0	0.3	0.4	0.3	0.7	0.3	0.2	0.1	0.1	0.2	0.0	-0.1	0.0	0.2	0.0	0.4	0.2	0.2	-0.2	0.4	0.1	-0.2	-0.1	-0.8	-0.1	-0.3	0.4			
JP	1.3	0.8	0.5	0.0	0.2	0.4	0.0	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.3	0.1	0.5	0.4	-0.2	-0.2	0.7	0.0	0.5	-0.1	-0.3	-0.2	-0.1	-0.1			

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

Euro-zone	0.8	1.0	1.2	0.8	0.1	0.3	0.5	0.8	0.6	0.6	0.5	0.3	-0.7	-0.6	-0.4	-0.5	-0.3	0.1	0.2	0.7	0.4	1.2	1.4	1.2	0.7	-0.6	-1.1	-1.8
EU-15	1.0	1.2	1.4	1.0	0.5	0.6	0.8	1.0	0.6	0.6	0.5	0.3	-0.7	-0.5	-0.3	-0.4	-0.4	0.1	0.3	0.6	0.4	1.1	1.1	1.0	0.5	-0.7	-1.0	-1.6
US	2.2	3.3	2.9	2.1	2.1	2.6	1.9	1.6	0.7	0.6	0.6	0.5	-0.6	-0.2	0.2	0.1	0.8	1.0	1.5	0.6	-0.4	0.3	0.4	0.2	-0.4	-1.1	-1.6	-0.9
JP	-0.3	1.6	2.5	2.5	0.5	1.2	0.8	0.8	0.4	0.5	0.3	0.4	-1.6	-1.1	0.1	0.5	-0.4	0.3	0.2	0.5	0.8	1.1	1.8	1.2	0.0	-0.5	-0.7	-0.8

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			
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003				
	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	0.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.1	-0.1	0.1	0.0	0.0	0.0	-0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	-0.1	0.1	0.0	0.0	0.0	-0.1	-0.1	0.0
EU-15	0.5	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.1	-0.1	0.1	0.0	0.0	0.0	-0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	-0.1	0.1	0.0	0.0	0.0	-0.1	-0.1	0.0

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

Euro-zone	0.8	1.0	1.2	0.8	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.3	0.0	-0.1	-0.1	-0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.4	-0.4	-0.2	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
EU-15	1.0	1.2	1.4	1.0	0.0	0.0	0.0	0.0	0.1	0.2	0.4	0.2	0.0	0.0	0.0	-0.1	0.3	0.4	0.4	0.3	0.4	0.3	0.4	0.4	0.5	0.5	0.5	0.3	-0.2	-0.1	0.0	0.1	-0.1	-0.1	-0.1	-0.1

FISIM: Financial Intermediation Services Indirectly Measured.

T9 GROWTH RATE OF GDP AND EXPENDITURE COMPONENTS

1995=100 Volume indices - 1995=100

	GDP				Household & NPISH final consumption expenditure				Government final consumption expenditure				Gross Fixed Capital Formation				Domestic Demand				Exports				Imports			
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003
	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	116.2	116.6	116.7	116.7	115.3	115.8	116.3	116.7	114.1	114.6	114.8	115.1	117.0	117.2	117.2	115.6	114.6	114.9	115.4	115.9	152.4	155.5	155.2	154.2	148.8	151.8	153.0	154.0
EU-15	116.8	117.3	117.4	117.5	117.7	118.3	119.0	119.4	113.8	114.3	114.7	115.1	118.7	118.8	119.3	117.8	116.1	116.6	117.4	117.9	151.5	153.6	152.6	151.9	151.1	153.5	154.4	155.5
US	124.5	125.7	126.2	126.7	128.9	130.2	130.8	131.2	118.4	119.2	120.8	121.1	140.5	140.7	141.9	142.1	129.8	131.0	132.1	132.2	131.8	133.3	131.4	130.3	175.2	176.6	179.8	176.1
JP	107.7	108.5	109.0	109.0	107.5	108.2	108.2	108.6	121.1	122.1	122.5	123.5	99.2	99.5	100.6	100.8	106.3	107.4	107.5	107.7	134.7	134.8	140.8	140.0	121.6	125.0	127.0	128.7

T10 GROWTH RATE OF GDP AND GROSS VALUE ADDED BY INDUSTRY

1995=100 Volume indices - 1995=100

	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)			
	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003	2002			2003				
	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	116.2	116.6	116.7	116.7	107.5	107.6	106.9	107.8	113.9	114.3	113.7	114.2	100.5	100.2	100.0	97.6	123.4	123.7	124.1	124.1	125.2	125.5	125.8	126.0	112.1	112.7	113.4	113.3	117.3	117.7	117.8	117.8
EU-15	116.8	117.3	117.4	117.5	106.4	106.4	105.7	106.3	112.8	113.2	112.6	112.9	103.0	103.1	103.1	101.1	125.0	125.5	126.0	126.2	126.7	127.2	127.6	127.9	112.2	112.7	113.3	113.3	117.9	118.4	118.6	118.6

➤ 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:

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

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

Further information:

➤ Databases

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