

QUARTERLY ACCOUNTS

Second quarter 2004

Output Side

Statistics
in focus

ECONOMY AND
FINANCE

49/2004

National accounts

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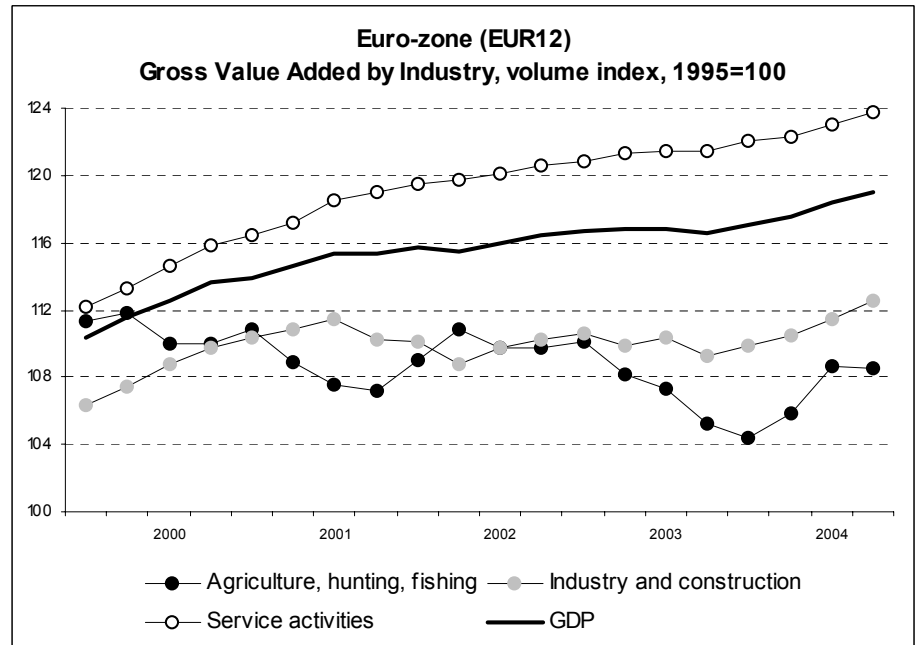
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Eurostat estimates ⁽¹⁾ concerning the second quarter 2004 indicate that Gross Domestic Product (GDP) increased by 0.5% in the euro-zone ⁽²⁾ and by 0.6% in the European Union (EU25), after 0.7% growth recorded in both zones, during the first quarter 2004.

The growth of total gross value added (GVA) during the second quarter 2004 was +0.7% in the euro-zone (+0.7% in the previous quarter too) and slightly higher at +0.8% in the EU25 (+0.7% in the previous quarter).

Compared to the same quarter of the previous year, GDP growth was equal to +2.0% in the euro-zone and +2.4% in the EU25. The values observed for GVA were slightly higher at +2.2% and +2.5%, respectively.

In the euro-zone, four out of six branches of economic activity gave a significant positive contribution to GDP growth, where significant means a contribution larger than 0.05 percentage points GDP growth. The contribution was +0.2 of GDP variation for *Industry* and for *Business activities and financial services* while it was equal to 0.1 for *Trade, transport and communication services* and for *Other Services*. On the other hand, *Agriculture* and *Construction* did not contribute significantly to the GDP variation. Similar patterns were recorded in the EU25.

⁽¹⁾ *Methodological note: data for the euro-zone, EU25 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, EU25 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, Italy, the Netherlands, Austria, Finland, Sweden and the United Kingdom.*

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

T1 GDP AND GROSS VALUE ADDED BY INDUSTRY EURO-ZONE, EU-25, EU-15 AND EU MEMBER STATES

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				Business activities and financial services				Other services				Total Gross Value Added			
	2003		2004		2003		2004		2003		2004		2003		2004		2003		2004		2003		2004		2003		2004		2003		2004	
	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
euro-zone	0.5	0.4	0.7	0.5	-0.8	1.3	2.8	-0.2	0.9	0.7	1.1	1.1	-0.2	0.0	0.3	0.4	0.6	0.0	0.9	0.6	0.5	0.1	0.4	0.8	0.3	0.5	0.3	0.4	0.5	0.3	0.7	0.7
EU-25	0.6	0.5	0.7	0.6	-0.4	1.1	2.1	0.2	0.8	0.6	0.9	1.2	0.3	0.4	0.3	0.6	0.7	0.2	1.0	0.7	0.7	0.4	0.6	0.8	0.3	0.5	0.3	0.6	0.6	0.4	0.7	0.8
EU-15	0.5	0.5	0.7	0.6	-0.4	1.4	2.2	0.0	0.7	0.6	0.9	1.2	0.3	0.4	0.3	0.4	0.6	0.2	1.0	0.7	0.7	0.5	0.6	0.8	0.3	0.5	0.2	0.5	0.6	0.4	0.7	0.8
EU MEMBER STATES																																
BE	0.6	0.7	0.7	0.7	0.5	0.2	0.2	0.6	0.5	1.8	1.0	1.0	1.7	1.4	1.5	2.0	-0.2	-0.3	0.6	1.0	1.5	0.9	1.0	0.8	0.3	0.1	0.3	-0.2	0.6	0.7	0.8	0.7
CZ	0.9	0.9	1.0	1.2	-1.3	-1.2	:	:	0.0	1.4	:	:	0.7	0.4	:	:	1.6	1.2	:	:	0.1	0.5	:	:	1.5	0.8	:	:	0.6	0.9	:	:
DK	0.6	0.7	1.0	0.2	2.2	1.2	-4.5	3.3	-0.7	-1.0	0.8	-0.3	1.4	4.8	1.6	-3.4	0.4	1.8	2.2	2.3	1.8	-0.7	2.6	-1.7	-0.6	0.7	-1.0	0.6	0.4	0.5	1.0	0.2
DE	0.3	0.3	0.4	0.5	-0.2	0.5	1.8	-0.7	0.2	1.1	1.4	2.2	-0.9	-0.2	-2.0	0.3	1.0	-0.2	0.6	0.6	0.4	-0.1	0.4	1.1	0.1	0.0	0.0	0.3	0.3	0.2	0.5	1.0
EE	2.2	1.1	1.2	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EL	1.9	-0.3	2.9	-0.6	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
ES	0.6	0.7	0.7	0.5	1.7	-3.1	2.6	-1.8	0.6	0.7	0.0	1.1	0.7	0.1	1.2	1.4	-0.1	0.3	0.7	0.2	1.1	1.1	0.9	1.0	0.9	1.3	0.7	0.2	0.6	0.6	0.7	0.6
FR	0.7	0.5	0.8	0.7	-0.8	1.8	3.0	2.4	0.8	0.7	0.9	0.4	0.2	0.7	0.4	0.6	1.2	0.1	0.7	1.1	0.7	0.5	0.6	0.6	0.6	0.8	0.5	0.7	0.7	0.6	0.7	0.7
IE	-2.4	5.4	0.9	0.3	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
IT	0.4	0.0	0.5	0.3	-0.9	4.7	5.2	-2.8	1.6	-0.1	0.6	0.2	-0.5	-0.4	1.4	1.4	-0.2	-0.4	1.1	-0.2	0.1	-0.2	-0.9	0.8	-0.4	0.1	0.4	0.6	0.2	-0.1	0.5	0.3
CY	1.2	1.7	0.3	1.0	0.9	0.0	-0.7	-0.2	-0.3	0.3	1.2	-0.1	2.7	3.6	0.2	1.1	0.6	2.1	1.1	1.9	1.6	2.1	1.0	0.7	0.8	1.1	-0.3	0.7	0.9	1.7	0.7	1.0
LV	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
LT	2.7	2.0	0.4	2.1	-0.8	-0.4	0.4	-1.8	5.2	3.9	2.9	1.6	3.4	-0.1	1.0	-0.2	3.0	2.3	1.4	2.7	2.0	1.6	-8.2	6.5	-0.2	0.5	0.5	1.5	2.7	2.0	0.4	2.1
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
HU	0.9	1.1	1.1	0.9	2.5	-1.1	4.8	-2.5	2.2	1.8	1.7	1.2	-0.9	1.7	-2.2	2.5	1.7	0.7	1.4	1.3	1.0	1.0	0.6	0.5	0.1	0.4	0.8	0.8	1.2	1.0	1.1	0.9
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	0.1	0.5	0.8	-0.1	-7.2	7.6	-1.2	1.6	3.0	1.0	0.4	-1.1	-2.3	0.2	5.0	-3.8	0.5	0.4	1.6	0.6	0.3	0.2	0.3	0.8	0.4	1.1	-1.0	0.4	0.5	0.8	0.5	0.1
AT	0.2	0.3	0.4	0.9	-2.5	1.4	2.0	0.0	0.7	-0.8	1.9	1.9	1.0	0.4	-1.6	1.1	0.1	0.2	0.2	0.8	-0.4	-0.1	1.7	0.7	0.6	-0.1	0.0	0.0	0.2	-0.1	0.8	0.9
PL	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
PT	-0.4	-0.1	0.9	1.2	-0.1	1.1	2.2	1.6	1.6	-1.2	0.3	0.6	-1.1	-3.8	2.5	2.3	-0.2	-0.4	1.5	2.7	1.5	-0.5	0.4	1.6	-0.5	-0.3	0.0	0.1	0.4	-0.7	0.8	1.4
SI	1.0	0.5	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
SK	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
FI	0.6	0.3	1.1	0.7	-3.2	-0.3	0.5	-1.3	1.1	-0.2	0.8	1.6	0.2	0.4	0.3	0.0	1.7	1.2	1.7	1.1	0.9	0.5	1.0	0.1	0.3	0.5	0.8	0.9	0.8	0.4	1.0	0.9
SE	0.7	0.9	0.9	1.0	0.8	-0.6	1.1	0.1	1.2	1.9	2.4	2.2	0.5	0.3	0.2	0.9	0.7	0.7	0.8	0.9	0.6	0.2	-0.2	-0.2	0.5	0.4	0.4	0.3	:	:	:	:
UK	0.9	1.0	0.7	0.9	0.3	0.4	7.3	-0.1	0.0	-0.1	1.1	1.2	2.7	1.4	5.2	0.6	0.7	0.7	4.7	1.0	1.5	2.2	4.1	0.8	0.5	0.5	4.9	1.0	0.8	0.9	3.9	0.9

: Data not available.

Differences between GDP and GVA growth rates are attributable to the other two components of GDP: Taxes less subsidies on production and FISIM.

T2 GDP AND GROSS VALUE ADDED BY INDUSTRY
EURO-ZONE, EU-25, EU-15 AND EU MEMBER STATES

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				Business activities and financial services				Other services				Total Gross Value Added			
	2003		2004		2003		2004		2003		2004		2003		2004		2003		2004		2003		2004		2003		2004		2003		2004	
	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
euro-zone	0.4	0.7	1.4	2.0	-5.1	-2.2	1.3	3.1	-0.6	0.7	1.3	3.7	-0.5	-0.5	0.3	0.5	0.9	0.5	1.5	2.1	1.4	1.0	1.3	2.0	0.8	1.0	1.2	1.5	0.4	0.7	1.3	2.2
EU-25	0.8	1.2	1.7	2.4	-4.3	-1.6	1.2	3.0	-0.2	1.0	1.3	3.5	0.4	0.8	1.8	1.7	1.2	0.9	1.9	2.5	1.7	1.6	1.8	2.5	1.0	1.2	1.3	1.7	0.8	1.1	1.6	2.5
EU-15	0.7	1.1	1.7	2.3	-4.5	-1.6	1.4	3.1	-0.5	0.7	1.3	3.5	0.3	0.7	1.5	1.4	1.1	0.8	1.9	2.6	1.7	1.7	1.9	2.6	1.0	1.2	1.2	1.6	0.7	1.0	1.6	2.5
EU MEMBER STATES																																
BE	0.8	1.3	2.0	2.7	1.8	1.1	1.3	1.6	-1.6	1.8	3.1	4.4	-2.6	-3.4	-1.6	6.7	-0.9	0.0	0.4	1.2	4.3	4.3	4.4	4.2	1.6	0.6	1.1	0.5	0.9	1.6	2.2	2.8
CZ	3.4	3.6	3.6	4.1	-2.8	-4.9	:	:	2.8	2.4	:	:	2.3	3.0	:	:	4.3	4.4	:	:	0.7	1.8	:	:	4.3	4.7	:	:	2.7	2.7	:	:
DK	0.4	1.4	1.7	2.6	5.0	7.3	-0.8	2.1	0.4	-1.6	-1.6	-1.2	-3.1	7.8	10.1	4.3	0.4	2.3	2.3	6.8	1.4	2.0	3.1	1.9	-0.5	0.7	-1.2	-0.3	0.4	1.5	1.1	2.1
DE	-0.3	0.0	0.8	1.5	-1.0	-0.7	2.3	1.5	-0.7	1.0	1.3	5.0	-3.1	-2.6	-1.8	-2.7	1.3	0.6	1.3	2.1	0.7	0.1	0.6	1.8	-0.5	-0.5	0.0	0.3	0.1	0.2	0.7	2.1
EE	5.0	6.1	7.0	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EL	4.6	4.5	4.0	3.9	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
ES	2.6	2.8	2.7	2.6	-1.2	0.5	1.0	-0.8	1.0	1.2	1.4	2.4	4.1	3.5	3.6	3.4	2.1	1.3	2.5	1.1	2.0	2.5	3.3	4.2	3.2	4.0	3.0	3.2	2.1	2.2	2.5	2.5
FR	0.4	1.0	1.6	2.8	-9.3	-5.4	1.5	6.5	-0.3	1.3	1.6	2.8	-1.3	-0.1	1.0	1.9	-0.2	-0.1	0.9	3.0	1.4	1.7	1.9	2.5	1.5	1.9	2.0	2.6	0.3	1.0	1.6	2.8
IE	0.6	5.1	6.1	4.1	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
IT	0.4	0.1	0.8	1.2	-8.6	-4.6	0.4	6.1	-0.9	0.0	0.7	2.4	1.7	-1.1	0.2	1.8	0.6	-0.6	1.0	0.4	1.5	0.4	-0.1	-0.2	0.3	0.3	0.4	0.7	0.2	-0.2	0.5	1.0
CY	1.9	2.8	3.5	4.3	2.6	2.6	2.1	0.0	-0.3	0.3	1.2	1.1	3.7	5.5	2.6	7.8	1.2	1.7	4.8	5.8	2.1	4.0	4.4	5.4	3.3	4.0	2.7	2.3	1.9	2.8	3.5	4.3
LV	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
LT	10.2	10.2	6.8	7.4	1.0	1.1	2.8	-2.6	16.3	18.4	7.8	14.2	26.3	16.7	12.4	4.0	10.5	10.0	10.4	9.7	3.4	9.8	-0.9	1.3	2.2	0.8	2.9	2.3	9.8	10.2	6.7	7.3
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
HU	2.9	3.3	4.0	4.1	-8.9	-5.0	0.7	3.7	3.7	5.8	7.3	7.1	-0.5	3.0	10.8	1.1	3.9	3.0	4.3	5.2	3.6	3.3	3.4	3.1	2.5	1.6	1.8	2.2	2.7	3.2	4.6	4.3
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	-1.4	-0.5	0.9	1.4	-5.3	6.5	0.8	0.3	-3.0	-1.1	-0.1	3.3	-7.3	-3.4	2.8	-1.1	-1.4	-1.0	1.7	3.0	0.2	0.6	0.0	1.6	1.4	2.1	1.0	0.9	-1.1	0.2	0.8	2.0
AT	0.6	0.8	0.7	1.8	-7.0	-5.6	-1.1	0.8	0.8	1.3	1.3	3.6	4.2	3.6	-2.3	0.9	0.8	1.4	0.4	1.4	0.6	-0.4	2.0	1.9	1.2	0.8	0.7	0.5	0.9	0.8	0.8	1.8
PL	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
PT	-1.0	-0.2	0.3	1.5	-4.7	-2.6	2.0	4.9	0.5	0.0	0.6	1.3	-10.3	-8.4	-3.3	-0.3	0.4	1.0	2.2	3.5	3.1	1.3	3.3	3.0	-1.8	-1.6	-1.2	-0.7	-0.4	-0.5	1.0	1.8
SI	2.3	2.5	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
SK	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
FI	2.4	1.6	2.8	2.7	0.9	-2.1	4.4	-4.2	1.5	-0.3	1.1	3.4	1.6	1.1	2.0	0.9	4.0	4.6	6.0	5.8	4.2	3.7	3.7	2.5	0.2	0.5	1.5	2.5	2.3	1.8	3.0	3.1
SE	1.7	2.4	2.8	3.5	2.8	-0.6	1.8	1.4	1.3	3.2	5.7	7.8	-0.3	0.2	0.5	1.8	2.2	2.2	2.6	3.2	1.7	2.6	0.5	0.3	0.9	1.5	1.3	1.6	:	:	:	:
UK	2.2	2.9	3.4	3.6	-3.3	-1.7	8.6	7.9	-0.4	0.1	1.3	2.2	6.5	6.3	13.1	10.2	1.9	1.7	6.9	7.1	3.4	5.0	8.2	8.8	2.4	2.1	6.7	6.9	2.2	2.6	6.4	6.7

: Data not available.

Differences between GDP and GVA growth rates are attributable to the other two components of GDP: Taxes less subsidies on production and FISIM.

**T4 GDP AND GROSS VALUE ADDED BY INDUSTRY
EURO-ZONE, EU-25, EU-15 AND EU MEMBER STATES**

levels Second quarter 2004, in millions of euro, seasonally adjusted, at current prices

	GDP	Agriculture, hunting and fishing	Industry, incl. Energy	Construction	Trade, transport and communication services	Business activities and financial services	Other services	Total Gross Value Added	Taxes less subsidies on products	FISIM
euro-zone	1 878 336.0	38 210.0	373 442.9	98 423.6	364 750.4	485 870.2	382 385.3	1 743 082.3	196 521.8	61 268.0
EU-25	2 549 157.7	48 482.1	500 778.1	137 057.8	508 943.6	637 234.6	524 640.1	2 357 136.3	275 158.2	83 136.8
EU-15	2 428 497.9	44 978.1	473 466.8	130 171.0	480 118.1	618 242.6	502 523.1	2 249 499.8	260 570.3	81 572.2
EU MEMBER STATES										
BE	69 619.0	828.0	13 628.0	3 083.0	12 696.0	18 553.0	15 505.0	64 293.0	7 393.0	2 067.0
CZ	21 204.8	:	:	:	:	:	:	:	:	:
DK	48 682.5	879.2	8 645.8	2 113.2	9 630.2	10 548.4	11 468.1	43 285.3	6 884.9	1 487.6
DE	544 320.0	5 680.0	126 520.0	20 700.0	91 450.0	156 250.0	108 990.0	509 590.0	51 180.0	16 450.0
EE	:	:	:	:	:	:	:	:	:	:
EL	40 284.0	:	:	:	:	:	:	:	:	:
ES	196 108.0	5 606.0	33 546.0	18 727.0	50 107.0	37 515.0	37 737.0	183 238.0	19 334.0	6 464.0
FR	405 181.9	9 133.8	70 687.6	19 540.9	68 022.1	116 196.8	89 437.4	373 018.6	42 938.8	10 775.5
IE	36 380.4	:	:	:	:	:	:	:	:	:
IT	337 738.0	7 857.2	66 885.8	16 004.8	74 292.1	85 908.6	64 403.8	315 352.3	34 916.0	12 530.3
CY	2 991.5	114.4	337.7	229.7	848.8	601.9	680.4	2 812.9	313.4	134.9
LV	:	:	:	:	:	:	:	:	:	:
LT	4 369.6	227.0	1 025.3	282.7	1 298.1	475.0	667.5	4 369.6	440.6	46.5
LU	:	:	:	:	:	:	:	:	:	:
HU	:	:	:	:	:	:	:	:	:	:
MT	:	:	:	:	:	:	:	:	:	:
NL	115 861.0	2 566.0	19 902.0	6 227.0	22 826.0	28 851.0	26 942.0	107 314.0	13 206.0	4 659.0
AT	57 749.7	1 178.9	12 758.4	4 018.7	12 870.0	12 949.9	10 728.5	54 504.4	5 790.8	2 545.5
PL	:	:	:	:	:	:	:	:	:	:
PT	33 612.8	1 166.9	5 958.8	2 083.2	7 485.2	5 752.1	7 908.6	30 354.8	4 765.6	1 292.0
SI	:	:	:	:	:	:	:	:	:	:
SK	:	:	:	:	:	:	:	:	:	:
FI	36 754.0	1 029.0	8 107.0	1 749.0	7 455.0	6 996.0	7 344.0	32 680.0	4 809.0	735.0
SE	:	:	:	:	:	:	:	:	:	:
UK	432 744.7	3 804.9	75 937.0	25 887.5	92 690.1	106 522.8	90 280.9	395 121.7	48 748.2	18 610.6

: Data not available.

➤ 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 **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 derived from 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.

A more detailed breakdown by 17 industries is also available for quarterly GVA. However, since this level of detail is transmitted to Eurostat on a voluntary basis, no European aggregates are compiled so far. Even more detail is provided in a breakdown by 31 industries, which is not compiled on a quarterly basis, but available from annual national accounts.

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 easily be allocated directly to individual customers as intermediate consumption, so value added is overestimated for the branches. FISIM is therefore usually considered to be intermediate consumption at the national economy level.

National Accounts by industry

The **institutional unit** is the core element of the national accounting system. It is an elementary economic decision-making centre characterised by uniformity of behaviour and decision-making autonomy in the exercise of its principal function (ESA 2.12. and following). In particular, private and public corporations are considered to be institutional units.

In practice, most institutional units producing goods and services are engaged in a combination of activities at the same time. They may be engaged in a principal activity, some secondary activities and some ancillary activities. Activities can be determined by reference to the NACE Rev. 1. classification mentioned above.

In order to analyse flows occurring in the process of production and in the use of goods and services, it is necessary to choose units which emphasise relationships of a technico-economic (rather than a legal-institutional) kind. This means that institutional units must be partitioned into smaller and more homogeneous units with regard to the kind of production. To this end, the **kind-of-activity unit** (KAU) groups all the parts of an institutional unit in its capacity as producer contributing to the performance of an activity at class level (4 digits) of NACE Rev. 1. The KAU corresponds to one or more operational subdivisions of an institutional unit. The **local kind-of-activity unit** (local KAU) is that part of a KAU which corresponds to a local unit, i.e. the part situated in a geographically identified place.

A local KAU may correspond to an institutional unit as producer or be a part thereof; on the other hand, it can never belong to two different institutional units. Of course, in order for the KAU to be an operational concept in National Accounts, the institutional unit's information system must be capable of providing for each local KAU at least the value of some central accounting variables, in particular production value and intermediate consumption.

An **industry** consists of all local KAUs engaged in the same, or similar, kind-of-activity as classified by NACE Rev. 1. Accordingly, the classification used for defining industries is the NACE rev. 1 at its different levels of detail. NACE being the classification of economic activities, industries are sometimes also referred to as **branches of economic activity** or simply **branches**.

Further information:

➤ **Databases**

[EUROSTAT Website/Economy and finance/National accounts \(including GDP\)/Quarterly national accounts/Breakdowns \(main aggregates and employment by industry, investment by product and consumption by purpose\)/Breakdown by 6 branches \(NACE 6\)](#)

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