

Information note

The system of national accounts describes, in quantitative terms and in the form of accounts, the economical and financial activity of a country or specific geographical areas within it, for periods that coincide with the calendar year or for shorter periods of time.

The essential purpose of a macroeconomic system of accounts is to classify the complex economic activity, to summarise it into a limited number of fundamental aggregates and to display it within an organic overall framework that represents economic circuits.

As happens, therefore, for each economically organised unit, enterprise or household, also for the whole country it is possible to draw up periodic balance sheets which record in aggregated form the actions carried out by the various economic agents operating in the activities of resource formation, distribution and use.

The set of accounts referred to the country is based on a series of relations of the “identity” type. The name *account* has its origin precisely in the fact that each aspect of economic life can be recorded in the sections of an account which measures revenues and expenditures according to schemes that relate to the accounting methods of enterprises. In particular, the method for recording economic and financial flows adopted by national accounts is the one based on quadruple entry rules as two institutional units (for example households and public administrations) are usually involved in each economic transaction. It is a series of accounts which show how income is produced, distributed and used, how savings accumulate, how activities are financed and what positions the country occupies in relation to the rest of the world, as well as the circuits, the interdependencies and behavioural relationships among the various institutional sectors operating within the country itself.

The estimates are produced in accordance with the accounting schemes and entry rules set out in ESA95, the European system of accounts.

The elaborations undertaken to estimate national accounts require a continuous process of updating statistical sources and estimation methods underlying them. National accounts data therefore undergo annual and extraordinary revisions. The latter are carried out every 5 years (in years ending in 0 or 5, depending on agreements established within the European Union) and initially involve estimation of the various aggregates for the benchmark year, during which a greater number of information sources are available and in relation to which all estimation methods are reconsidered. The changes deriving from them are then implemented across the whole time series of national accounts. The benchmark year for the current series of accounts is 2000.

The annual revisions generally regard the three years immediately preceding the latest year of estimation and are carried out mainly to adjust estimations to the most up-to-date information base.

The scheduling of the annual estimations regarding the various national accounts aggregates is staggered over the whole calendar year. Data on the main macroeconomic aggregates are initially published at the end of February, in compliance with the European Union regulation governing the data transmission to the European office of statistics (Eurostat).

The most detailed data in terms of accounts, sectors of economic activity, evaluation criteria and completeness of aggregates are disseminated with the present publication. The process of dissemination of the estimations will continue until the end of the year with the publication of gross capital formation and capital stock, the estimation of total hours worked, macroeconomic aggregates by geographical area and functional analyses (Coicop,¹ Cofog²).

The estimations of the aggregates published with this note are contained in the following tables:

- accounts tables
- output tables
- value added tables
- compensation of employees tables
- consumption tables
- employment tables

¹ Coicop=Classification of individual consumption by purpose.

² Cofog =Classification of the functions of government.

- gross fixed capital formation table
- average values of main aggregates table

The accounts tables present the sequence of accounts regarding current operations. The latter refer to the formation, distribution and redistribution of income, in addition to its utilisation in the form of final uses. They make it possible to calculate savings, which constitute the essential factor of accumulation.

The tables following the accounts tables refer to the various economic aggregates of output and of value added at current and constant prices.

The aggregates at current prices are expressed at producer's prices and at basic prices. It is pointed out that the producer's price is the one that the latter can receive from the purchaser for a unit of a good or service produced including, therefore, any taxes to be paid on those units as a consequence of their production or sale (taxes on products); any subsidies to be received for that unit as a consequence of its production or sale (subsidies on products) are excluded from the price. The basic price is the price that the producer can receive from the purchaser, deducting any taxes to pay on that unit but including any subsidies to be received.

It is underlined that Istat attributes great importance to the valuation of value added expressed at basic prices, as this measures the actual amount received by the producer.

The aggregates valued at constant prices are expressed at chain linked prices with 2000 as reference year. In accordance with the standards set out by European Union regulations, starting from the last extraordinary revision of the national accounts dated December 2005, Italian national accounts introduced the chain index method for measuring the real dynamics of economic aggregates.

Chain indices use volume measures which for each estimation reference year are obtained on the basis of previous year's prices (for example, the 2007 estimations are based on 2006 prices, the 2006 estimations on 2005 prices, and so on). The chain linking technique is applied to estimations at previous year prices, making it possible to obtain indices for the reference year 2000 (2000=100); by multiplying the above mentioned indices by the 2000 current values, the chain linked series expressed in monetary terms are obtained. To summarise, chain linking consists in updating the annual weighting system and this enables the dynamics of national accounting aggregates to be measured so as to ensure greater relevance to the real dynamics of economic phenomena. In the past, a fixed weighting system based on the prices of a base year was used.

The employment data regard domestic and full time equivalent employment. Each measure provides different information on the contribution of the labour factor to the production process: domestic employment represents the number of physical persons employed, while full time equivalence measures the theoretical number of full-time workers which is estimated from the all working activities of each person employed. Full time equivalence in any case constitutes the reference measure of the economic aggregates (GDP, value added, incomes and so on).

Final households consumption is published according to the 3-digits Coicop classification which groups expenditure on goods and services into homogeneous categories according to the type of need that households wish to satisfy.

Final consumption expenditure is recorded at purchaser's prices, that is, the price that the purchaser actually pays for products at the time of purchase, including any taxes on the product itself.

Gross fixed capital formation is published in 6 types of activity based on a new classification (An6) established under Regulation (EC) no. 1392/2007. The new classification redefines the content of the six types of investment and at the same time provides a greater level of detail for products of new information and communication technologies.

Aggregates in currency are expressed in euro in all tables. For data prior to 1 January 2000, when the euro had not yet been introduced, the term "eurolire" is adopted since the changeover from the lira to the euro was based on the conversion rate set on 1 January 1999 (1936.27 lire = 1 euro). This calculation has made it possible to convert monetary values previously expressed in lire into euro.