The Italian National Accounts System: the general framework and recent innovations

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OUTLINE

The general framework of National Accounts

Innovations introduced: SNA 2008 and ESA 2010

New methods and sources

The key role of quarterly national accounts

A quick glance to regional accounts

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National Accounts as the pillar of macro-economic statistics
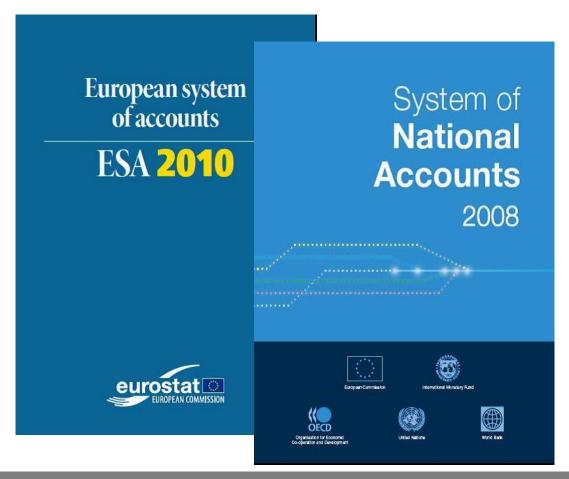

EUROPEAN STATISTICAL SYSTEM

The European statistical system has developed a large set of macro-economic statistics

The main components are:
- Annual National Accounts;
- Quarterly National Accounts;
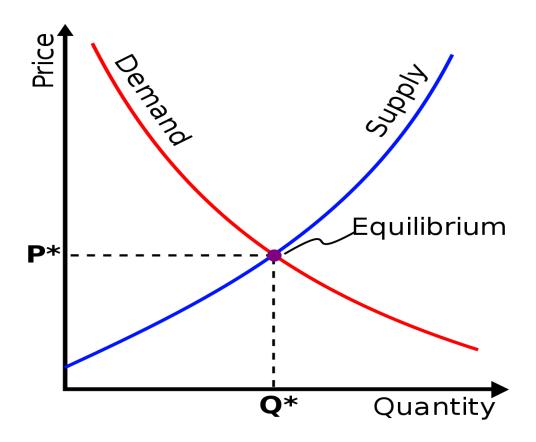- Short-term business statistics indicators

National Accounts

Annual National Accounts are codified in the SNA manual and in the EU ESA Regulation.
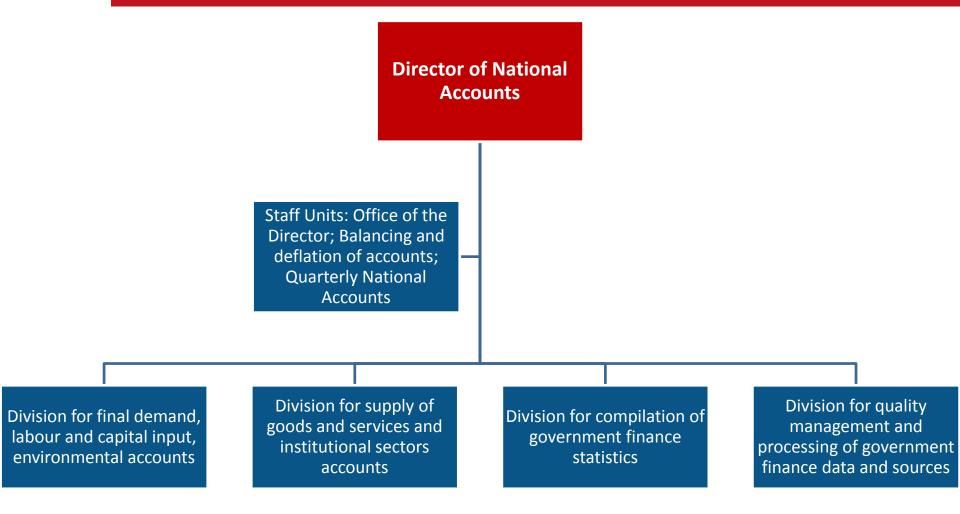
ESA National Accounts

Organisation of National Accounts at Istat

Director of National Accounts

Staff Units: Office of the Director; Balancing and deflation of accounts; Quarterly National Accounts

Division for final demand, labour and capital input, environmental accounts

Division for supply of goods and services and institutional sectors accounts

Division for compilation of government finance statistics

Division for quality management and processing of government finance data and sources
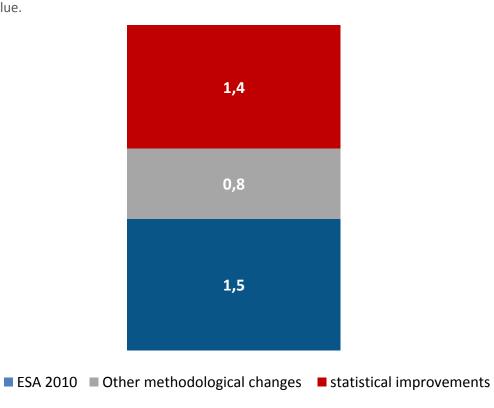
The ESA 2010 and the main revision

IMPACT OF METHODOLOGICAL CHANGES AND STATISTICAL IMPROVEMENTS ON THE LEVEL OF GDP
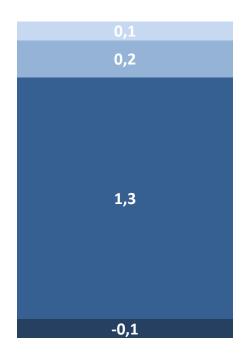Year 2011; percent value.

■ ESA 2010	■ Other methodological changes	■ statistical improvements

The national accounts version defined in September 2014 is the result of a comprehensive revision, embodying important changes.

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The ESA 2010 main methodological innovations

IMPACT OF CHANGES INTRODUCED BY ESA 2010 ON THE LEVEL OF GDP
Year 2011; percent value.

0,1
0,2
1,3
-0,1

The most notable methodological change:

- The capitalisation of Research & Development (R&D) expenditures;

- Reclassification from intermediate consumption to investment expenditure of the cost of weapon systems;

- New definition of foreign trade

■ The capitalisation of (R&D) expenditures   ■ Reclassification weapon systems

■ New definition of foreign trade   ■ Other changes

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The introduction of some illegal activities

IMPACT OF OTHER METHODOLOGICAL CHANGES ON THE LEVEL OF GDP
Year 2011; percent value.

1,0

-0,2

A relevant change is the inclusion in national accounts of illegal activities:

- The production and marketing of drugs
- Alcohol and tobacco smuggling
- Prostitution.

■ Illegal activities   ■ Other changes

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Innovations deriving from new sources and methods

In 2014 many aspects of the compilation of ANA have been modified in order to improve both data sources and methods used.

A central role in the revision was played by the new sources created through the integration of administrative archives and survey data

The availability of those sources is the cornerstone for introducing new methods of correction of under-reporting

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The new source of data for the estimation of value added

The estimate of the supply of market producers of goods and services is based on the strict separation of observed activities from the non-observed ones.

For observed activities the initial estimates are based on the economic results that are measured directly
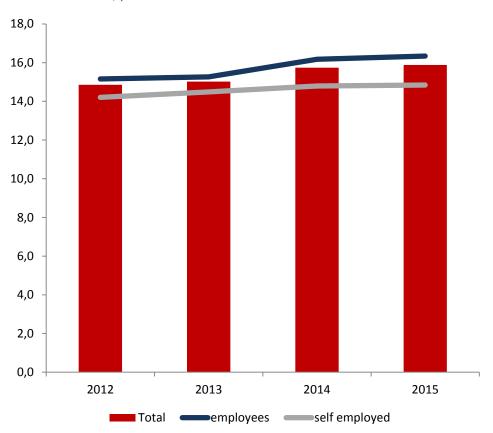
Frame-SBS is a statistical register of annual economic variables of all active enterprises included in the ASIA-Enterprises business register

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Measuring the underground economy

SHARE OF UNDECLARED EMPLOYMENT (Out of TOTAL)
Year 2012-2015; percent value.

Legend: ■ Total ▬ employees ▬ self employed

New methodologies were introduced for measuring underground production

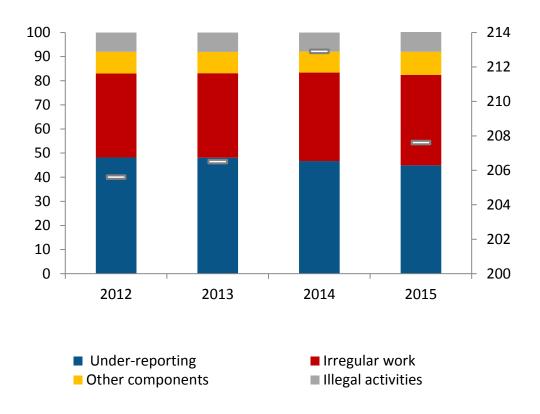The current method identify different components of the underground economy:
1. The correction of the under-reporting of business activities
2. The measurement of undeclared labour input
3. Marginal, non-structured micro-enterprises
4. Other components

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Measuring the underground economy

VALUE ADDED OF UNDERGROUND ECONOMY AND ILLEGAL ACTIVITIES
Year 2012-2015; (billion euros right scale; percent value.)

Legend:
- ■ Under-reporting
- ■ Irregular work
- ■ Other components
- ■ Illegal activities

In 2015, the Not observed economy (Underground Economy and illegal activities) is 12.6% of GDP

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The definition of the Database on Workers: LFS_ADMIN

SURVEY (LFS)

ADMINISTRATIVE SOURCES

The *Database on* workers is developed integrating statistical and administrative sources

LFS_ADMIN is the most important source of the database on workers in terms of coverage and richness of information

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The value added generated by undeclared employment

The undeclared labour input activates an important part of the non-observed value added in the economic system (4,7% of GDP in 2015).

The compilation and revision of ANA

The compilation of national accounts is a continuous process aimed at improving estimates

The information content of annual NA estimates change significantly over time

The process of revision of Annual estimates of NA

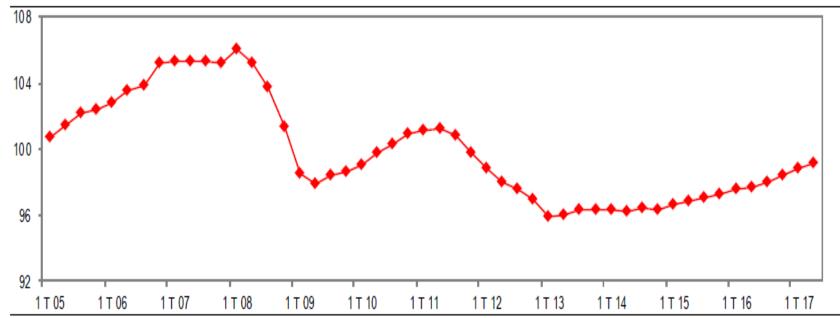The revision cycle of annual data can occur once or twice in a year

Efforts must be constantly devoted to strengthen the robustness of the estimation process

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Quarterly National Accounts (QNA)

GDP QUARTERLY

Seasonally and calendar adjusted, chained volume measure; index 2010 = 100

The Quarterly National provide information about the short-term evolution of the economic situation

Quarterly GDP is the main reference variable for business cycle analisys

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The role of QNA in the preliminary estimates of Annual data

There is an important role of QNA in providing the base for the early compilation of Annual National Accounts

It is very important that quarterly aggregates provide a reliable assessment of the infra-annual movements of supply and demand

The coherence between ANA and QNA estimates, crucially depends on the set of indicators utilised in the estimation processes

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Regional Accounts

Regional accounts play an important role in the monitoring of territorial developments of a Country economy
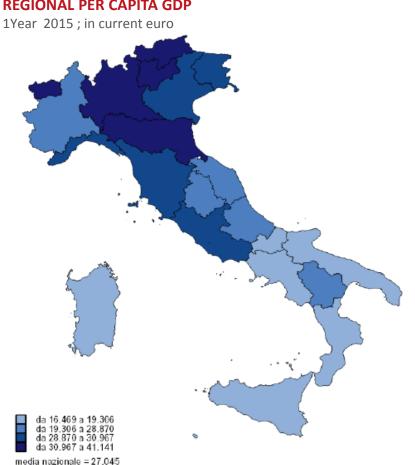
In Italy Regional accounts are compiled at annual frequency for the main territorial units: there are 21 regions

At EU level recommendations have been developed in order to compile regional accounts consistent across countries

Regional Accounts : the compilation

REGIONAL PER CAPITA GDP

1Year 2015 ; in current euro

da 16.469 a 19.306
da 19.306 a 28.870
da 28.870 a 30.967
da 30.967 a 41.141

media nazionale = 27.045

To allow the measurement of economic variables at regional level, units that correspond at the local activity are needed

A further development of NA: Regional Accounts coherent with SNA and ESA standards