Istat

Main differences between Esa 2010 and Esa 95

Esa 2010 presents important differences compared with Esa 95 with respect to the scope and the concepts, since it reflects the developments and methodological progresses in measuring modern economies, consolidated at international level. The major differences are as follows.

- Expenses for research and development (R&D) are recognized as expenses for investment originating the creation of intellectual property products. This methodological change has relevant consequences: R&D expenditure becomes part of final demand and is therefore a component of Gdp, while in the past it was considered as an intermediate cost of the economic unit that effected it.

- Weapon systems expenditure meeting the general definition of assets is classified as fixed capital formation, rather than intermediate consumption expenditure. In particular will be classified as fixed capital formation the expenditure for the purchase of goods that are used continuously and for more than one year (such as vehicles and other equipment such as warships, military aircrafts, tanks, missile carriers, etc).

- The criterion of economic ownership in the definition of import and export of goods has been introduced: these flows are registered when a change in the ownership of the good occurs, regardless the correspondent cross-borders physical movements. The new definitions imply changes in the way the following are dealt with: a) merchanting activity, that is the selling to a non-resident (by a resident) of a good purchased by another non-resident without the good entering the merchant's economy, that is now registered as trade in goods instead of services; b) the processing activity of goods sent abroad or received from abroad to be processed with a change in ownership (goods destined for processing on account of foreign customers) are excluded from the trade of goods, whereas the related processing is recorded as services. The new definitions will modify the estimation of flows of goods and services, albeit with an almost null net effect on the trade balance (and consequently on Gdp).

- The sector of financial corporations is represented at a more detailed level, in order to achieve greater consistency with the system of financial statistics of the European Central Bank (ECB) and the International Monetary Fund (IMF).

- Stricter rules have been defined on the handling of special purpose entities (SPEs), that is those corporations solely engaged in securitization transactions and, with respect to this, place negotiable financial instruments. In particular, liabilities of government controlled SPEs abroad should be recorded in the government financial accounts.

- The ways of recording transactions of public corporations have been clarified, in order to improve the recording of items that could significantly affect government debt.

- The treatment of super dividends paid by public corporations has been clarified. They are to be treated as exceptional payments and withdrawals from equity.

- The treatment of public-private partnerships for possible implications on government accounts (deficit and debt) is defined for the first time. Moreover, it has been defined the treatment for the classification of restructuring agencies, i.e. those entities dealing with the restructuring of corporations (whether controlled by government or not) in financial or economic crisis, managing assets privatization or dismissal (often backed by a public operator).

- Claim settlements met after an exceptional event (catastrophe) are to be treated as a capital transfer and not as a current transfer, so as not to influence the household disposable income. This change makes the estimation of the insurance service less volatile. Compensation of employees will include the value of stock options which corporations give their employees.

- New rules are introduced to record pension entitlements at a set date. A supplementary table is provided to record all pensions entitlements in social insurance, including unfunded government pension schemes and social security pensions. Member States shall transmit the table in 2017 with data referred to 2015.

The Esa 2010 introduces not only conceptual changes with respect to Esa 1995, but also proposes improved and widened descriptions of national accounts methodologies, by introducing new chapters on satellite accounts, general government accounts and the accounts with the rest of the world.