

Years 2017-2018

GDP AND GENERAL GOVERNMENT NET BORROWING: UPDATING

Istat publishes a new version of the national economic accounts and the General Government (GG) account for 2017 and 2018, revised with respect to those released, respectively, on 1 March (for GDP) and 3 April (for the GG account). In the latter release it was announced that a new estimate would be necessary, in order to incorporate in the accounts a modification of the perimeter of the GG sector and, in particular, the inclusion of some institutional units which produce a significant impact on various economic aggregates, including value added.

The new estimate results in an upward revision of the nominal GDP of around 3.2 billion in 2017 and around 3.0 in 2018. The 2017 nominal GDP growth rate is now equal to 2.2% (previously 2.0%), but it is important to consider that since the 2016 level has not been revised, the rate of change is affected by a break in the accounts. This effect will be removed with the extraordinary revision of the national accounts scheduled for next September. With regard to the General Government account, the changes in the perimeter of the sector give rise to a very slight reduction in the level of net borrowing which, in terms of the ratio to the GDP, remains unchanged compared to previous estimates (2.4% in 2017 and 2.1% in 2018).

The reasons for the revision

The reclassification of the institutional units in to the General Government sector derives from an analysis carried out by Istat in agreement with Eurostat based on the criteria established by the ESA 2010,. Although the decision regarding the change in classification was shared, the timing for the implementation of this change was irrevocably defined by Eurostat, during the preparation of the Notification on net borrowing and the debt of the General Government to the European Commission in application of the Procedure for Excessive Deficits (PDE) annexed to the Maastricht Treaty. Given the complexity of the revision of the whole set of national accounts, the operation was conducted only for the two most recent years, with the effect of determining, for some aggregates, a discontinuity between the data for 2017 and those of previous years, which influences the GDP. This discontinuity will be overcome with the diffusion of the new estimates, on September 23rd, when the time series will still be recalculated to incorporate many changes due to the already announced revision of the national accounts.

We inform that the new estimate released today will be included in the publication concerning the annual accounts by institutional sector, scheduled for April 12th. At the same time, revised time series of quarterly national accounts and quarterly accounts by institutional sector will also be disseminated via I.stat.

TABLE 1. REVISIONS OF GDP AND ITS EXPENDITURE COMPONENTS Years 2017-2018, current prices, vintage comparison (April 2019 versus March 2019)

AGGREGATES	2017			2018		
	April 2019 estimate a	March 2019 estimate b	Revisions a-b	April 2019 estimate a	March 2019 estimate b	Revisions a-b
Gross domestic product at market prices	1,727,382	1,724,205	+3,177	1,756,982	1,753,949	+3,033
Imports	488,036	488,036	0	513,991	513,991	0
Final Consumption Expenditure	1,372,718	1,369,584	+3,134	1,397,582	1,394,518	+3,064
- Households final consumption expenditure	1,039,885	1,039,883	+2	1,056,989	1,057,127	-138
- Government final consumption expenditure	323,243	320,110	+3,133	330,704	327,502	+3,202
- NPISH final consumption expenditure	9,590	9,590	0	9,889	9,889	0
Gross Fixed Capital Formation	303,739	303,697	+42	315,676	315,703	-27
Changes in inventories and acquisitions less disposals of valuables	621	621	0	-237	-233	-4
Exports	538,340	538,340	0	557,952	557,952	0

TABLE 2. REVISIONS OF VALUE ADDED AT BASIC PRICES BY ECONOMIC ACTIVITY. Years 2017-2018, current prices, vintage comparison (April 2019 versus March 2019)

AGGREGATES	2017			2018		
	April 2019 estimate a	March 2019 estimate b	Revisions a-b	April 2019 estimate a	March 2019 estimate b	Revisions a-b
Value added	1,548,450	1,546,446	+2,004	1,575,636	1,573,776	+1,860
Agriculture, forestry and fishing	33,082	33,084	-2	33,070	33,067	+3
Industry including construction	371,495	371,481	+14	380,404	380,291	+113
Mining and quarrying, Manufacturing and Other industrial activities	299,332	299,300	+32	306,455	306,340	+115
of which: Manufacturing	257,206	257,228	-22	263,388	263,346	+42
Construction	72,164	72,181	-17	73,948	73,952	-4
Services	1,143,873	1,141,881	+1,992	1,162,162	1,160,418	+1,744
Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities	328,866	326,943	+1,923	336,870	335,277	+1,593
Information and communication	57,957	57,934	+23	57,003	56,967	+36
Financial and insurance activities	79,144	79,129	+15	76,326	76,297	+29
Real estate activities	213,493	213,494	-1	218,924	218,908	+16
Professional, scientific and technical activities; administrative and support service activities	147,247	147,228	+19	149,421	149,370	+51
Public administration and defence; compulsory social security; education; human health and social work activities	256,491	256,478	+13	261,932	261,918	+14
Arts, entertainment and recreation, repair of household goods and other services	60,674	60,675	-1	61,686	61,681	+5

TABLE 3. REVISIONS OF GENERAL GOVERNMENT ACCOUNT. Years 2017-2018, current prices, vintage comparison (April 9 2019 versus April 3 2019)

AGGREGATES ESA 2010	2017 (a)			2018 (a)		
	April 9 2019 estimate a	April 3 2019 estimate b	Revisions a-b	April 9 2019 estimate a	April 3 2019 estimate b	Revisions a-b
REVENUES						
Market and for own final use output	41,044	38,382	+2,662	41,836	38,847	+2,989
Current taxes on income, wealth, etc.	250,642	250,642	0	248,876	248,876	0
Taxes on production and imports	248,384	248,384	0	253,607	253,607	0
Actual social contributions from employers and households	221,405	221,405	0	230,822	230,822	0
Employers' imputed social contributions	4,161	4,161	0	4,142	4,142	0
Other current revenues	31,359	31,155	+204	33,138	32,923	+215
Total current revenues	796,995	794,129	+2,866	812,421	809,217	+3,204
Capital taxes	2,318	2,318	0	1,478	1,478	0
Other capital revenues	4,297	4,297	0	2,214	2,214	0
Total capital revenues	6,615	6,615	0	3,692	3,692	0
Total revenues	803,610	800,744	+2,866	816,113	812,909	+3,204
EXPENDITURES						
Compensation of employees	166,683	164,993	+1,690	171,826	170,064	+1,762
Intermediate consumption	96,831	95,123	+1,708	97,967	95,985	+1,982
Social transfers in kind - purchased market production	44,913	44,913	0	45,888	45,888	0
Social benefits other than social transfers in kind	341,258	341,258	0	348,893	348,893	0
Other current expenditures	62,417	63,567	-1,150	65,700	66,819	-1,119
Current expenditure net of interest	712,102	709,854	+2,248	730,274	727,649	+2,625
Interest to be paid	65,598	65,497	+101	64,979	64,879	+100
Total current expenditure	777,700	775,351	+2,349	795,253	792,528	+2,725
Gross fixed capital formation	38,765	34,354	+4,411	37,081	33,043	+4,038
Contributi agli investimenti	9,649	13,799	-4,150	13,899	17,496	-3,597
Other capital expenditures	18,781	18,781	0	7,385	7,385	0
Total capital expenditure	67,195	66,934	+261	58,365	57,924	+441
Total expenditure	844,895	842,285	+2,610	853,618	850,452	+3,166
Net lending (+) or Net borrowing (-)	-41,285	-41,541	+256	-37,505	-37,543	+38
<i>Percentage ratio to GDP</i>	-2.4	-2.4	0.0	-2.1	-2.1	0.0
Primary balance	24,313	23,956	+357	27,474	27,336	+138
<i>Percentage ratio to GDP</i>	1.4	1.4	0.0	1.6	1.6	0.0
Tax burden	726,910	726,910	0	738,925	738,925	0
<i>Percentage ratio to GDP</i>	42.1	42.2	-0.1	42.1	42.1	0.0
GDP	1,727,382	1,724,205	+3,177	1,756,982	1,753,949	+3,033