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First estimation of European aggregates based on ESA 2010 **ESA 2010 shifts level of EU and euro area GDP upward, growth rates almost unaffected**

Announcement

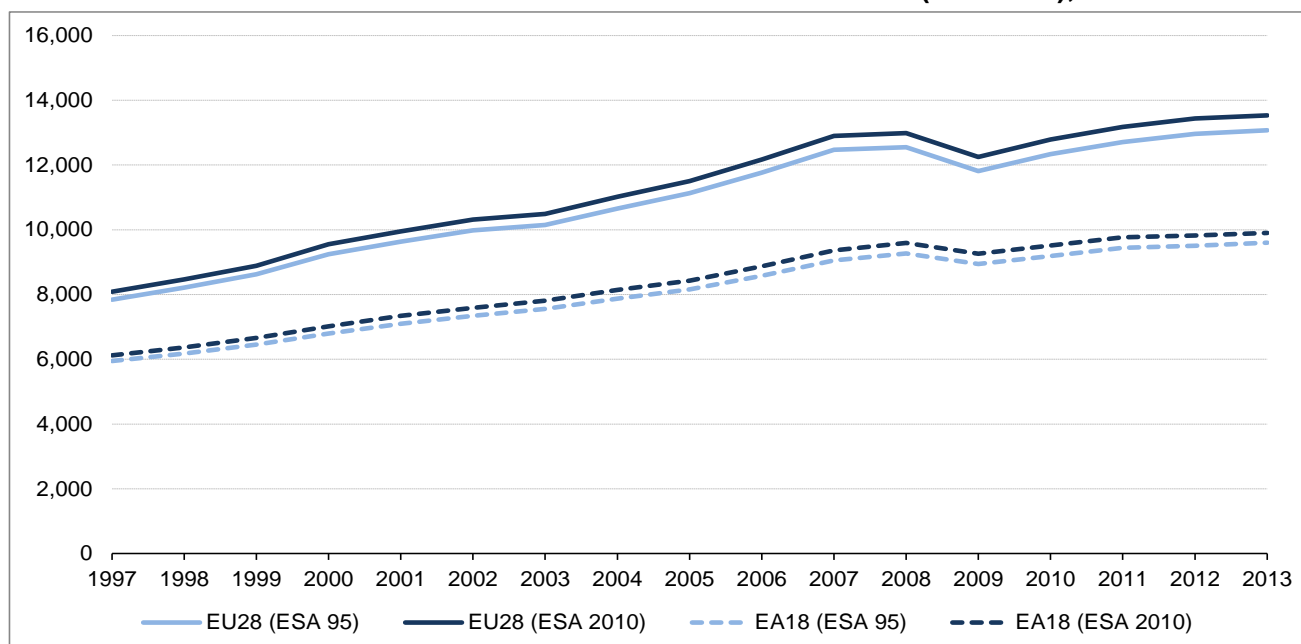
This special News Release is the first on GDP based on the ESA 2010 methodology. It covers changes in annual GDP levels and growth rates with a particular focus on 2010, the reference year for the detailed analysis of the revisions. A first ESA 2010 based estimation of annual and quarterly main European GDP aggregates and already available Member State data can be found in the Eurostat [on-line database](#).

This adaptation is not only European, but world-wide. Europe's ESA 2010 is the counterpart of the 2008 SNA, adopted by the United Nations Statistical Commission, which has already been implemented, among others, in USA, Australia and Canada.

The European system of accounts 2010 (ESA 2010) provides a revised set of concepts, definitions, classifications and accounting rules that enable the EU Member States to produce consistent, reliable and comparable statistical descriptions of their economies. For most Member States the implementation of the ESA 2010 guidelines is accompanied by the incorporation of statistical improvements¹ in their data. While these changes give rise to shifts in the GDP levels of most Member States, growth rates have been almost unaffected.

As a consequence of the changes, the average annual difference between the level of GDP in current prices under ESA 2010 and ESA 95 over the period 1997-2013 amounted to +3.4% in both the **euro area**² (EA18) and the **EU28**². In the **United States**, the implementation of the 2008 SNA, the international methodological counterpart of ESA 2010, resulted in an upward revision of 3.6% in the level of GDP in 2012.

EU28 and EA18 nominal GDP under ESA 95 and ESA 2010 (€ billions), 1997-2013



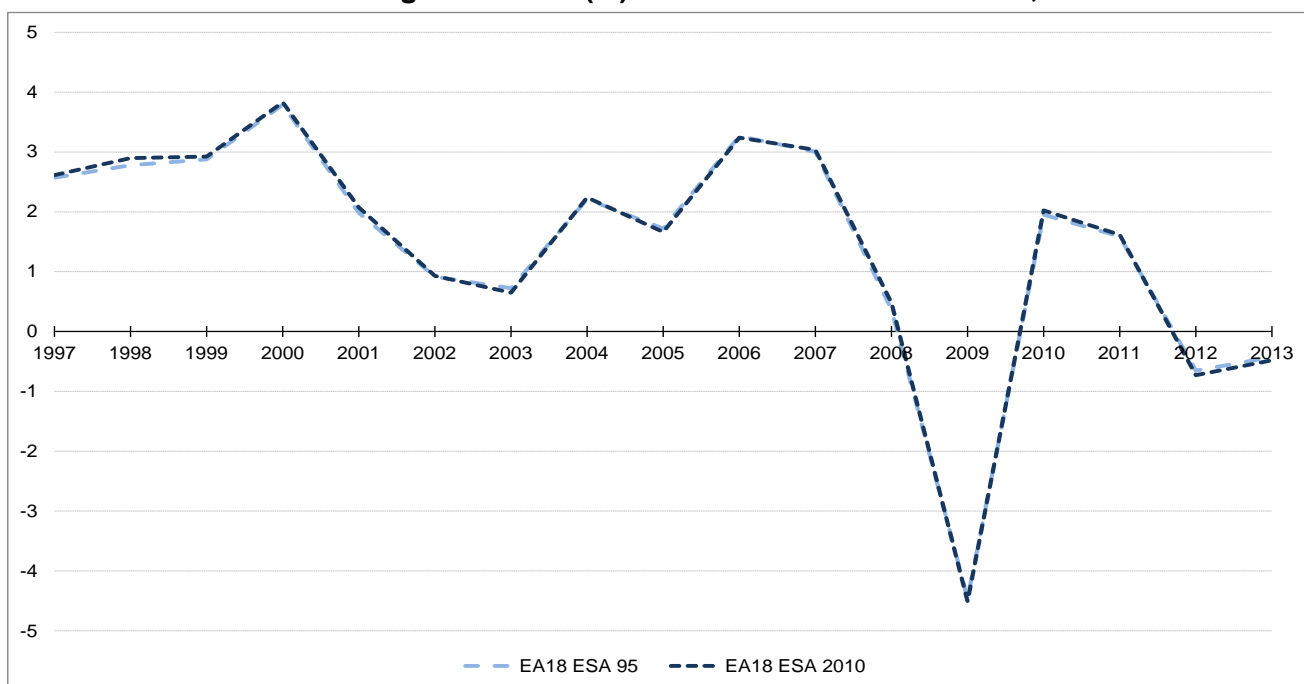
GDP growth rates almost unchanged

While there is an impact on the GDP levels, the effect of the changes on growth rates for both the EU and the euro area aggregates is very limited. The change in the annual GDP growth rates over the years 1997-2013 was around +/-0.1 percentage points for both the **euro area** and the **EU28**.

EU28 GDP volume growth rates (%) under ESA 95 and ESA 2010, 1997-2013



EA18 GDP volume growth rates (%) under ESA 95 and ESA 2010, 1997-2013



Impact by Member State

The impact of the changes on the GDP level varied significantly across Member States. In 2010, they were largest in **Cyprus** (+9.5%) and in the **Netherlands** (+7.6%), while relatively small or even negative changes were observed in **Luxembourg** (+0.2%) and **Latvia** (-0.1%).

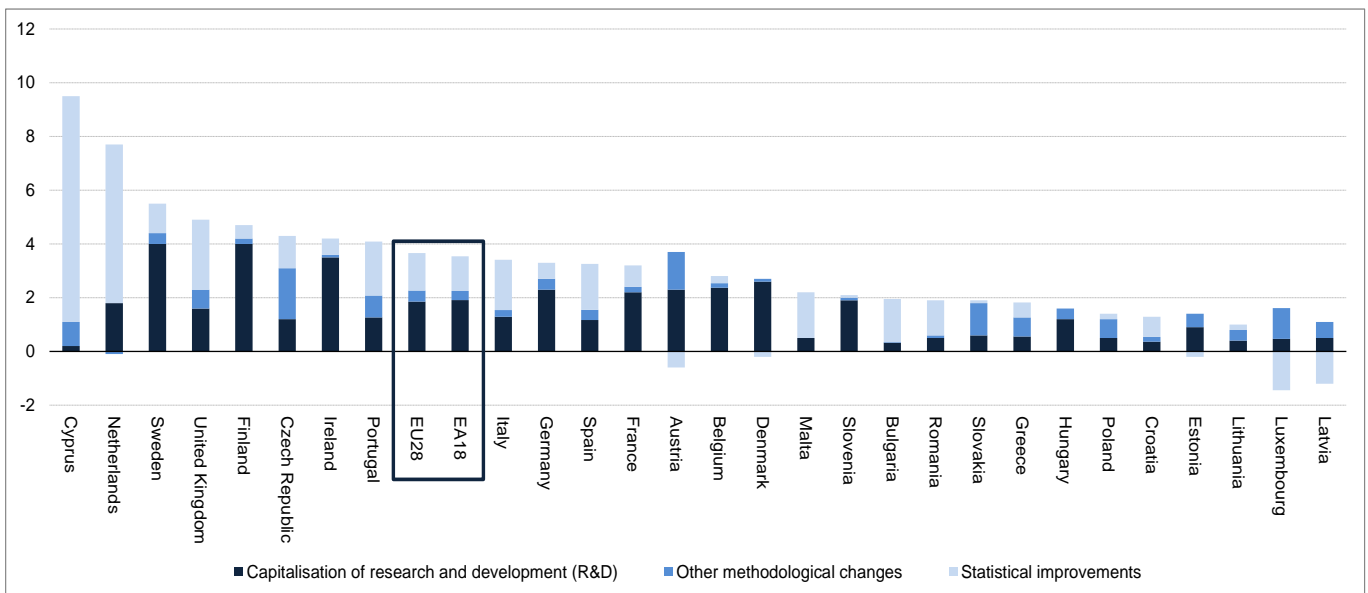
Impact of methodological changes and statistical improvements on GDP level

The level shift in GDP was caused by both methodological changes (under ESA 2010) and statistical improvements. The effect of the different factors on the EU and euro area GDP has been estimated on the basis of information provided by Member States, using the year 2010 as a benchmark.

Methodological changes have revised the levels of GDP in 2010 by +2.2% for the euro area and by +2.3% for the **EU28**. In both areas the capitalisation of research and development contributed +1.9% to this change. Statistical improvements have revised the levels of GDP by +1.3% for the **euro area** and by +1.4% for the **EU28**.

For the EU Member States, the largest methodological impacts were noted in 2010 for **Sweden** (+4.4%) and **Finland** (+4.2%), of which for both Member States +4.0% was due to research and development. The smallest methodological impacts were reported by **Bulgaria** (+0.4%), **Croatia** and **Malta** (both +0.5%), of which revisions related to research and development contributed +0.3%, +0.4% and +0.5% respectively. The largest impacts from statistical improvements were registered for **Cyprus** (+8.4%) and the **Netherlands** (+5.9%), while negative impacts were noted for **Luxembourg** (-1.4%), **Latvia** (-1.2%), **Austria** (-0.6%), **Denmark** and **Estonia** (both -0.2%).

Impact of methodological changes and statistical improvements on the level of GDP in 2010
% of GDP



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Impact of methodological changes and statistical improvements on the level of GDP in 2010
(% of GDP)

	GDP	Methodological changes (ESA 2010)		Statistical improvements
	Total	Total	of which R&D	Total
EA18	3.5	2.2	1.9	1.3
EU28	3.7	2.3	1.9	1.4
Belgium	2.8	2.5	2.4	0.3
Bulgaria	2.0	0.4	0.3	1.6
Czech Republic	4.3	3.1	1.2	1.2
Denmark³	2.5	2.7	2.6	-0.2
Germany	3.3	2.7	2.3	0.6
Estonia	1.2	1.4	0.9	-0.2
Ireland	4.2	3.6	3.5	0.6
Greece	1.8	1.3	0.6	0.6
Spain	3.3	1.6	1.2	1.7
France	3.2	2.4	2.2	0.8
Croatia	1.3	0.5	0.4	0.8
Italy	3.4	1.5	1.3	1.9
Cyprus	9.5	1.1	0.2	8.4
Latvia	-0.1	1.1	0.5	-1.2
Lithuania	1.1	0.8	0.4	0.2
Luxembourg	0.2	1.6	0.5	-1.4
Hungary	1.6	1.6	1.2	0.0
Malta	2.2	0.5	0.5	1.7
Netherlands	7.6	1.7	1.8	5.9
Austria	3.2	3.7	2.3	-0.6
Poland	1.5	1.2	0.5	0.2
Portugal	4.1	2.1	1.3	2.0
Romania	1.9	0.6	0.5	1.3
Slovenia	2.1	2.0	1.9	0.1
Slovakia	1.9	1.8	0.6	0.1
Finland	4.7	4.2	4.0	0.5
Sweden	5.5	4.4	4.0	1.1
United Kingdom	4.9	2.3	1.6	2.6
United States³	3.6	:	2.5	:

: Data not available.

Differences between the total impact on GDP and the sum of total methodological changes and total statistical improvements are due to rounding.

1. Statistical improvements include the integration of new or updated sources in the national accounts data (for instance the results of the last population census), but also better measurement aiming at reaching exhaustiveness of GNI in line with expressed reservations on the methodologies used so far.
2. The euro area (EA18) includes Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.
The European Union (EU28) includes Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.
3. Denmark: 2008 data. United States: 2012 data.

Annex – the revised European System of National and Regional Accounts (ESA 2010)

This is the first news release on the estimation of European aggregates for GDP data based on the new version of the European System of National and Regional Accounts (ESA 2010).

The ESA sets down the harmonised methodology used for the production of national accounts data in the EU. It ensures that statistics on Member States' economies are compiled in a consistent, comparable, reliable and up-to-date way.

The previous methodological framework for producing national accounts data (ESA 1995) is almost twenty years old. Over these last twenty years, substantial changes have impacted economies, in particular the increasing role of ICT in production processes, the growing importance of intangible assets, intellectual property products and services, and the globalisation of economic systems. The way in which macroeconomic statistics are compiled needed to be adjusted accordingly, to reflect these changes. It is not a revolution, but a necessary adaptation.

It is important to stress that this adaptation of the system of accounts is not only European, but world-wide. Europe's ESA 2010 is the counterpart of the 2008 SNA, adopted by the United Nations Statistical Commission, which has already been implemented, among others, in USA, Australia and Canada.

The main methodological changes with an impact on GDP are:

- **research and development expenditure is now counted as investment.** This increased the level of EU GDP in 2010 by 1.9%.
- **expenditure on weapon systems is now counted as investment.** This increased the level of EU GDP in 2010 by 0.2%.

Apart from implementing the ESA 2010 methodology, many Member States used this opportunity to also carry out additional statistical improvements, for example updates of data sources. In addition, as part of the process of harmonising methodology across the EU, many Member States also introduced improvements in the way they account for certain illegal activities in GDP.

For more methodological and practical information on ESA 2010 introduction:

http://epp.eurostat.ec.europa.eu/portal/page/portal/esa_2010/introduction.

Further information on the first estimation of quarterly European aggregates:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Quarterly_national_accounts_-_main_GDP_aggregates_ESA_2010