Introduction

• Welcome
• Overview of the presentations
• No data yet
• Questions after the presentation
Content overview

• Part A: General aspects regarding the implementation of ESA 2010 methodology
• Part B: Impact of ESA 2010 on the statistics for the excessive deficit procedure
• Part C: Disseminating the main national accounts aggregates in ESA 2010
• References
A. General aspects regarding the implementation of ESA 2010 methodology

Overview of topics
1. Why a new system of accounts
2. Specific role of ESA in the European Union
3. Main improvements
4. Capitalisation of research and development
5. Some other changes
A. General aspects regarding the implementation of ESA 2010 methodology

Overview of topics (continued)

6. Extended dissemination programme
7. Implementation issues
8. Blue books, manuals and training
9. Communication
A1. Why a new system of accounts

- New SNA (after SNA 1993)
- New ESA 2010 (after ESA 1995)
- Update, no revolution
- Reflects evolving needs of users and changed economic environment
A2. Specific role of ESA in the European Union

- Regulation
- EU budget
- Fiscal policy: ratios of deficit and debt
- Structural funds: regional GDP
- Macroeconomic Imbalance Procedure (MIP)
A3. Main improvements

- ESA 1995 -> ESA 2010: 44 improvements
- Capitalisation of research & development
- Capitalisation of military 'weapon systems'
- Change in treatment of imports/exports of 'goods sent abroad for processing'
- Supplementary information on pension entitlements
- Better measure of output of non-life insurance
- Revised and extended dissemination programme
A4. Capitalisation of research and development (1)

- In a modern and digitalised economy, investment in R&D is an essential driver for growth.
- ESA 1995: R&D expenditures were 'consumed' in the period.
- ESA 2010 'capitalises' these expenditures.
- Bold change, compared to standard business accounting.
- Good sources.
- Stronger analytical capacity of balance sheets.
A4. Capitalisation of research and development (2)

- ESA 1995 underestimated:
  - Stock of assets
  - GDP
  - Operating surplus

- Under ESA 2010:
  - GDP increases
  - Diversity between Member States
  - Ratios expressed in terms of GDP will slightly decrease
A5. Some other changes

- Capitalisation of weapon systems

- Goods sent abroad for processing
  - Strict change of ownership
  - Processing services
  - No impact on overall current account
  - Nor on GDP

- Pension schemes
  - Supplementary table for international comparability
A6. Extended dissemination programme (1)

- More complete balance sheet data
- Enlarged set of assets types for capital formation
- More detailed breakdowns of financial accounts
- New set of data on potential obligations of government
A6. Extended dissemination programme (2)

- Supplementary table on pension schemes
- Improved timeliness, more quarterly variables, seasonally adjusted
- More data focusing on the household sector
A7. Implementation issues

- Blue books
- Methodological manuals
- Training
- SDMX
A8.(1) Blue books

- ESA 2010
- Transmission programme
A8.(2) Manuals

- Changes ESA 1995 – ESA 2010
- Measuring R&D
- Goods sent abroad for processing
- Regional accounts
- Compilation guide on pension data
- Government deficit and debt
A8.(3) Training

• In 2012-2014 several trainings were organised
• Internal and external teachers
• In 2014 some remaining trainings planned
A8.(4) SDMX

- ESA 2010 data transmission based on SDMX-ML
- Extensive testing
- Training/meetings/webinars
• Dedicated section on the Eurostat website
A9. Communication (2)

- Press briefings in January and October 2014
A9. Communication (3)

- 12-13 June 2014 Conference 'The accounts of society'
A9. Communication (4)

- New Eurostat review on national accounts
- Next issue on implementation of ESA 2010
A9. Communication (5)

- Videos
- Youtube/website
B: Impact of ESA2010 on the statistics for the excessive deficit procedure

Overview of topics
1. Background: EDP and national accounts
2. What is new in ESA2010 for EDP statistics?
3. Government sector and public sector
B: Impact of ESA2010 on the statistics for the excessive deficit procedure

Overview of topics (continued)

4. The crucial distinction between market and non-market units
5. Sector classification of non-profit institutions
6. Sector classification of specific bodies set up by government
B1. Background: EDP and national accounts

- Overview on EDP
- National accounts as reference statistical framework
- Consequences in practice
- Role of Eurostat
- Over 2 'EDP decades': 3 successive National Accounts Systems: ESA79 up to 2000, ESA95 up to Sep 2014 (very important changes: 'accrual', balance sheets, other flows) and now ESA2010
B2. What is new in ESA 2010 for EDP statistics? (1)

- A dedicated chapter 20: 'the government accounts' (similar to chapter 22 in SNA2008)
- Why such a chapter
- Four sections
  1) Defining the general sector
  2) Describing a 'government finance presentation of statistics' (for the total general government sector and each of the sub-sectors), in addition to the NA sequence of accounts, based on revenue/expenditure
B2. What is new in ESA 2010 for EDP statistics? (2)

• Four sections (continued)

3) Addressing accounting issues relating to government.

Not new as regards EDP statistics because most provisions already developed in the Manual on government deficit and debt (MGDD) of Eurostat from 1999 onwards, such as:

- Capital injections
- Super-dividends
- Guaranties
- Debt operations
- Public-Private-Partnerships
- Time of recording taxes
B2. What is new in ESA 2010 for EDP statistics? (3)

• Four sections (continued)
  4) Introducing the notion of public sector (not in ESA95)

• Some changes with an indirect impact on EDP statistics through the increase in GDP (change in EDP ratios)
B2. What is new in ESA 2010 for EDP statistics? (4)

- One significant example: 'capitalisation' of research & development
- Another example, more specific to government: military equipment (now considered as fixed capital) but no change on the government deficit/surplus and the EDP ratios
B2. What is new in ESA 2010 for EDP statistics? (5)

- Other changes relating to government activity:
  - Delimitation of the general government sector
  - Interest under swaps
  - Payable tax credits
  - VAT-based third resource
  - Use of natural resources
  - Transfer of pension obligations
  - Standardised guarantees
  - Supplementary information on pension obligations
  - (And various other rather minor changes)
B3. Government sector and public sector (1)

- **Public sector** = general government sector + public (financial/non-financial) corporations, i.e. controlled by government unit(s)
- **Control** defined as the ability to determine the general policy, the strategy, the programme of a unit
B3. Government sector and public sector (2)

- Some criteria straightforward (ownership, voting rights, appointments)
- In some cases, control also assessed by other criteria
- Control of high interest for EDP purposes because of some 'special' transactions with government and of potential risks
B4. The crucial distinction between market and non-market units (1)

- 'Market' if output sold at 'economically significant prices' (as 'signals' influencing economic behaviour)

- Government by essence non-market (main tasks: providing services for the community and redistributing income and wealth) but possible residual (incidental) market activity (e.g. museum shops, sales of publications...)

- A public market unit, 'never' in GG sector

- A public non-market unit, 'always' included in the GG sector
B4. The crucial distinction between market and non market units (2)

- Preliminary step: special features in the activity of the unit, in link with government?
  - Ancillary unit?
  - Output sold only to government or less than 50%?

- If not the case, quantitative test:
  - If the ratio sales/costs at least equal to 50%, public unit considered as market producers, classified outside the government sector
B5. Sector classification of non-profit institutions

- What?
- From 'controlled and financed' in ESA95 to 'controlled' in ESA2010
- In ESA20 a set of criteria, of which the 'degree of financing' but financing as such not sufficient if no influence on the general policy of the NPI
- Government control = classification of the NPI in the general government sector
- Typical examples: schools and hospitals
B.6 The sector classification of specific bodies set up by government (1)

- As a general rule, for financial corporations, quantitative test not relevant (except some financial auxiliaries)
- Relevant question: acting as financial intermediaries?
- Specific case of 'public financial defeasance structures'
- Public Holding Companies and Head Offices
- Pensions funds
B6. The sector classification of specific bodies set up by government (2)

- Privatisation and restructuring agencies
- Special purpose entities
- Joint ventures
- Market regulatory agencies
- Sovereign funds (and other reserve funds)
- European bodies linked to the euro area sovereign debt crisis (EFSF/ESM)
C. Disseminating the main national accounts aggregates in ESA2010

Overview of topics
1. Introduction
2. ESA 2010 in Eurobase
3. Main changes from ESA 95 to ESA 2010 in Eurobase
C1. Introduction (1)

- Receiving the data
C1. Introduction (2)

- **ESA 2010 Transmission Programme**

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C1. Introduction (3)
C.2 ESA2010 in Eurobase (1)
C.2 ESA2010 in Eurobase (2)

- **National Accounts Main aggregates Annual**
  
  nama_10

- **National Accounts Main aggregates Quarterly**
  
  namq_10
C.2 ESA2010 in Eurobase (3)

- Main GDP aggregates
- GDP & main components
- Final consumption aggregates by durability
- Exports and imports by MS
- Auxiliary data
- Population & employment
- Main GDP aggregates per capita
- Labour productivity and unit labour costs
- Basic breakdowns (industry & asset)
- Gross Value added and income (A*10)
- Gross fixed capital formation (AN_F6)
- Employment (A*10)
C.2 ESA2010 in Eurobase (4)

Main GDP aggregates – Detailed breakdowns

- Main aggregates
- Gross capital formation
- Employment
- Household expenditure

Breakdowns of non-financial assets by type, industry and sector

- Fixed assets (stocks)
- Fixed assets (flows)
- Balance sheets

- Gross capital formation
- Employment
- Household expenditure

- A*21
- A*38
- A*64
- COICOP
- AN_F6
C.3 Main changes from ESA95 to ESA 2010 in Eurobase (1)

1. Datasets:

2. NACE Rev1.1 → NACE Rev2 (87) → (25)
C.3 Main changes from ESA95 to ESA 2010 in Eurobase (2)

3. Focused on item to be analysed

4. Primary income series
References

For further information

• **Eurostat website:**

• **Eurostat data base:**
Implementation European system of accounts 2010

Eurostat
26 September 2014