
THE NATIONAL ACCOUNTS¹

-Methodological notes

The national accounts have been drawn up according to the methodological principles of European System of Accounts 1995 (ESA 1995).

National accounting represents a coherent and detailed whole of accounts and tables, which give a comparable and complete picture of the economic activity of a country. It classifies the wide variety of economic flows into a low number of basic categories inscribing them in a frame allowing for obtaining a representation of the economic circuit adapted to the analyses, forecasts and economic policies requirements.

The main accounts compiled within national accounting are: production account, primary distribution of income account, generation of income account, allocation of primary income account, entrepreneurial income account, allocation of other primary income account, secondary distribution of income account, redistribution of income in kind account, use of income account, use of disposable income account, use of adjusted disposable income account, capital account, change in net worth due to saving and capital transfers account, acquisition of non-financial assets account, changes in assets, other changes in volume of assets account, balance sheets, rest of the world account.

Transactions of national accounts are classified by institutional sector.

Gross domestic product (GDP), the main macroeconomic aggregate of national accounting, represents the final result of the production activity of resident producer units. This aggregate could be calculated according to the following approaches:

1. Some details taken from the Romanian Statistical Yearbook (2012), edited by INS (Summary)

Production approach:

$GDP = GVA + TP + D - SP$, where :

GDP = Gross domestic product (market prices)

GVA = Gross value added
(basic prices)

TP = Taxes on products

D = Import duties

SP = Subsidies on products

Expenditure approach:

$GDP = FC + GFCF + CS + (E - I)$, where:

FC = Final consumption

GFCF = Gross fixed capital formation

CS = Change in inventories

E = Exports of goods and services

I = Imports of goods and services

Income approach:

$GDP = C + GOS + OTP - OSP + TP + D - SP$, where:

C = Compensation of employees

GOS = Gross operating surplus

OTP = Other taxes on production

OSP = Other subsidies on production

TP = Taxes on products

D = Import duties

SP = Subsidies on products

The non-observed economy estimates included in national accounts are calculated for:

- formal sector, by estimating underground labour and the tax evasion on value added tax;
- informal sector, by estimating the undeclared output of family associations and self-employed persons.

Regional accounts represent the version of national accounts at regional level and they are in accordance with the methodological rules of the ESA 1995. According to the EU nomenclature of territorial units for statistics (NUTS), the region corresponds to the level 2. In Romania the compilations of regional gross domestic product (RGDP) are made for the four macroregion, for the eight development regions and for extra- regions. In Romania case, extra-regions refer to the continental platform from the Black Sea and

territorial enclaves (Romanian embassies and consulates from abroad). The regionalisation of indicators could be made using the bottom-up, top-down or mixed methods, the Romanian regional accounts compilation being based mainly on the top-down method and, depending on the available data, on the mixed one.

Bottom-up method considers as starting point the information related to units located in a certain region and their summing-up, thus obtaining the regional total of the respective aggregate. The sum of regional values is to be equal to national values.

Top-down method means a breakdown of national gross value added figure by regions, using various conversion keys, reflecting as far as possible the estimated characteristics.

Mixed method means a combination of the above two methods, depending on the available data, reliable at regional level.

The industry represents a grouping of units with homogeneous production (formed by local kind of activity units). These units are characterised by unique activity i.e inputs of products and services, by production processes and outputs of homogeneous products.