

National Account in the context of ICP.



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Economical Statistics Unit
Statistics Division
Economic Commission for Latin America and the Caribbean

Contents.

- GDP in the context of the ICP.
- Some result of round 2017.
- MORES.
- Information sources.
- Methods of estimation.
- Data requirement for round 2021.



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GDP in the context of the ICP

“Real GDP of a country is the GDP expressed in a common currency, using a “real” exchange rate, i.e., the PPP rate”

- The goal is converted to a common currency and equalize its purchasing power, in this way, GDP in volume terms is used to compare the size of countries' s economies.
- The analysis of real GDP is also performed for its components; for example,
 - Households is one of the indicators used to measure their material well-being.
 - Actual final individual consumption = Individual consumption of expenditure by households + Individual consumption of expenditure by NPISH + Individual consumption of expenditure by government.



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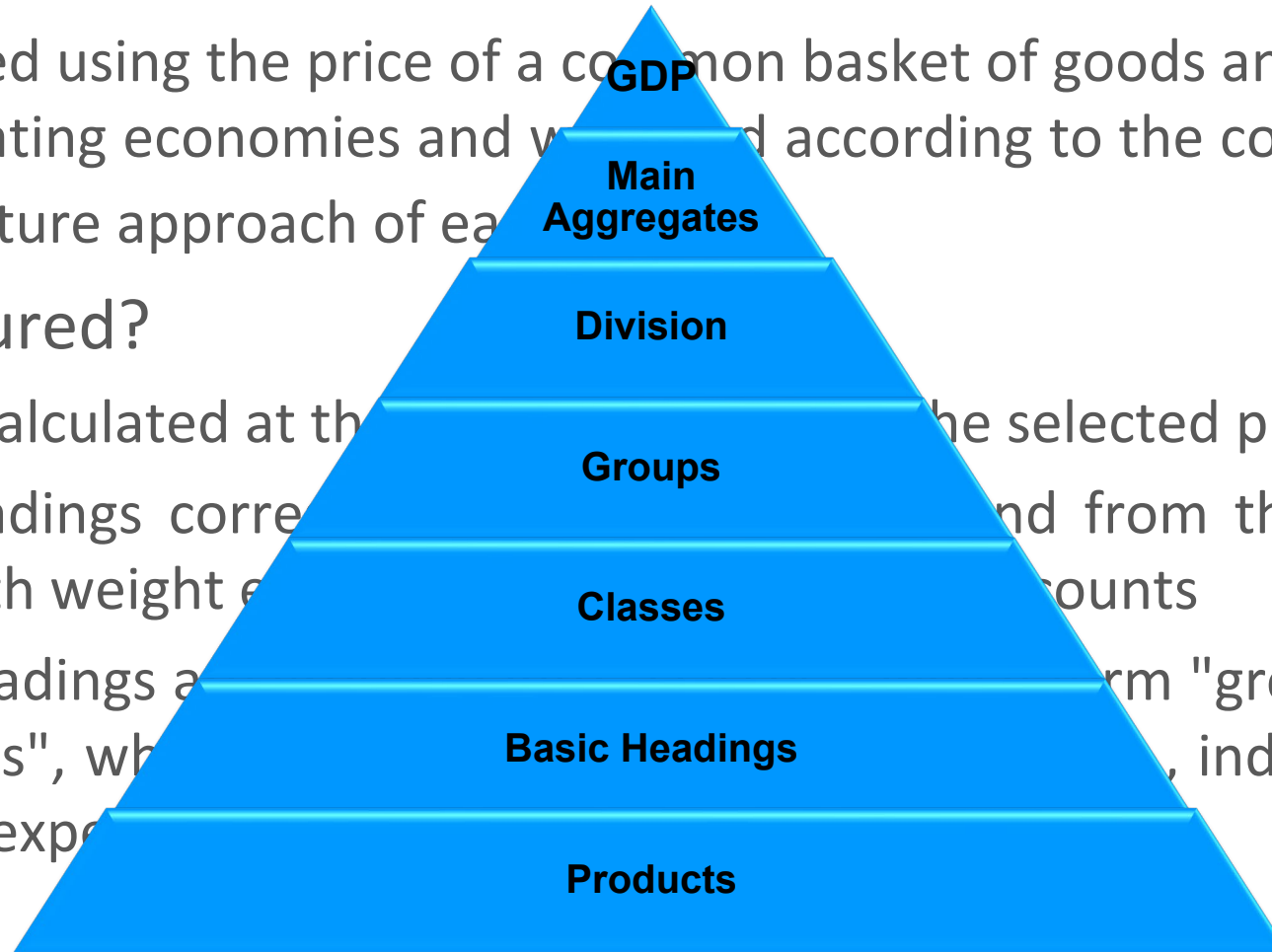
What does it mean and how to measure PPPs?

- Definition

PPP is calculated using the price of a common basket of goods and services in each of the participating economies and weighted according to the components of GDP by the expenditure approach of each country.

- How is it measured?

- A PPP is first calculated at the level of the selected products.
- The basic headings corresponding to the products and from then onwards are connected with weight coefficients.
- Then basic headings are grouped into "groups". The groups form "divisions", which are then grouped into "classes", which are then grouped into "main aggregates", which are then grouped into "GDP".



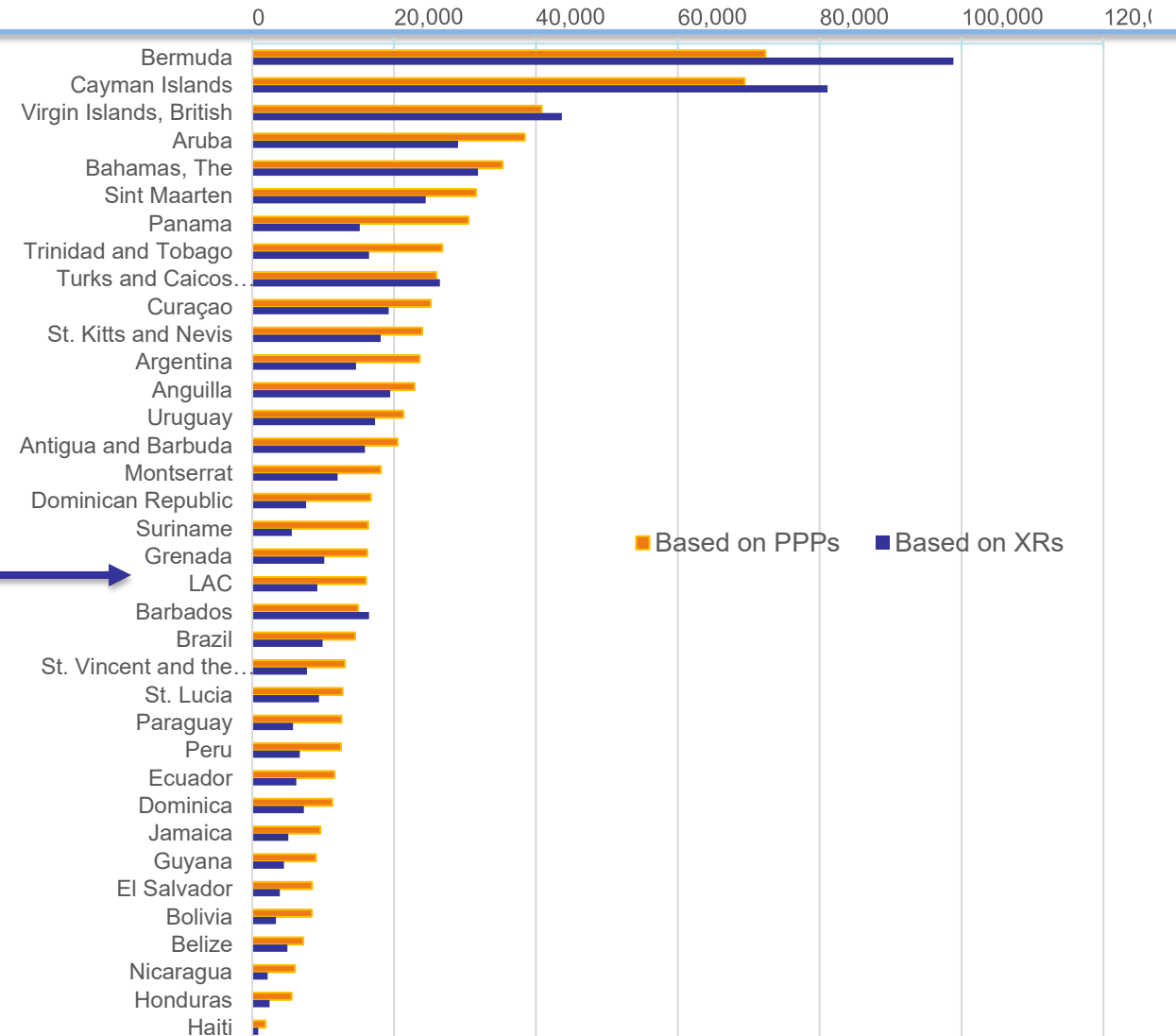
Size of the Economy Latin America and the Caribbean Round 2017

- GDP measured in PPP: \$9,199 billion in 2017 (8 % of world GDP).
- GDP measured at market exchange rate: \$5,263 billion in 2017 (7% of world GDP).
- LAC represented 8% of the world's population



Latin America and the Caribbean: GDP per capita in 2017 (Dollars)

Average GDP per capita for the region reached \$16,048 lower than the global average of \$16,596 in 2017.



ECLAC, based on figures from the "Purchasing Power Parities and the Size of World Economies : Results from the 2017 International Comparison Program"

MORES

What does MORES mean?

- “Modeling Report on Expenditure Statistics”

MORES is a structured format that allows the collection of GDP information on the expenditure side at the level of detail required for PPP estimates.

Each country is requested to complete the GDP information with the level of detail of 155 basic headings, for 2017, the latest years available, and for the year 2021, the current cycle.



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GDP breakdown by basic heading (in red)

| | |
|---------|--|
| 1000000 | GROSS DOMESTIC PRODUCT |
| 1100000 | INDIVIDUAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS |
| 1101000 | FOOD AND NON-ALCOHOLIC BEVERAGES |
| 1102000 | ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS |
| 1103000 | CLOTHING AND FOOTWEAR |
| 1104000 | HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS |
| 1105000 | FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE |
| 1106000 | HEALTH |
| 1107000 | TRANSPORT |
| 1108000 | COMMUNICATION |
| 1109000 | RECREATION AND CULTURE |
| 1110000 | EDUCATION |
| 1111000 | RESTAURANTS AND HOTELS |
| 1112000 | MISCELLANEOUS GOODS AND SERVICES |
| 1113000 | NET PURCHASES ABROAD |
| 1200000 | INDIVIDUAL CONSUMPTION EXPENDITURE BY NPISHs |
| 1201000 | HOUSING |
| 1202000 | HEALTH |
| 1203000 | RECREATION AND CULTURE |
| 1204000 | EDUCATION |
| 1205000 | SOCIAL PROTECTION AND OTHER SERVICES |
| 1300000 | INDIVIDUAL CONSUMPTION EXPENDITURE BY GOVERNMENT |
| 1301000 | HOUSING |
| 1302000 | HEALTH |
| 1303000 | RECREATION AND CULTURE |
| 1304000 | EDUCATION |
| 1305000 | SOCIAL PROTECTION |
| 1400000 | COLLECTIVE CONSUMPTION EXPENDITURE BY GOVERNMENT |
| 1401000 | COLLECTIVE SERVICES |
| 1500000 | GROSS CAPITAL FORMATION |
| 1501000 | GROSS FIXED CAPITAL FORMATION |
| 1502000 | CHANGES IN INVENTORIES |
| 1503000 | ACQUISITIONS LESS DISPOSALS OF VALUABLES |
| 1600000 | BALANCE OF EXPORTS AND IMPORTS |
| 1601000 | BALANCE OF EXPORTS AND IMPORTS |

Bread and Cereals
 Rice
 Other cereals, flour and other products
 Bread and Cereals
 Other bakery products
 Pasta & couscous products

HEALTH BENEFITS AND REIMBURSEMENTS
Medical products, appliances and equipment
 Pharmaceutical products
 Other medical products
 Therapeutic appliances and equipment
Health services
 Out-patient medical services
 Out-patient dental services
 Out-patient paramedical services
 Hospital services

PRODUCTION OF HEALTH SERVICES
Compensation of employees
 Compensation of employees
Intermediate consumption
 Intermediate consumption

Gross operating surplus
 Gross operating surplus
Net taxes on production
 Net taxes on production
Receipts from sales
 Receipts from sales

MACHINERY AND EQUIPMENT
Metal products and equipment
 Fabricated metal products, except machinery and equipment
 Electrical and optical equipment
 General purpose machinery
 Special purpose machinery
Transport equipment
 Road transport equipment
 Other transport equipment
CONSTRUCTION
Residential buildings
 Residential buildings
Non-residential buildings
 Non-residential buildings
Civil engineering works
 Civil engineering works
OTHER PRODUCTS
Other products
 Other products



Data sources for measuring GDP by expenditure approach

| Potential Data Source | Individual consumption expenditure by households | Individual consumption expenditure by NPISHs | Individual consumption expenditure by government | Collective consumption expenditure by government | Gross capital formation | Balance of exports and imports |
|--|--|--|--|--|-------------------------|--------------------------------|
| Household expenditure survey | ✓ | | ✓ | | | |
| Retail census/survey | ✓ | | | | | |
| Agriculture census/survey | ✓ | | | | ✓ | |
| Food balances (FAO) | ✓ | | | | | |
| Services industries census/survey | ✓ | | ✓ | | | |
| General economic census/survey | ✓ | | | | ✓ | |
| Capital expenditure survey | | | | | ✓ | |
| Product tax (such as value added tax, VAT) | ✓ | | ✓ | | | |
| Income tax (personal or business) | | | | | ✓ | |
| Government finance statistics | | | ✓ | ✓ | | |
| Population (census or labor force survey) | ✓ | | | | | |
| Credit card transactions | ✓ | | ✓ | | | |
| Scanner data | ✓ | | | | | |
| Excise tax | ✓ | | | | | |
| Regulatory agencies | ✓ | | | | | |
| Other administration | ✓ | ✓ | | | | |
| Utility or transport company records | ✓ | | | | ✓ | |
| PIM (perpetual inventory method) | | | | | ✓ | |
| Rental equivalence | ✓ | | | | | |
| User cost | ✓ | | | | | |
| Customs/trade statistics | ✓ | | | | ✓ | ✓ |
| Surveys of international travelers | | | | | | ✓ |
| Balance of payments | | | | | | ✓ |
| Consumer price index weights | ✓ | | ✓ | | | |
| Producer price index weights | | | | | ✓ | |

Source: Guidance Note: Meeting ICP National Accounts Expenditure Data Requirements during the COVID-19 Pandemic Draft April 6, 2021



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Methods for estimating the GDP components using the expenditure approach

| Approach | Description |
|--|--|
| 1. Direct estimation | The preferred method if data sources exist. |
| 2. Extrapolation | Update an earlier expenditure breakdown using assumptions on population growth, price changes, and so forth. |
| 3. Borrowing a per capita quantity or volume* | Multiply the per capita quantity or volume by the population of the “borrowing economy” and the price level index between the two economies. |
| 4. Borrowing a structure* | Adjust the “borrowed” structure by a vector of the price level indexes between the two economies. |
| 5. Using expert opinion | Consult retailers, manufacturers, marketing experts, chambers of commerce, and other sources. |



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Source: Guidance Note: Meeting ICP National Accounts Expenditure Data Requirements during the COVID-19 Pandemic Draft April 6, 2021

Data required in Round 2021

| Main Aggregates | Price's survey |
|--|--|
| Gross Domestic Product | |
| Individual Consumption expenditure by households | Household consumption Rentals / volume Education |
| Individual consumption expenditure by NPISHs | Reference PPPs |
| Individual Consumption expenditure by government | Government Compensation |
| Collective Consumption expenditure by government | Government Compensation |
| Gross Capital Formation | Machinery and equipment Construction |
| Balance of exports and imports | Reference PPPs |



Data required in Round 2021 (continued)

- Revision of GDP data round 2017
- Due to the pandemic, COVID 19, that we have experiencing since 2020, we are facing changes in consumption behaviors as well as the availability of information.
- Guidelines to face these challenges: ECLAC and the World Bank
- NA requirements
 - 2017;
 - 2018-2020;
 - 2021.

Timetable

| MORES | DEADLINE |
|-----------|----------|
| 2017 | III 2021 |
| 2018-2020 | IV 2021 |
| 2021 | III 2022 |



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Thanks for your attention

Should you have further questions on this topic please contact

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