

Danish Major Revision 2014 effect on GDP and GNI

Table 1.1 shows the main effects of the revision on GDP and its' components expressed in the account for goods and services for 2008. 2008 is the only year for which we explicitly at a detailed level can quantify the different elements of the revision. The effects are divided between effects from the introduction of ESA2010 and other changes to data and methods. GDP is 2,53 percent higher in the revised accounts in 2008, which is mainly due to the effects of the capitalization of research and development (R&D). In 2008 the effect of R&D accounts for an upward adjustment of GDP by 2,63 percent while the total effect of the other changes is a small reduction in GDP.

Table 1.1 Account for goods and services, 2008

	Before	After	Manual ¹ changes	Data and methodology changes	Difference	Difference in per cent
	1	(1+3+4) 2	3	4	(2-1) 5	(5/1)*100 6
	current prices, mill. Dkk.				per cent	
Gross domestic product (GDP)	1 753 152	1 797 547	48 912	-4 517	44 395	2,53
Import	903 963	909 050	13 672	-8 585	5 087	0,56
Supply	2 657 115	2 706 597	62 584	-13 102	49 482	1,86
Household final consumption expenditure	827 493	827 957	-3 411	3 875	464	0,06
Final consumption expenditure, NPISH	12 524	25 626	8 562	4 540	13 102	104,62
Government consumption expenditure	465 404	452 185	-9 484	-3 735	-13 219	-2,84
Gross fixed capital formation	368 758	413 351	49 487	-4 894	44 593	12,09
Change in inventories	20 437	16 644	0	-3 793	-3 793	-18,56
Net acquisition of valuables	2 915	2 894	0	-21	-21	-0,71
Export	959 585	967 939	17 430	-9 076	8 354	0,87
Use	2 657 115	2 706 597	62 584	-13 102	49 482	1,86

The increase in GDP is reflected in the changes in value added (VA) broken down by industry as shown in table 1.2. The capitalization of R&D affects VA in almost all industries, but in particular in *Manufacturing, Information and Communication, Business Service* and *Public administration, education and health*. The new treatment of construction activities abroad has increased VA in *Construction*. Examples of other revisions to data and methods are the introduction of a new source (register) for the calculation of dwellings (described in section 4.2), which has decreased VA in *Dwellings*, a new method for the calculation of repair and maintenance, which has increased VA, and correction of errors in the calculation of *Agriculture*, which has increased VA.

Table 1.2 Gross Value Added at Industry Level, 2008

	Before	After	Difference	Diff. in per cent
	Current prices, mill. DKK			per cent
Gross Domestic Product (GDP)	1 753 152	1 797 547	44 395	2,53
Taxes minus subsidies on products	254 416	256 017	1 601	0,63
Gross value added, total	1 498 736	1 541 529	42 794	2,86
A Agriculture, forestry, fishing	14 257	15 453	1 196	8,39
B Mining and quarrying	62 589	65 210	2 622	4,19
C Manufacturing	192 448	212 390	19 942	10,36
D_E Utility services	37 471	36 602	- 869	-2,32
F Construction	89 639	93 359	3 720	4,15
G_I Trade and transport etc.	295 671	300 614	4 943	1,67
J Information and communication	64 502	69 963	5 461	8,47
K Financial and insurance	91 257	91 893	635	0,70
LA Real estate etc.	35 501	36 484	983	2,77
LB Dwellings	113 328	101 841	-11 487	-10,14
M_N Other business services	116 042	126 216	10 174	8,77
O_Q Publ. Adm., education, health.	336 909	340 092	3 183	0,94
R_S Arts, entertainment, other services.	49 123	51 413	2 291	4,66

Total household consumption expenditure is almost the same in the revised national accounts (table 1.3). However, there are significant changes for some consumption groups. The inclusion of illegal activities affects *Beverages and tobacco* and *Other goods and services*. Housing is affected by a new calculation (described in section 4.2).

Table 1.3 Household consumption by purpose, 2008

	Before	After	Difference	Diff. in per cent
	Current prices, mill..DKK			per cent
Household consumption expenditure	827 493	827 957	464	0,06
Income from tourism	36 437	33 269	-3 168	-8,69
Expenditure on tourism	37 801	32 240	-5 561	-14,71
Husehold consumption on Danish territory	826 129	828 987	2 858	0,35
Food	84 068	83 533	-535	-0,64
Beverages and tobacco	37 624	41 078	3 454	9,18
Clothing and footwear	38 336	36 770	-1 566	-4,09
Housing	179 536	169 664	-9 872	-5,50
Elektricity, gas and other fuels	49 112	48 588	-524	-1,07
Furnishing, household equipment etc.	47 044	45 701	-1 343	-2,85
Medical products, health services.	22 745	22 246	-499	-2,20
Purchases of vehicles	39 288	38 662	-626	-1,59
Other transport and communication	78 650	83 613	4 963	6,31
Recreation and culture	95 352	98 646	3 293	3,45
Other goods and services.	154 375	160 486	6 111	3,96

Consumption expenditure in NPISH (non- profit institutions serving households) is doubled as shown in table 1.1. This is due to a change in classification of mainly private schools from general government to NPISH and new improved accounting information for these institutions. The change in classifications is a result of the implementation of ESA2010.

Government consumption expenditure is reduced by 2,84 percent. This is mainly due to the abovementioned reclassification of private schools as a result of the implementation of ESA2010 and a new estimation of imputed pension contributions for civil servant, which reduces wages and salaries.

Gross fixed capital formation is adjusted upwards by 12,09 percent (table 1.4). This is mainly due to the capitalization of research and development, but also

the new treatment of military weapon systems has an effect on GFCF. GFCF in buildings and structures is revised upwards as a result of different changes of which the introduction of a new benchmark for m2-prices should be mentioned.

Table 1.4 Gross fixed capital formation by type of good, 2008

	Before	After	Difference	Diff. in percent
	Current prices, Mill. DKK.			per cent
Gross fixed capital formation, total	368 758	413 351	44 593	12,09
Housing	93 246	97 589	4 343	4,66
Other buildings	67 623	71 507	3 885	5,74
Civil engineering works	28 059	28 940	881	3,14
Transport	46 091	46 059	-32	-0,07
ICT-equipm., other machines and equipm., weapon systems	95 074	85 853	-9 221	-9,70
Livestock	11	11	0	0,00
Intellectual property (R&D etc.)	38 654	83 393	44 738	115,74

Imports and exports are only slightly changed (table 1.1). The new treatment in ESA2010 of construction activities abroad increases export more than import. Other changes in data and methods – mainly an improved grossing procedure – also affect the im- and export figures.

GNI is revised downwards by 2,06 percent, which is a bit less than GDP, as shown in table 1.5. The main reason is that the new treatment of construction activities abroad has reduced net-property income from the rest of the world.

Table 1.5 Gross National Income, 2008

	Before	After	Manual changes	Data and methodology changes	Difference	Difference in percent
	Current prices, mill. DKK					per cent
Gross domestic product (GDP)	1753 152	1797 547	48 912	-4 517	44 395	2,53
Wages and salaries from ROW	6 575	5 340	-1 054	-181	-1 235	-18,78
Wages and salaries to ROW	20 214	20 457	50	193	243	1,20
Subsidies from ROW	7 959	7 960	0	1	1	0,01
Taxes on produc. and imports to ROW	3 826	3 826	-	-	-	-
Property income from ROW	186 355	178 916	-6 197	-1 242	-7 439	-3,99
Property income to ROW	149 114	147 842	-2 370	1 098	-1 272	-0,85
Gross national income (GNI)	1780 887	1817 638	43 981	-7 230	36 751	2,06