**Technical note on the adjustments of the estimates of the**

**Gross Domestic Product (GDP)**

**for the period 2013-2017**

*December 2020*

Introduction

In March 2019 CBS issued the 2013-2016 GDP figures and preliminary estimates of the 2017 GDP figures. During the period November 18-27, 2019, CARTAC performed a National Accounts review to assist the Central Bureau of Statistics (CBS) in assessing and improving the national accounts (please refer to the following link for the CARTAC report: [Review Mission Reports – Central Bureau of Statistics (cbs.aw)](https://cbs.aw/wp/index.php/category/review-mission-report/)). CBS implemented several recommendations made by CARTAC which has led to an amendment of the GDP figures and its components for the period 2013-2016. In addition, CBS has produced final estimates for the year 2017 and a preliminary estimate for the year 2018. The aim of this note is to explain the nature of changes made to the dataset for the period 2013-2017. In this regard it should be noted that the changes made to the estimates for 2017 also entail making use of final data sources instead of indicators as applied in the March 2019 publication.

The differences between the March 2019 estimates and the current estimates are presented in Appendix 1.

Adjustments on the production approach

On the production approach the major adjustment was made in the allocation of FISIM to the respective industries. In the previous estimate, the FISIM was presented as one aggregate for all industries, whereas in the current presentation the FISIM has been disaggregated to the respective industries. To the extent that the availability of data allowed, the FISIM was allocated specifically to certain industries such as to the notional residential real estate industry and to the Government. The remaining industries were allocated a FISIM according to their respective proportional Output. The effect of the disaggregation of the FISIM to the different industries isolated from other amendments are presented in Appendix 2.

The remaining adjustments on the production approach refer to:

* Application of different methodology;
* improvement in data coverage;
* refinement of extrapolation technique; and
* miscellaneous, including balancing differences.

The adjustments mentioned under bullet points 1-3 above prompted a balancing exercise for the previously prepared 2013 Supply and Use Table (SUT), which explains the overall smaller changes included in Appendix 3 for the year 2013. Since the estimates for the ensuing years are to a certain extent related to the structure of the 2013-SUT, the effect of this balancing exercise for the base year 2013 also prompted balancing corrections for the subsequent years 2014-2017.

Some specific adjustments are highlighted below:

* The value added of the *Construction* industry was adjusted upwards due to the availability of improved data sources associated with more financial statements of construction companies becoming available.
* The value added of the *Wholesale and retail trade; repair of motor vehicles and motorcycles* industry was adjusted upwards due to the application of a more refined extrapolation technique for missing values. Particularly, some specific outliers were excluded from the dataset when raising for missing values.
* The value added of the industry *Accommodation and food service activities* hotels was adjusted upwards in 2015 due to an increase in data availability in more recent years which also conveyed information of past years.
* The value added of the *Financial and insurance activities* industry was adjusted upwards due to inclusion of FISIM on non-resident accounts in the Output of relevant financial institutions for which a FISIM is calculated.
* The value added of the *Professional, scientific and technical activities* industry was adjusted downwards due to improvement in data coverage, since more financial statements of the companies classified under this caption were collected.
* The *Adjustment for FISIM* was lowered due to a reclassification of a deductible FISIM from the Government Final Consumption Expenditure (GFCE) to the activity *Public administration and defense; compulsory social security*.

Adjustments on the expenditure approach

The main adjustment on the expenditure approach arise from a reclassification of the universal health care expenditures from the Household to the Government sector.

The remaining changes refer to updates in source data such as trade and balance of payments data. In addition, when reconciling the production and the expenditure approach the differences are classified under the expenditure approach items Household Final Consumption and Private Capital Formation.

**Appendix 1: Adjustments on GDP estimates**



**Appendix 2: Adjustments on GDP estimates due to allocation of FISIM**



**Appendix 3: Adjustments on GDP estimates not related to FISIM allocation**

