

ADJUSTMENT OF THE TIME-SERIES OF GROSS DOMESTIC PRODUCT AND NATIONAL ACCOUNTS

In the autumn of 2006, the Statistical Office of Estonia used a renewed methodology for the adjustment of the time-series of gross domestic product (GDP) and national accounts retroactively since 2000. The changes arose from combining the GDP methodology with that of supply and use tables. Information contained in the supply and use tables allows to completely balance the production and consumption sides in the case of GDP calculated at current prices, and to remove statistical errors that may occur on the consumption side of GDP. However, the supply and use tables are compiled three years after the end of the accounting period of the relevant year and therefore, the complete harmonisation of the production and consumption sides of GDP takes some more time. GDP data is considered final only after integrating the supply and use tables into the system of national accounts (except in case of methodological updates under special procedures).

The renewed methodology enables to specify the amount of added value created in the non-financial corporate sector, and also the principles of calculating the intermediate and the final product (for example, methods for the evaluation of software produced for personal use were improved). The above changes caused a 2.7–4.9% rise in GDP at current prices in 2000–2005, and a 2.7–6.0% rise at constant prices (see Table a).

All the accounts of national accounting and public finance accounting were adjusted simultaneously and the indicators of public finance were updated as well. As a result, general government income decreased along with expenditure. Changes on the income side mostly occurred due to the specification of the volume of official transfers. A more complete initial information on local governments, non-budgetary funds and accrual capital expenses changed the previously published volume investments and capital costs. Moreover, the indicators of the consolidated budget balance changed, especially for the years 2004–2005 (see Table a).

In 2007, it is planned to revise the time-series for 1995–1999 using the renewed methods.

Table a. GDP and consolidated budget balance after the adjustment of time series

	2000	2001	2002	2003	2004	2005
GDP at constant prices of 2000 after adjustment (EEK m)	95,491	102,809	111,050	118,912	128,508	141,969
Change compared to the previous period (%)	2.7	3.9	4.7	5.0	5.3	6.0
GDP at current prices after adjustment (EEK m)	95,491	108,218	121,372	132,904	146,694	173,062
Change compared to the previous period (%)	2.7	3.6	3.8	4.4	3.7	4.9
Consolidated budget balance after adjustment (% of GDP)	-0.2	-0.3	0.4	2.0	2.3	2.3
Change compared to the previous period (percentage points)	0.1	-0.6	-0.6	-0.2	0.9	0.8