

# **National Accounts of Spain:**

## **Glossary of terms**

## **Gross Domestic Product and its components**

- *Gross domestic product at market prices (GDP):* GDP at market prices is the final result of the production activity of resident producer units. It can be defined in three ways:
  - a) production approach: GDP is equal to the sum of gross value added of all institutional sectors or industries plus taxes on products less subsidies on products;
  - b) expenditure approach: GDP is equal to the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services;
  - c) income approach: GDP is equal to the sum of the uses in the generation of income account of the total economy (compensation of employees, taxes less subsidies on production and imports, gross operating surplus and gross mixed income).
- *Production:* Production is an activity carried out under the control, responsibility and management of an institutional unit, using labour, capital and goods and services to produce other goods and services.
- *Intermediate consumption:* Intermediate consumption consists of goods and services consumed as inputs in a production process, excluding fixed assets whose consumption is recorded as consumption of fixed capital. In the production process, goods and services are either transformed or entirely used up.
- *Gross value added (GVA):* Gross value added is the difference between output at basic prices and intermediate consumption at purchasers' prices. It is also equal to the sum of primary incomes generated in the production process; thus, GVA equals the sum of compensation of employees, consumption of fixed capital, net operating surplus/mixed income and other taxes less subsidies on production.
- *Taxes on products:* *Taxes on products are taxes payable per unit of a given good or service produced or transacted. They include value added type taxes (VAT), taxes and duties on imports excluding VAT, and other taxes on products excluding VAT and taxes on imports and exports.*
- *Other net taxes on production:* Other taxes on production include all taxes which enterprises incur as a result of their participation in the production process, irrespective of the quantity or value of goods and services produced or sold.
- *Subsidies received by employers:* Subsidies received by employers comprise all amounts received in the form of general subsidies intended to reimburse, in whole or in part, the costs of direct remuneration, but not intended to cover social security or vocational training costs. They do not include, however, reimbursements paid to employers by social security institutions or supplementary insurance funds.

- *Gross value added at current prices:* This is gross value added measured at the prices prevailing in the year in question, i.e. without eliminating the effect of inflation.
- *Gross value added in volume terms:* This is gross value added measured at the prices of a base year, which eliminates the effect of inflation and allows comparison of real changes over time.
- *Chain-linked index of gross value added:* It is a measure of the evolution of gross value added obtained by linking indices with the previous year as the base (or “links”), taking a reference year in which the index equals 100.
- *Annual growth rate of gross value added:* This is the growth rate of gross value added compared with the same period of the previous year, expressed as a percentage.
- *Gross mixed income:* Gross mixed income is the income generated by unincorporated enterprises belonging to households, which combines the remuneration of the owner’s labour with the return on capital.
- *Gross operating surplus:* The gross operating surplus, or gross surplus from operations, is the surplus generated by production activities once labour has been compensated and net taxes on production (taxes less subsidies) have been paid. It can be derived from gross value added, minus compensation of employees and other net taxes on production and on products less subsidies. It comprises the part of income that remunerates the capital factor and fixed capital consumption.
- *Net property income:* Property income arises when owners of financial assets and natural resources make them available to other institutional units.
- *Gross national income (GNI):* Gross national income represents the total primary income receivable by resident institutional units: compensation of employees, taxes less subsidies on production and imports, property income, operating surplus and mixed income.
- *Net current transfers from the rest of the world:* Net current transfers from the rest of the world are the balance of current transfers that the resident economy receives from the rest of the world minus those it pays. They include current taxes on income, wealth, etc., social contributions, social benefits and other current transfers.
- *Gross national disposable income (GNDI):* Gross national disposable income is the sum of gross disposable incomes of institutional sectors. It equals gross national income minus current transfers (current taxes on income, wealth, etc., social contributions, social benefits and other current transfers) payable to non-resident units, plus current transfers receivable from the rest of the world.
- *Net primary income from the rest of the world:* This is the balance of primary incomes that the resident economy receives from the rest of the world minus those it pays. It includes compensation of employees, property income (interest, dividends, distributed income of corporations, etc.) and other primary incomes.

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- *Net national disposable income per capita*: Net national disposable income is divided by the population of a country, representing the average income available to each resident.
- *Final consumption expenditure*: Final consumption expenditure consists of expenditure incurred by resident institutional units on goods and services that are used to directly satisfy the individual or collective needs of members of the community.
- *Final consumption expenditure of households*: This is the value of the set of goods and services acquired by households to satisfy their individual needs, either through direct purchases on the market or own production for final use.
- *Final consumption expenditure of NPISHs*: This is the value of goods and services provided by non-profit institutions serving households free of charge or at prices that are not economically significant.
- *Final consumption expenditure of general government*: This is the value of goods provided individually to households and of services provided collectively to the whole community by general government.
- *Consumption of fixed capital*: Consumption of fixed capital is the decline in the value of fixed assets owned, as a result of normal wear and tear and obsolescence.
- *Consumption of fixed capital at current prices*: Consumption of fixed capital measured at prices prevailing in the year in question, i.e. without eliminating the effect of inflation.
- *Consumption of fixed capital in volume terms*: Consumption of fixed capital measured at the prices of a base year, which eliminates the effect of inflation and allows comparison of real changes over time.
- *Gross fixed capital formation (GFCF)*: Gross fixed capital formation is the investment made by resident producers through the acquisition of durable goods to increase their stock of capital, extend its service life or renew its productivity.
- *Gross fixed capital formation at current prices*: GFCF measured at prices prevailing in the year in question, i.e. without eliminating the effect of inflation.
- *Gross fixed capital formation in volume terms*: GFCF measured at the prices of a base year, which eliminates the effect of inflation and allows comparison of real changes over time.
- *Chain-linked index of gross fixed capital formation*: This is a volume measure of GFCF obtained by chaining annual growth rates calculated at previous year's prices, using a reference year to express the index.

- *Annual growth rate of gross fixed capital formation:* This is the growth rate of GFCF compared with the same period of the previous year, expressed as a percentage.
- *Fixed assets:* Fixed assets are produced assets used in production for more than one year. They include dwellings, other buildings and structures, transport equipment, ICT equipment, other machinery and equipment and weapons systems, cultivated biological resources, and intellectual property products.
- *GDP by the expenditure approach:* GDP calculated by the expenditure approach, i.e. as the sum of final consumption expenditure of households, general government and NPISHs, plus gross capital formation, plus exports of goods and services, minus imports.
- *GDP by the production approach:* GDP calculated by the production approach, i.e. as the sum of gross value added of all industries plus net taxes on products.
- *GDP by the income approach:* GDP calculated by the income approach, i.e. as the sum of compensation of employees, gross operating surplus, gross mixed income and net taxes on production and imports.
- *Intangible fixed assets:* Intangible fixed assets are produced non-physical assets used repeatedly or continuously in production for more than one year, such as computer software and databases, research and development (R&D) results, mineral exploration and evaluation, and entertainment, literary and artistic originals.
- *Changes in inventories:* Changes in inventories are measured by the value of entries into inventories minus the value of withdrawals and the value of any recurrent losses of goods held in inventories.
- *Acquisitions less disposals of valuables:* Valuables are non-financial goods that are not used primarily for production or consumption, do not deteriorate over time under normal conditions, and are acquired and held mainly as stores of value.
- *Exports of goods and services:* Exports of goods and services consist of transactions (sales, barter or gifts) by which residents supply goods and services to non-residents.
- *Expenditure of non-resident households in the economic territory:* This is the value of goods and services acquired in the economic territory by households whose habitual residence is in the rest of the world.
- *Imports of goods and services:* Imports of goods and services consist of transactions (sales, barter or gifts) by which non-residents supply goods and services to residents.
- *Expenditure of resident households in the rest of the world:* This is the value of goods and services acquired outside the economic territory by resident households.

- *Taxes less subsidies on products:* Taxes payable per unit of a good or service produced or imported, less subsidies receivable per unit of a good or service produced or imported.
- *Taxes less subsidies on production and imports:* Taxes payable both on products produced and on participation in the production process, less the corresponding subsidies.
- *Gross domestic product per capita:* GDP of a country divided by its population, measuring production of goods and services per inhabitant in each period.
- *Gross capital stock of fixed assets:* The accumulated value of produced fixed assets in use in the economy, without deducting consumption of fixed capital.
- *Net capital stock of fixed assets:* The accumulated value of produced fixed assets in use in the economy, after deducting consumption of fixed capital.
- *Current replacement cost:* The cost of replacing existing fixed assets with new ones of equivalent characteristics, valued at the prices prevailing in the reference period.

## Employment and Income

- *Persons*: All persons engaged in productive activity that falls within the production boundary of the national accounts.
- *Employees*: Employees are defined as persons who, by agreement, work for a resident institutional unit and receive a remuneration recorded as compensation of employees.
- *Job*: A job is defined as an explicit or implicit contract between a person and a resident institutional unit to perform work in return for compensation for a defined period or until further notice.
- *Employee job*: A job is an employee job if the person belongs to another institutional unit than the employer.
- *Total hours worked*: Total hours worked represents the aggregate number of hours actually worked as an employee or self-employed person during the accounting period, when their output is within the production boundary.
- *Total hours worked in employee jobs*: Total hours worked represents the aggregate number of hours actually worked as an employee during the accounting period, when their output is within the production boundary.
- *Full-time equivalence*: Full-time equivalent employment, which equals the number of full-time equivalent jobs, is defined as total hours worked divided by the average annual number of hours worked in full-time jobs within the economic territory.
- *Full-time equivalence employee jobs*: Full-time equivalent employment, which equals the number of full-time equivalent jobs, is defined as total hours worked in employee jobs divided by the average annual number of hours worked in full-time employee jobs within the economic territory.
- *Compensation of employees*: Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during an accounting period. It is made up of the following components.
- *Wages and salaries*: Wages and salaries are the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done during the accounting period, under an employment contract.
- *Employers' social contributions*: Employers' social contributions are social contributions payable by employers to social security schemes or other employment-related social insurance schemes to secure social benefits for their employees.

- *Productivity by full-time equivalence:* Defined as the ratio between the volume index of gross value added and the index of variation of total full-time equivalent jobs. It represents an annual rate of change.

$$\text{Productivity FTE} = \frac{\text{VI GVA}}{\text{IC FTE}}$$

where *FTE* refers to total full-time equivalent jobs.

- *Productivity by hour actually worked:* Defined as the ratio between the volume index of gross value added and the index of variation of total hours actually worked. It represents an annual rate of change.

$$\text{Productivity Hours} = \frac{\text{VI GVA}}{\text{IC Hours}}$$

- Compensation by full-time equivalence employee jobs: Defined as the ratio between the index of variation of compensation of employees and the index of variation of full-time equivalent employee jobs. It represents an annual rate of change.

$$\text{ACOE} = \frac{\text{VI COE}}{\text{VI FTE Employees}}$$

where ACOE refers to compensation per full-time equivalent employee job

COE refers to compensation of employees

FTE Employees refers to Full-time equivalent employee jobs

- Unit Labour Costs: Defined as the ratio between compensation per full-time equivalent employee job and productivity. It represents an annual rate of change.

$$\text{ULC} = \frac{\text{ACOE}}{\text{Productivity FTE}}$$

where ULC refers to unit labour costs

ACOE refers to compensation per full-time equivalent employee job