

Revision of time series in 2019

According to the revision policy recommended by the European Commission, the next major revision of the national accounts time series will be conducted in 2019.

On 30 August 2019, Statistics Estonia will publish the revised national accounts time series from the 1st quarter of 1995 onwards, with the following revisions made:

- Notifications from the gross national income verification cycle

The EU budget is financed from own resources based on the gross national income (GNI). Therefore, the task of Eurostat is to monitor that the Member States' contributions to the EU budget would be correctly calculated on the basis of the GNI. If Eurostat finds that a Member State could modify the methodology for calculating the GNI, it submits a precept and requires improvement of the methodology. By 30 August 2019, Statistics Estonia will have to make the following changes in the time series of the Estonian national accounts:

1. Improve the calculation of forestry: output of forestry products will be recorded as being produced continuously over the entire period of production.
2. In the calculation of consumption of fixed capital, the lifetime of weapons systems will be changed from five to ten years.
3. The calculation of own-account produced software will include intermediate consumption expenditure.
4. Research and development calculations will include additional investments in fixed assets. These investments are used during research and development activity.
5. Decommissioning costs, such as the costs of disposing of landfills, will be recognized as gross fixed capital formation. Until now, these expenses were recorded as current expenses.
6. In the calculation of indirect financial intermediation services (FISIM), the reference rate will be calculated only on the basis of interbank deposit rates, not on the basis of deposit and loan interests.
7. The calculations of the technical reserves of insurance will be improved. As a result, life insurance estimates will change.

- Changes to the methodology for disaggregation from annual to quarterly data

Statistics Estonia plans to replace the disaggregation methodology from annual to quarterly data. The so-called pro-rata method used so far will be replaced by the Denton method.

- Transfer of reference year

In addition to the above-mentioned revisions, the reference year for the GDP calculated by the chain-linking method will be changed from 2010 to 2015. The transition to the new reference year will change the chain-linked indices and chain-linked values, but the GDP and the growth of its components will remain the same as in the case of the previous reference year (2010).

The transfer of the reference year was mainly required due to the non-additivity of components characteristic of the chain-linking method, which means that the sum of single chain-linked absolute values does not equal the aggregate. Additivity is possible only in the reference year and in the following year. The farther from the reference year, the greater the non-additivity. The reason for this is that chain-linked values are found by chain-linking the aggregate as well as each component separately.

- Improvement of the calculation of consumption of fixed capital
- Improvement of the methodology for value added tax deflation. As a result of the improvement of the methodology, the calculations of previous year's prices for value added tax will be made at a more detailed level than so far.