

Net Domestic Product (NDP) in addition to Gross Domestic Product (GDP)

A nation's and zone's economic activity is usually measured with Gross Domestic Product (GDP) at market prices. GDP is the best known and most widely used final product of national accounts. The concept of Gross Domestic Product is a flow measure that denotes the value of the goods and services produced during a period as a result of the production activity of resident producer units. GDP includes in its production boundary goods and services that have markets (or which could have markets) and products which are produced by general government and non-profit institutions.

Nonetheless, GDP does not take into account the decrease in the value of fixed assets (e.g. computers, buildings, transport equipment, machinery, etc.) used in the production process. From this perspective, a better measure of production is Net Domestic Product (NDP) at market prices that deducts the consumption of fixed capital from GDP, especially since there has been recent evidence that GDP and NDP have been diverging due to a changing composition of the capital stocks into more short lived high-technology (ICT) capital goods that depreciate more rapidly. However, as consumption of fixed capital is one of the most difficult national accounts concepts to measure the gross concept is for pragmatic reasons usually used (for more on consumption of fixed capital see paragraphs 6.240-6.257 in SNA2008; <http://unstats.un.org/unsd/nationalaccount/SNA2008.pdf>).

In the online Statistics Database (Economy and finance\National accounts (including GDP)\Annual national accounts\Income, saving and net lending / net borrowing\Income, saving and net lending / net borrowing – Current prices) the possibility to choose also Net Domestic Product (B1NM) has been added.

For any questions on the data, please contact estat-gdp-query@ec.europa.eu.