

Indicator (definition)	Business investment: Gross fixed capital formation (GFCF) by the private sector as a percentage of gross domestic product (GDP).
Eurostat Unit	National accounts - production
Other Commission DGs	Economic and financial affairs, Enterprise and industry
European Statistical System Working Group (WG)	WG on National Accounts
Date	December 2010

1. Overall assessment of accuracy and comparability (Description of quality grades under the following link: http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general_information/quality_profiles/annex_enpdf/E_N_1.0_&a=d)

A
 B
 C
 Indicator to be Developed

Data is collected from reliable sources applying high standards with regard to the methodology and ensuring a high degree of comparability.

2. Objective and relevance of the indicator:

Gross fixed capital formation (GFCF) consists of private resident producers' acquisitions, less disposals of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional unit.

The indicator is expressed as a percentage of GDP. Since GFCF is an integral part of GDP (according to the expenditure approach), the numbers given are true shares. They are intended to give an impression of the relative importance of investments as opposed to, for example, consumption.

Cross-country evidence suggests a strong correlation between business investment and strongly growing economies.

Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

3. Data availability:

(**t₁**: earliest reference year available; **t₂**: latest reference year available in December 2010)

	Member States	Candidate and Acceding Countries	US and Japan	EEA-EFTA ¹
t ₁	1990: DK, FR, IT, LU, NL, AT, FI, UK 1998: 26 Member States 2000: EL	1990: IS 2001: TR	-	1990: NO, CH
t ₂	2009: All Member States	2002: TR 2009: IS	-	2009: NO, CH

Provisional data for EL from 2004 to 2009.

4. Overall accuracy

High



The overall accuracy can be considered as very good.

GDP and GFCF data are regularly transmitted in the framework of the transmission programme associated to Annex B of ESA 95 (European System of Accounts). Countries compile GDP according to standard international rules (ESA 95/SNA 93 – with some exceptions). At the European level, accuracy of GDP is regularly monitored in the framework of the GNI (Gross National Income) Committee and technical

¹ While being a member of the EFTA, Liechtenstein has complete or partial exemptions from several statistical requirements due to its size. Thus, Liechtenstein is excluded from this overview as most of the data for structural indicators are missing.

aspects are regularly analysed in several working groups and technical committees.

Restricted
(sources, errors,
methodology, etc.)

5. Comparability across countries

High Comparability across countries is ensured by the application of the legal framework represented by the European System of Accounts (ESA 95) and the System of National Accounts (SNA 93).
Comparability of GDP for EU countries is regularly monitored in the context of the work of the Gross National Income (GNI) Committee. In addition, international harmonisation of techniques and, to some extent, compilation tools is ensured by the work of the national accounts working groups (Eurostat, OECD, and UN).

Restricted

6. Comparability over time

High ESA 95 requires coherent long time series for GDP and GFCF which are produced by most of the EU Member States. In some countries, methodological breaks can affect time series (normally on a temporary basis). Backward calculations of time series are provided to ensure full time coherence in a case of methodological changes.

Restricted

7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)

Continuous improvements relate to refinement with regard to methodology and compilation techniques in cooperation with international organisations as well as to harmonisation and full implementation of international national accounts rules for all countries.

Eurostat has started to revise ESA 95. The current timetable for the revised ESA is that it will be completed and proposed (as a legal instrument) in 2009, with adoption of the final text expected in 2011. European countries are committed to implementing the revised ESA by 2014, when complete datasets including historical series will be available to users.

8. Contribution to the coherence of the set/potential to qualify for an integrated policy analysis

Relevant European legislation

Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community (ESA 95).

The legal acts that modify the ESA 95 methodology are the following:

Council Regulation No 448/98 on financial intermediation services measured indirectly (FISIM)

Commission Regulation No 1500/2000 on general government expenditure and revenue

Commission Regulation No 995/2001 on taxes and social contributions

EP/Council Regulation No 2558/2001 on settlements under swaps arrangements and under forward rate agreements

Commission Regulation No 113/2002 on revised classifications of expenditure according to purpose

The ESA 95 transmission programme defines the dataset that National Statistical Institutes of the EU Member States are obliged to transmit to Eurostat for the compilation of European national accounts. The original programme is annex B of Council Regulation No 2223/96. It has been amended in the EP/Council Regulation No 1267/2003.

The ESA 95 transmission programme has been further amended by Regulation No 1392/2007 of the European Parliament and of the Council of 13 November 2007 with respect to the transmission of national accounts data which came into force in December 2007.