Contents

Abbreviations 10

Foreword 11

1. Introduction 13

1.1. Overview 14

1.2. Use of regional accounts for policy and analysis 14

1.3. Relevant statistics 15
1.3.1. Regional accounts, a sub-system of national accounts 15
1.3.2. Regional Gross Value Added (GVA) and regional Gross Domestic Product (GDP) 16
1.3.3. Regional labour data 16
1.3.4. Regional Gross Fixed Capital Formation (GFCF) 16
1.3.5. Regional sector accounts of households 17

1.4. Historical background 18

1.5. Principles and concepts of regional accounts 19

1.6. Methods 19

1.7. Quality 19

1.8. Scope of the manual 20

2. General basis for regional accounts 21

2.1. Introduction 22

2.2. Economic territory 22
2.2.1. The regional territory 22
2.2.2. The extra-regio territory 22
2.2.3. The Nomenclature of Territorial Units for Statistics (NUTS) 22
2.2.4. Residence and territory concepts and commuting 23

2.3. Selection of units 24
2.3.1. Statistical units and residence in the case of industries 24
2.3.2. Statistical units and residence in the case of households 27

3. Methods of regionalisation 31

3.1. Introduction 32

3.2. Data required for regionalisation 32
3.2.1. Regional accounts by industry 32
3.2.2. Regional data on GFCF by industry 33
3.2.3. Regional accounts of households 34

3.3. Methods of regionalisation 34
3.3.1. Bottom-up methods 34
3.3.2. Top-down methods 35
3.3.3. Mixed methods 35

3.4. Theoretical concepts for the use of indicators for GVA by industry 36
3.5. Preferred methods of regionalisation 38
3.6. Improving pseudo-bottom-up, top-down and mixed methods 38
3.7. Adjustment of regional to national values; the non-observed economy 39
3.7.1. Regional accounts by industry 39
3.7.2. The non-observed economy 40
3.7.3. Regional accounts of households 40
3.8. Final and early regional estimates; revisions 41
3.9. Accuracy of regional accounts estimates (A, B and C-methods) 42
3.9.1. Introduction 42
3.9.2. Regional accounts by industry 43
3.9.3. Regional labour data by industry 44
3.9.4. Regional data on GFCF 44
3.9.5. Regional sector accounts of households 45

4. General principles and methods for the compilation of regional GVA by industry and regional GDP 47

4.1. Introduction 48
4.2. Applying the production and/or income approach 49
4.3. The choice of indicators in the case of multiregional KAUs, ancillary units and units without permanent labour 49
4.3.1. Value added of ancillary units of a multiregional enterprise 49
4.3.2. Value added of units without significant permanent labour 52
4.4. Transition from regional GVA to regional GDP 52
4.4.1. Introduction 52
4.4.2. Regional allocation of Value Added Tax (VAT) and taxes and subsidies on products and imports 52
4.5. Regional GDP per capita and regional population 52

5. Applying the principles for the regional allocation of GVA in current prices to particular industries (NACE Rev. 2) 55

5.1. Introduction 56
5.1.1. Industries covered 56
5.1.2. Other industries 56
5.2. Mining and quarrying (Section B) 56
5.3. Electricity, gas, steam and air conditioning supply (Section D) and Water supply; sewerage, waste management and remediation activities (Section E) 57
5.4. Construction (Section F) 57
5.4.1. Allocation of GVA 58

5.5. Transportation and storage (Section H) and Information and communication (Section J) 59
5.5.1. Land and water transport 60
5.5.2. Rail transport 60
5.5.3. Air transport 61
5.5.4. Postal and courier activities 62
5.5.5. Telecommunications 62

5.6. Financial and insurance activities (Section K) 65
5.6.1. Financial service activities, except insurance and pension funding 65
5.6.2. Insurance, reinsurance and pension funding, except compulsory social security 66

5.7. The allocation of FISIM to user industries 66

5.8. Dwelling services of owner-occupiers 66

6. The compilation of regional GVA in prices of the previous year; volume development of GVA 69

6.1. Introduction 70

6.2. The three principles provided by the 'Handbook' 70
6.2.1. The elementary level of aggregation 70
6.2.2. The choice of index formula and base year 70
6.2.3. Regional GVA time series in prices of a reference year 71

6.3. Criteria for appropriate regional price and volume indicators 71
6.3.1. National criteria 71
6.3.2. Regional criteria for appropriate price and volume indicators 72

6.4. A, B and C-methods for the compilation of regional GVA in prices of the previous year 73

6.5. Applying the criteria for the compilation of regional GVA in prices of the previous year to some particular industries 74
6.5.1. Introduction 74
6.5.2. Agriculture, forestry and fishing (Section A) 75
6.5.3. Construction (Section F) 75
6.5.4. Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G) 75
6.5.5. Accommodation and food service activities (Section I) 76
6.5.6. Financial and insurance activities (Section K) 77
6.5.7. Real estate activities (Section L); of which, imputed rent of owner-occupied dwellings 77
6.5.8. Public administration and defence; compulsory social security (Section O) 78
6.5.9. Education (Section P) 79
6.5.10. Human health activities (Division 86, part of Section Q) 79

6.6. Volume growth rates of regional GVA 79

7. General principles for allocating Gross Fixed Capital Formation (GFCF) to regions 81

7.1. Introduction 82

7.2. Allocation principle 82

7.3. Sales of existing assets 82

7.4. Choice of methods 82

7.5. Preferred methods 82
7.5.1. The industry by type of asset approach 82
7.5.2. The industry by sectors approach 87

7.6. A, B, and C-methods for the compilation of regional GFCF 91

8. Applying the principles for the regional allocation of GFCF by particular industries 93

8.1. Introduction 94

8.2. Mining and quarrying (Section B), Electricity, gas, steam and air conditioning supply (Section D), and Water supply; sewerage, waste management and remediation activities (Section E) 94
8.2.1. Mining and quarrying (Section B) 94
8.2.2. Electricity, gas, steam and air conditioning supply (Section D) and Water supply; sewerage, waste management and remediation activities (Section E) 94

8.3. Construction (Section F) 94

8.4. Transportation and storage (Section H) and Information and communication (Section J) 95
8.4.1. Transport (excluding rail and air transport) 95
8.4.2. Rail and air transport 95
8.4.3. Telecommunications 95

9. General principles for regional labour data by industry 97

9.1. Introduction 98
9.1.1. Labour Force Survey (LFS) 98
9.1.2. Structural Business Statistics (SBS) 98
9.1.3. Administrative data 98

9.2. Employment 99

9.3. Compensation of employees 100

9.4. Labour productivity 100

9.5. Choice of methods 101

10. General principles for allocating income transactions and aggregates of households to regions **103**

10.1. General overview of the household accounts 104

10.2. Clarification of the accounts 104
10.2.1. Allocation of primary income account
(Table 24.6 Full sequence of accounts for households, account II.1.2 in ESA 2010) 104
10.2.2. Secondary distribution of income account of households
(Table 24.6 Full sequence of accounts for households, account II.2 in ESA 2010) 104
10.2.3. Redistribution of income in kind account of households
(Table 24.6 Full sequence of accounts for households, account II.3 in ESA 2010) 105
10.2.4. Use of (adjusted) disposable income account of households
(Table 24.6 Full sequence of accounts for households, account II.4.1 and II.4.2 in ESA 2010) 105

10.3. Sources 106

10.4. The choice of sources and indicators 106

10.5. The allocation of consumption of fixed capital (P.51c) 107

10.6. Links between certain transactions 107

10.7. Summary variables, definitions and possible sources 108

Annexes **109**

Annex 1: Classifications 109
Annex 1a: Coding of industries (NACE Rev. 2: A*10, A*38 and A*64) 109
Annex 1b: Classifications of transactions in products (P) 111
Annex 1c: Classification of institutional sectors (S) 112
Annex 1d: Distributive transactions (D) 113
Annex 1e: Classification of Individual Consumption According to Purpose (COICOP) 116
Annex 1f: Classification of the Functions of Government (COFOG 1999) 119

Annex 2: Summary variables, definitions and possible sources of household accounts 122

Annex 3: Numerical example of regional household accounts 129

Annex 4: Differences between ESA 1995 and ESA 2010, relevant for regional accounts purposes 132

Index **133**