



2024 Benchmark Revision of the National Accounts Statistics of the INE

Technical Project

Department of National Accounts

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1 Identification of the statistical operation

The National Institute of Statistics (INE) is the body responsible for the preparation and publication of most of the statistical operations related to the field of non-financial national accounts and regional accounts whose code and name according to the 2024 Annual Program of the National Statistical Plan are the following:

8479 Annual Spanish National Accounts: Main Aggregates

8480 Annual Spanish National Accounts: Aggregates by Industry

8481 Annual Non-Financial Accounts by Institutional Sectors

8482 Supply and Use Tables

8483 Input-Output Tables

8452 Quarterly Spanish National Accounts: Main Aggregates

8453 Quarterly Non-Financial Accounts for the Institutional Sectors

8457 Spanish Regional Accounts

All these operations have been compiled since September 2014 according to the methodological recommendations of the European System of National and Regional Accounts 2010 (ESA 2010)¹ implemented in the European Union in the form of a Regulation of the European Parliament and of the Council.

The ESA-2010 is broadly consistent with the current United Nations System of National Accounts (2008 SNA) with respect to definitions, accounting rules, and classifications. It presents, however, certain differences, particularly in its presentation, which reflect the objective of its specific use for the countries of the European Union.

The incorporation of the ESA-2010 methodology in the national accounts operations² of the INE was carried out based on the process called "change of accounting base" (in this case, from the 2008 base to the 2010 base). Although, the "base changes" have their origin in methodological modifications of the system of accounts, statistical changes, incorporation of new statistical sources and/or procedures for estimating the accounting aggregates are also integrated in these occasions.

The need for national accounts to provide a measure of the economy as precise as possible at all times makes it necessary to have a periodic update of the statistical sources and estimation methods used for their compilation, even without there being a change in the international standards contained in the systems of accounts.

So, to guarantee not just high quality, but also coherence and comparability of national accounts data in countries from the European Union, the European policy of extraordinary revisions³, established by Eurostat, recommends that countries introduce systematic improvements every five years.

¹ Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union

² In this document, the term "national accounts operations" is used to refer to those specified at the beginning of paragraph 1

³ Practical guidelines for revising ESA 2010 data, Eurostat, 2019.

Given that the last one was carried out in 2019, all European Union Member States will conduct a coordinated extraordinary revision of their national accounts data series in 2024.

Therefore, the Benchmark Revision of the Spanish National Accounts that will be published this 2024 (BR-2024) follows the aforementioned need to periodically update the sources and methods of estimation used in its compilation. All results of the operations that make up the national and regional accounts disseminated by the INE from September 2024⁴ will incorporate this revision throughout the time series. Furthermore, this process has been implemented in coordination with the Bank of Spain for financial accounts and balance of payments and investment position statistics, and with the Audit Office (IGAE) for the accounts of General Government.

In this way, the highest degree of coherence is guaranteed, both within the operations of Spanish national accounts, as well as with the accounts of other Member States, as well as between the areas of national accounts and the balance of payments.

Given that the 2024 Benchmark Revision of the Spanish National and Regional Accounts of the INE will involve the updating of all the series currently published, it is considered that this is a project that must be subject to an opinion by the Higher Council of Statistics⁵ and for this purpose this technical document is presented.

2 Origin of the Demand and Grounds for Its Need

The need for national accounts to provide a measure of the economy as precise as possible at all times makes it necessary to have a periodic update of the statistical sources and estimation methods used for its compilation.

It is necessary to take into account that the data of national and regional accounts is used both to analyse and evaluate the economic structure of the country or region as a whole or by certain parts of them, to study their temporary development or compare them to other economies.

Said information is also crucial for the preparation and supervision of the economic and social policy both at regional and national levels and at European Union level, since many measures are based on established criteria from aggregates of said regional/national accounts.

In the field of the European Union, the use of national accounts should be mentioned, due to its relevance, on the definition and monitoring of the economic and monetary policy – for example, the macroeconomic unbalances procedure or the main European economic indicators –, on the definition of the deficit and public debt criteria applied in the excessive deficit procedure framework, on the regional financial aids, on the calculation of assistance of each country to the European Union budget, etc.

In 2014 all the Member States of the European Union published new series of national accounts as a result of the adaptation to the new accounting methodology included in the ESA 2010. Eurostat also recommends in its publication *Practical Guidelines for*

⁴ The majority of Member States will publish the first results of the BR-2024 in September 2024. However, some countries, following their specific national calendars, will publish results between May and August.

⁵ Section 2 second section of the Agreement on the opinion procedure by the Higher Council on Statistics

Reviews in the ESA 2010 that the results of the following extraordinary statistical reviews of national accounts be disseminated every five years.

The INE, following this recommendation, and given that the last benchmark revision of national accounts, after the implementation of the ESA 2010 in 2014, took place in 2019, will disseminate in 2024 revised series of all national and regional accounts operations for whose compilation it is responsible.

This is a statistical review coordinated, both in the European Statistical System and at the national level, with the rest of the units that compile macroeconomic statistics: the Bank of Spain (financial accounts and balance of payments and international investment position statistics) and the IGAE (General Government accounts).

The dissemination of Benchmark Revision 2024 will begin in mid-September of this year with the publication of the series revised since 1995 of the operation *Annual Spanish National Accounts: Main Aggregates*. From then on, all the operations mentioned in section 1 will publish their revised results according to their usual dissemination schedule, announced in advance on the INE website.⁶

3 Project Objectives

The national accounts, through a detailed and structured system of accounts and tables, aim to show in a systematic, comparable and as complete as possible way, in global terms, the behaviour and evolution of the various economic activities of the country. They can therefore be interpreted as a special form of joint, harmonized and integrated presentation of all available basic statistical sources, both economic and social, that provide information on economic activity. Thus, the preparation of the accounts involves carrying out an exercise of congruence of all the basic statistical information in which it is necessary to comply with a series of defined rules so that, based on them, the information is ordered and its coherence is taken care of. In this sense, national accounts can be considered the conceptual and de facto tool that manages to bring coherence to the numerous statistical sources available, providing a unique, albeit very detailed, view of the whole of economic activity.

As mentioned above, Spanish national accounts, like those of the other EU Member States, are regulated by Regulation (EU) of the European Parliament and of the Council 549/2013 (ESA 2010). Said Regulation, in its Annex A, provides the rules, definitions, nomenclatures and accounting standards, which must be used for the preparation of accounts and tables, on a comparable basis for the needs of the European Union. In addition, Annex B includes a data transmission programme setting out the deadlines for the submission by the Member States to the Commission (Eurostat) of the accounts and tables to be compiled in accordance with the methodology referred to in the first Annex.

In 2023, the approval of an update of this transmission program took place⁷. This update, which will enter into force from September 2024, involves the introduction of a new

⁶ Section 6 of this project explains in detail the dissemination schedule of the 2024 Benchmark Revision of national and regional accounts operations.

⁷ Regulation (EU) 2023/734 of the European Parliament and of the Council of 15 March 2023 amending the Regulation (UE) 549/2013

classification for household final consumption expenditure (COICOP 2018⁸), greater breakdowns of certain aggregates (for example, the quarterly breakdown of household final consumption expenditure according to durability of goods) and other improvements relating to the completeness, timeliness, coherence and composition of specific data sets.

In addition, some macroeconomic data sets derived from national accounts are used in European governance issues. National accounts data are therefore sent to Eurostat not only within the framework of the ESA 2010 but also for administrative purposes.

In accordance with Regulation of the European Parliament and of the Council (EU) 2019/516 on the harmonization of gross national income at market prices (GNI), GNI data are included in an annual questionnaire that is sent to Eurostat before 30 September of each year to be used in the calculation of EU own resources. In addition, the latter Regulation provides for a multi-year verification process of national accounts data that includes dialogue visits by the Commission to Member States, and the establishment of methodological improvement points to be addressed before the end of the corresponding verification cycle.

Regulation (EU) 479/2009⁹ on the application of the excessive deficit procedure also provides for the transmission and verification of national account data relating to the general government sector.

In this way, taking into account the above, the 2024 benchmark revision would have a triple objective. On the one hand, the statistical sources and estimation methods used for the compilation of the national accounts are updated in a way that guarantees their timeliness, accuracy and punctuality following the recommendations made by Eurostat with the aim of achieving a harmonized policy at European level that ensures that the data between Member States are comparable and that, therefore, their use for administrative purposes within the Union is appropriate.

On the other hand, the requirements of the updated data transmission program of the ESA 2010 are met.

Thirdly, with the 2024 benchmark revision, the methodological improvements derived from the current 2020-2024 verification cycle of the GNI are implemented, as well as those originated by the update of the Manual for Government Deficit and Debt¹⁰, thus avoiding the series breaks that would otherwise result.

4 Content and Characteristics of the Project

Therefore, and taking into account some of the ideas already set out in the previous sections, the extraordinary statistical review that will affect all publications on national accounts operations from September 2024 has the following general characteristics:

⁸ The Classification of Individual Consumption by Purpose, abbreviated as COICOP, is a classification developed by the United Nations Statistics Division to classify and analyse individual consumption expenditures. In March 2018, the United Nations Statistical Commission considered and approved the revised COICOP classification – COICOP 2018 – as the internationally accepted standard

⁹ Amended by Council Regulation (EU) No 679/2010 and Commission Regulation (EU) No 220/2014

¹⁰ Manual for Government Deficit and Debt, Eurostat, 2022.

- This is a revision that, according to the classification of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), would be included in the *regular extraordinary revision* rate¹¹. These revisions have their origin in the incorporation of changes in the basic statistical sources and/or in new methods of estimating the aggregates, and should occur regularly (at least every five years).
- Follows the recommendations of Eurostat regarding the establishment of a harmonized revision policy at the European level and the recommendations of the INE revision policy¹².
- It affects all the operations of the national accounts prepared by the INE and is carried out in coordination with the Bank of Spain (financial accounts and balance of payments and international investment position statistics) and IGAE (General Government accounts)
- The reference year for chained volume indices is 2020 (the value of the index in 2020 is equal to 100).
- Its dissemination will take place from September to December 2024. From that moment on, the operations of national accounts will be affected by the usual policy of ordinary reviews (that is, it is three years that are subject to review in the case of annual data and, in the case of quarterly data, the quarters of the current reference year).

4.1 DESCRIPTION OF CHANGES

The statistical changes that will be incorporated in this 2024 revision of the national accounts come from in the incorporation of new statistical sources (or relevant changes in existing ones) and the application of new methods and procedures for estimating accounting aggregates.

Main Changes Due to Statistical Sources

- In the changes caused by the incorporation of new statistical sources, **the incorporation of the information derived from the 2021 Population and Housing Censuses** should be highlighted.

This statistical change will affect several aggregates of the national accounts, both directly - in those in which the Population and Housing Census is used as a basic source - and indirectly, through its impact on household surveys (the Labour Force Survey or the Household Budget Survey) and on the estimates based on them.

- The incorporation in BR-2024 of the Spanish National Accounts of the 2021 Census as a source of information for the housing stock will mean a change in the estimate of operations related to dwellings rental output services compared to those registered in the current series.

In this regard, it is necessary to remember that, in the national accounts, by agreement, the output of dwellings rental services includes not only rental services

¹¹ “Major regular revisions”- Guidelines of the Working Group of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) on a harmonized European revision policy (2012)-

¹² https://www.ine.es/ine/codigobp/politica_revision.pdf.

related to actually rented dwellings, but also those that correspond to dwellings occupied by their owners (imputed rents).

With regard to the valuation of the output of dwellings rental services, the ESA 2010 establishes that "the production of the rental services of the dwellings occupied by their owners is measured by the estimated value of the rent that a tenant would pay for the same accommodation, taking into consideration elements such as the situation, the equipment of the area, etc., as well as the size and quality of the housing in question". Likewise, both the ESA 2010 and Implementing Regulation 2021/1949¹³ recommend the stratification method to calculate the value of services produced by owner-occupied dwellings. This method combines information about the housing stock, broken down into various strata, with information about the actual rents paid in each stratum for the right to use an unfurnished dwelling of those characteristics.

- On the other hand, some household surveys constitute the basic source used in the estimates of fundamental aggregates of the system of national accounts. This is the case of the Labour Force Survey (LFS) in relation to the employment variable and that of the Household Budget Survey (HBS) in reference to household final consumption expenditure. Information about the population, its structure by certain demographic characteristics and the composition of households, is fundamental in these surveys since they use it to elevate/calibrate the data obtained to the population as a whole. Thus, the incorporation of the new population and household series resident in Spain derived from the 2021 Population and Housing Census determines an update of its results. The BR-2024 of the Spanish National and Regional Accounts will incorporate the revised results of both surveys¹⁴.
- Likewise, the new information available resulting from the **improvement of the coverage of the Structural Business Survey by industry** will be integrated¹⁵. In particular, this statistic expanded its scope of study last year (with reference to 2021) to include, for the first time, education and health activities in its population.
- The information collected through the INE **Intermediate Consumption and Investment Survey (ECII)** will also be incorporated. This survey is carried out every four years and aims to know the raw materials and other inputs used by the different industries of the Spanish economy in their production processes, as well as the investment made by these industries in the year under study. The information obtained through this survey serves to cover some aspects not addressed by the Structural Business Survey and which, however, are necessary for the compilation of various national accounts aggregates. Thus, for example, the information obtained for the reference year 2021 will be used to update the distribution of intermediate consumption by products in the Supply and Use Table, as well as to improve the

¹³ Commission Implementing Regulation (EU) 2021/1949 of 10 November 2021 on the principles for the calculation of housing rental services for the purposes of Regulation (EU) 2019/516 of the European Parliament and of the Council on the harmonisation of gross national income at market prices

¹⁴ In the case of the LFS, homogeneous retrospective series will be provided on April 19, calculated with the new population base for the period 2021-2023, and the data for the first quarter of 2024 will be published on April 26.

¹⁵ *Consisting of the updating of the framework regulation of the Business Statistics (Regulation 2019/2152 of the European Parliament and of the Council concerning European Business Statistics and its implementing act 2020/1197 in terms of structural business statistics and statistics on affiliated companies).*

estimates of gross fixed capital formation for own final use or the recording of travel allowances.

Main changes due to estimation methods

Among the changes due to the application of new methods and procedures for estimating accounting aggregates are those arising from the action points indicated by the European Commission in the framework of the 2020-2024 cycle of verification of gross national income¹⁶, as well as those arising from the recommendations of the working groups of the European Statistical System¹⁷, and those resulting from the application of the update of the ESA 2010 transmission program¹⁸. The most significant are as follows:

- Certain parameters used in the **calculation of the consumption of fixed capital** of some assets will be reviewed following the recent recommendations of the European Statistical System Task Force on Fixed Assets and Estimation of Consumption of Fixed Capital (depreciation functions, retirement functions and useful lives).
- Methods for estimating **change in inventories** will be reviewed and aligned with those recommended in the Compilation Guide on Inventories developed by Eurostat and OECD.
- **A new classification for household final consumption expenditure (COICOP 2018¹⁹)** will be introduced, and a further breakdown in the quarterly publication (according to durability of goods) of this aggregate.
- **The number of sample units of the Non-Profit Institutions sector that are used**, through their raising factor to the population framework of the Business Register, in the estimation of the operations of this institutional sector **will be expanded**.
- **Information from recent studies will be incorporated with the aim of updating the parameters** used in some estimates. This is the case for estimates related to certain illegal activities such as prostitution and marijuana or those related to tips received as remuneration in kind by food service activities workers.

Other Changes

In parallel to the BR-2024 of the Spanish National Accounts, and in a coordinated manner, the revision processes of the Balance of Payments and International Investment Position statistics are being carried out by the Bank of Spain and the General Government accounts, by the Audit Office (IGAE).

The results of both reviews will be integrated into the BR-2024 of the National Accounts of Spain.

¹⁶ Regulation (EU) 2019/516 of the European Parliament and of the Council of 19 March 2019 on the harmonisation of gross national income at market prices.

¹⁷ Some in collaboration with the Central Banks European System.

¹⁸ Regulation (EU) 2023/734 of the European Parliament and of the Council of 15 March 2023 amending the Regulation (UE) 549/2013.

¹⁹ The Classification of Individual Consumption by Purpose, abbreviated as COICOP, is a classification developed by the United Nations Statistics Division to classify and analyse individual consumption expenditures. In March 2018, the United Nations Statistical Commission considered and approved the revised COICOP classification – COICOP 2018 – as the internationally accepted standard

– **Benchmark Revision of the Balance of Payments and International Investment Position**

The INE and the Bank of Spain maintain a very close cooperation regarding the compilation of the Balance of Payments and the International Investment Position (BP/IIP) and the rest of the world accounts of the National Accounts through the Balance of Payments/IIP-Accounts of the Rest of the World Working Group. Both statistical domains, the national accounts and the balance of payments, are also compiled in accordance with accounting standards that, since the implementation of the ESA 2010 and the 6th Balance of Payments and International Investment Position Manual, are consistent with each other.

This cooperation between the INE and the Bank of Spain implies, on the one hand, that the results of the BP/IIP, compiled and disseminated by the Bank of Spain, are integrated into the national accounts, and on the other hand, that most of the sources and methods used in the preparation of the BP/IIP are jointly agreed and/or designed.

The main changes in this area correspond, on the one hand, to those derived from the reform of the INE's International Trade in Services Survey and, on the other, to improvements made in the estimation of the CIF-FOB²⁰ adjustment and the import and export of freight transport services.

– **Benchmark Revision in the Accounts of the General Government Sector**

As in the previous case, the Audit Office (IGAE) is carrying out a process of statistical review of the General Government sector accounts that it compiles and disseminates. These accounts will be integrated into the Spanish National Accounts compiled by the INE.

The changes that will be introduced in the results already published on the occasion of the 2024 Benchmark Revision come, mainly, from the implementation of the new edition of the Manual on Government Deficit and Debt²¹, as well as from guidance notes, decisions, etc., resulting from the different working groups on General Government Finance Statistics, not yet incorporated into these statistics in order not to affect the comparability of the series.

These changes, in general, will have no impact on the government deficit, but will affect the allocation of some operations. Thus, certain fees and revenues have been analysed and, where appropriate, their classification as market output, payments for non-market output, taxes on production or miscellaneous current transfers have been revised. The allocation to COFOG divisions of certain general government sector expenses will also be reviewed, if appropriate. On the other hand, within the framework of the new estimates compiled by the INE as a result of the recommendations issued in other domains (for example, those raised from the Task Force of the European Statistical System on Fixed Assets and Estimation of Consumption of Fixed Capital), the affected operations of the General Government Sector accounts will be reviewed.

– **Improvements in the Measurement of Globalization**

The revisions in sources and methods will also include the implementation of improvements to the accounts related to the measurement of globalization based on

²⁰ Adjustment in the value of imports of goods typical of the input-output framework

²¹ Manual for Government Deficit and Debt, ESA 2010 implementation. Eurostat, 2022 edition

the work developed by the Large Companies Unit Division recently created at the INE.

5 Dissemination Plan and Frequency

The first results of the 2024 benchmark revision will be available in mid-September of this year. However, until that date, it will be necessary to combine the work aimed at compiling the revised series with the estimation tasks corresponding to the pending publications of the current series (BR-2019).

Thus, the publications that are planned to be disseminated during 2024²² of operations of the National Accounts of the INE are the following (in chronological order):

Estimate of the progress of the Quarterly Spanish National Accounts (CNTR). First quarter of 2024. Publication date: 30 April

Quarterly Spanish National Accounts. Main results (CNTR). First quarter of 2024. Publication date: 25 June

Quarterly Non-Financial Accounts for the Institutional Sectors. First quarter of 2024. Publication date: 28 June

Estimate of the progress of CNTR. Second quarter of 2024. Publication date: 30 July

The consumption indicator for the regional distribution of VAT, which will be published on 24 April, will also be calculated using data from the Regional Accounts of Spain (CRE) in BR-2019.

From September 2024, the 2024 benchmark revision will be included in all national accounts publications according to the schedule announced on the INE website. The first publications that will include the revised series of the different operations and their expected schedule are:

- Spanish Annual National Accounts: Main Aggregates (1995-2023 series). Publication: September 2024
- Spanish Annual National Accounts: Aggregates by Industry (1995-2023 series). Publication: September 2024
- Annual Non-Financial Accounts for the Institutional Sectors: Accounting Series (1999-2023). Publication: September 2024
- Supply and Use Tables (2021). Publication: September 2024
- Spanish Quarterly National Accounts. Main results (CNTR). Second quarter of 2024 and retrospective series, since the first quarter of 1995. Publication date: 27 September 2024
- Quarterly Non-Financial Accounts for the Institutional Sectors. Second quarter of 2024 and retrospective series, since the first quarter of 1999. Publication date: 30 September 2024
- Spanish Regional Accounts (2000-2023 series). Publication: December 2024
- Input Output Table (2021). Publication: December 2024

²² As of the date of this document

6 Conclusions

The need for national accounts to provide a measure of the economy as precise as possible at all times makes it necessary to have a periodic update of the statistical sources and estimation methods used for its compilation.

So, to guarantee not just high quality, but also coherence and comparability of national accounts data in countries from the European Union, the European policy of coordinated extraordinary revisions²³, established by Eurostat, gives countries the opportunity to introduce systematic improvements every five years.

Given that the last one was carried out in 2019, all European Union Member States will conduct a coordinated extraordinary revision of their national account series in 2024.

Therefore, the next Spanish National Accounts Benchmark Revision, published this 2024 (BR-2024) follows the aforementioned need to periodically update the sources and methods of estimation used in its compilation.

All results of the operations that make up the national and regional accounts disseminated by the INE from September 2024²⁴ will incorporate this revision. Furthermore, this process has been implemented in coordination with the Bank of Spain for financial accounts and balance of payment and investment position statistics, and with the Audit Office (IGAE) for the General Government accounts.

Therefore, the greatest level of coherence will be guaranteed, both from the Spanish national accounts operations, which review the entire temporary series, and the accounts of other Member States, as well as in the field of national accounts and balance of payments.

The changes that will be incorporated in the BR-2024 of national accounts come from the incorporation of new statistical sources (or changes in the existing ones) and the application of new methods and procedures of estimation of the accounting aggregates.

All these statistical changes will determine a level variation of the main aggregates and, specifically, the GDP. At the present time²⁵, however, it is not possible to know the magnitude that the aggregate effect of all of them may have because some could be compensated, to a certain extent, by others of opposite sign.

²³ Practical guidelines for revising ESA 2010 data, Eurostat, 2019.

²⁴ The majority of Member States will publish the first results of the BR-2024 in September 2024. However, some countries, following their specific national calendars, will publish results between May and August.

²⁵ As of the date of this document