

# Revision of Gross Domestic Product in 2021

**On 30 September 2021, Central Statistical Bureau of Latvia released revised national accounts time series from 1995 onwards.**

Following revisions have been implemented:

1. Revisions due to changes in methods and data sources:
  - 1.1. Revisions caused by work on country-specific GNI reservation – changes related to transaction-specific Gross National Income (GNI) reservation determined for Latvia within the GNI verification cycle 2016 – 2021;
  - 1.2. Revisions due to other changes in methods and data sources used for GDP calculations;
2. Annual routine revision.

Due to all these revisions, annual GDP at current prices changed from -3.2 % to +0.7 % in the period from 1995 – 2019 (see Table 1).

**Table 1.** GDP at current prices before and after revision in 1995 – 2019, in million EUR

Year	Before revision	After revision	Difference	Difference, %
1995	4 057.0	4 059.3	+2.4	+0.1
1996	4 677.4	4 682.2	+4.8	+0.1
1997	5 390.8	5 396.0	+5.2	+0.1
1998	6 008.7	6 014.7	+6.0	+0.1
1999	6 265.7	6 272.6	+7.0	+0.1
2000	6 860.2	6 868.5	+8.3	+0.1
2001	7 461.2	7 471.0	+9.8	+0.1
2002	8 395.9	8 406.4	+10.4	+0.1
2003	9 553.5	9 571.8	+18.3	+0.2
2004	11 070.7	11 096.7	+26.0	+0.2
2005	13 626.8	13 662.3	+35.5	+0.3
2006	17 158.0	17 200.0	+42.0	+0.2
2007	22 667.7	22 703.8	+36.2	+0.2
2008	24 460.8	24 527.9	+67.1	+0.3
2009	18 932.7	19 000.0	+67.4	+0.4
2010	18 022.7	18 088.0	+65.2	+0.4
2011	20 411.5	19 763.8	-647.7	-3.2
2012	22 045.0	21 924.5	-120.5	-0.5
2013	22 923.7	22 749.0	-174.7	-0.8
2014	23 613.9	23 625.8	+11.9	+0.1
2015	24 560.9	24 572.1	+11.2	+0.0
2016	25 360.3	25 371.3	+11.0	+0.0
2017	26 962.3	26 984.4	+22.2	+0.1

Year	Before revision	After revision	Difference	Difference, %
2018	29 142.5	29 153.6	+11.0	+0.0
2019	30 420.9	30 647.2	+226.3	+0.7

Preliminary estimates of 2019 from quarterly data sources were revised using estimates from annual data sources. All changes described in the document were taken into account in compilation of GDP of 2019, but, as there are no estimates which are based on the previous methods, direct impact of changes in applied methodology and sources cannot be separately identified. Annual GDP aggregates at current prices were compiled in a framework of Supply and Use Tables.

The annual real GDP growth changed by -3.9 to +2.8 percentage points (see Chart 1 and Table 2).

**Chart 1.** GDP changes at constant prices, compared to the previous year, before and after revision in 1996 – 2019, %



**Table 2.** GDP changes at constant prices, compared to the previous year, before and after revision in 1996 – 2019

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Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Before revision, %	+10.7	+12.0	+10.0	-3.3	-14.3	-4.4	+6.5	+4.3	+2.3
After revision, %	+10.7	+12.0	+9.9	-3.2	-14.2	-4.5	+2.6	+7.0	+2.0
Differen ce, percenta ge points	+0.0	+0.0	-0.1	+0.1	+0.0	-0.1	-3.9	+2.8	-0.3
Year	2014	2015	2016	2017	2018	2019			
Before revision, %	+1.1	+4.0	+2.4	+3.3	+4.0	+2.0			
After revision, %	+1.9	+3.9	+2.4	+3.3	+4.0	+2.5			
Differen ce, percenta ge points	+0.8	-0.1	+0.0	+0.1	+0.0	+0.5			

## 1. Revisions due to changes in methods and data sources

### 1.1. Revisions caused by work on country-specific GNI reservation - integration of Supply and Use Tables (SUT) in National Accounts (impact from 2011 to 2013)

To close this GNI reservation, Latvia included results of SUT into GDP time series. SUT is the final stage of GDP estimation process. Compilation of SUT gives opportunity to verify coherence and interconnection of national accounts aggregates and its components in one detailed framework and generate one common estimate of GDP from all three GDP calculation approaches (i.e., production, expenditure and income). In SUTs economy is balanced at level of products.

At the moment GDP time series of Latvia includes 2008 – 2010 and 2014 – 2016 SUT results. The reservation foresees that until 30 September 2021 Latvia has to include SUT results from 2011 – 2016 in GDP time series. As SUT integration concerns all main GDP aggregates and requires significant work resources, it was decided to divide SUTs integration into two stages. In revision of 2020 were integrated in GDP results of SUT of 2014 – 2016 years, and in 2021 revision was included in the results of remaining years, i.e., SUT of 2011 – 2013. In the future SUT results will be integrated into GDP time series according to requirements of ESA 2010 data transmission programme (further

ESA2010 TP), as well as impact of SUT integration on GDP will be small as annual GDP calculation is done within SUT framework.

Impact of SUT integration on GDP at current prices by years is **from -3.3 % to +0.0 %** (see Table 4).

**Table 4.** Impact of SUT integration into national accounts to GDP at current prices in 2011 – 2013, and for 2017 (according ESA2010 TP)

Year	Impact to GDP, in million EUR	Impact to GDP, as %
2011	-659.8	-3.3
2012	-132.8	-0.6
2013	-186.6	-0.8
2017	11.2	+0.0

## 1.2. Revisions due to other changes in methods and data sources used for GDP calculations

### 1.2.1. Inclusion in GDP and GNI data of cooperative societies (S.15), previously not included in the scope of GDP and GNI

Analysing the GDP coverage of statistical producer units, it was discovered that in GDP, GNI data cooperative societies are not included, which fill annual reports according to "Law on the Annual Financial Statements and Consolidated Financial Statements" and according to the Law submit to the State revenue services a balance sheet and profit loss accounts data. Due to the nature of their activities (non-market output producers), these organisations are not included in Structural Business Statistics but should be included in national accounts in institutional sector Non-profit institutions serving households (S.15). Until now, only the societies that filled the annual reports according to Regulations of the Cabinet of Ministers No. 808 of October 3, 2006 "On annual reports of societies, foundations and trade unions" were included in the national accounts. Cooperative societies are societies of agricultural, horticulture, garage owners and apartment owners working in the following NACE Rev. 2 sectors: 01, 5221, 5222, 6820, 6832 and 9499.

Impact of inclusion cooperative societies on GDP at current prices by years is **from +0.0 % to +0.1 %** (see Table 5).

**Table 5.** Impact of inclusion of cooperative societies on GDP at current prices in 1995 – 2018

Year	Impact to GDP, in million EUR	Impact to GDP, as %
1995	+2.4	+0.1
1996	+4.8	+0.1
1997	+5.2	+0.1
1998	+6.0	+0.1
1999	+7.0	+0.1
2000	+8.3	+0.1
2001	+9.8	+0.1

Year	Impact to GDP, in million EUR	Impact to GDP, as %
2002	+10.4	+0.1
2003	+11.1	+0.1
2004	+11.5	+0.1
2005	+11.8	+0.1
2006	+12.1	+0.1
2007	+12.3	+0.1
2008	+12.6	+0.1
2009	+12.8	+0.1
2010	+12.5	+0.1
2011	+12.1	+0.1
2012	+12.2	+0.1
2013	+11.9	+0.1
2014	+11.9	+0.1
2015	+11.2	+0.0
2016	+11.0	+0.0
2017	+11.0	+0.0
2018	+11.0	+0.0

### 1.2.2. Inclusion in GDP data of self-employed producers in activities which are out of scope of Structural Business Statistics

Analysing the GDP coverage of statistical producer units, it was discovered that for years 2003-2010 in GDP data self-employed producer's data are not included in activities which are out of scope of Structural Business Statistics (mainly NACE Rev. 2 activities 02, 85, 86, 93 and 96).

Impact of inclusion of self-employed producers on GDP at current prices by years is **from +0.1 % to +0.3 %** (see Table 6).

**Table 6.** Impact of inclusion of self-employed producers on GDP at current prices in 2003 – 2010

Year	Impact to GDP, in million EUR	Impact to GDP, as %
2003	+7.2	+0.1
2004	+14.5	+0.1
2005	+23.6	+0.2
2006	+29.9	+0.2
2007	+23.8	+0.1
2008	+54.5	+0.2
2009	+54.5	+0.3
2010	+52.7	+0.3

## **2. Annual routine revision**

Additionally, annual routine revisions were carried out. Preliminary estimates of 2019 from quarterly data sources were revised using estimates from annual data sources.

All changes related to GNI reservations described in this document were taken into account, also in estimates of 2019, but, as the estimates obtained using previous methods are not available, it is not possible to separate impact of reservations from the current revision.

Taking into account that new GDP estimate of 2019 was obtained from annual data sources, also GDP estimate of 2020, that was obtained using short-term (quarterly) data sources, was revised.