Explanatory Notes on Main Statistical Indicators

Gross Domestic Product refers to the final products at market prices produced by all residents in a country (or a region) during a certain period of time.

Gross domestic product is expressed in three different forms, i.e. value, income, and products respectively.

GDP in its value form refers to the total value of all goods and services produced by all resident units during a certain period of time, minus the total value of input of goods of non-fixed assets and services; in other term, it is the sum of the value-added of all resident units.

GDP in the form of income includes the income created by all resident units and distributed to resident and non-resident units.

GDP in the form of products refers to the value of all goods and services for final consumption by all resident units minus the net exports of goods and services during a given period of time.

In the practice of national accounting, gross domestic product is calculated with three approaches, i.e. production approach, income approach and expenditure approach, which reflect gross domestic product and its composition from different aspects.

Production Approach focuses on the total value of goods and services produced in production activities. GDP by Production Approach equals the value of total output minus that of input consumed in production process.

GDP by Production Approach = gross output — intermediate input

Gross Output refers to the total value of goods and service produced by all residents in a given period,including newly-produced goods and service, and intermediate input.

Intermediate Input refers to non-fixed assets and paid service consumed during production process when goods and service are produced. Intermediate input is also called intermediate consumption.

Value-added refers to the value of newly-produced goods and service and that of consumed fixed assets. By production approach, it equals gross output minus intermediate input.

Income Approach (also known as distribution approach): refers to the method measuring the final results of production activities o from the perspective of income made by all residents. GDP of income approach includes laborers' remuneration,net taxed on production, depreciation of fixed assets and operating surplus.

GDP by income approach = laborers' remuneration+ net taxed on production+depreciation of fixed assets+operating surplus.

The sum of value added made by different industries is GDP.

Laborers' Remuneration refers to the whole payment of various forms earned by the laborers' from the productive activities they are engaged in. It includes wages, bonuses and allowances the laborers' earned in monetary form and in kind. It also includes the free medical services provided to the laborers' and the medicine expenses, traffic subsidies and social insurance, housing fund paid by the employers.

Net Taxes on Production refers to the difference of the taxes on production minus the subsidies on production.

Taxes on production refers to the various taxes, extra charges and fees levied on the production units on their production, sale and business activities as well as on the use of some factors of production, such as fixed assets, land and labor force in the production activities they are engaged in.

In contrast to the taxes on production, the subsidies on production refer to the unilateral government transfer to the production units and are therefore regarded as negative taxes on production.They include subsidies on the loss due to implementation of government policies, price subsidies, etc.

Depreciation of Fixed Assets refers to the depreciation of fixed assets of a given period, drawn in accordance with the stipulated depreciation rate for the purpose of compensating the wear loss of the fixed assets or the depreciation of fixed assets calculated in a fictitious way in accordance with the stipulated unified depreciation rate in the national economic accounting system. It reflects the value of transfer of the fixed assets in the production of the current period. The depreciation of fixed assets in various enterprises and institutions managed as enterprises refers to the depreciation expenses actually drawn. In government agencies and institutions not managed as enterprises which do not draw the depreciation expenses, as well as for the houses of residents, the depreciation of fixed assets is the imputed depreciation, which is calculated in accordance with the stipulated unified depreciation rate. In principle, the depreciation of fixed assets should be calculated on the basis of the re-purchased value of the fixed assets.

Operating Surplus refers to the balance of the value added created by the resident units deducting the laborers' remuneration, net taxes on production and the depreciation of fixed assets. It is equivalent to the business profit of the enterprises plus subsidies on production, but the wages and welfare expenses paid from the profits should be deducted.

GDP by Expenditure Approach refers to the method of measuring the final results of production activities of a country (region) during a given period from the perspective of final use. It includes final consumption expenditure, total capital formation and net export of goods and services.

Final Consumption Expenditure refers to the total expenditure on goods and services in a given period, which means the total expenditure of resident units for purchases of goods and services from domestic economic territory and abroad to meet the requirements of material, cultural and spiritual life. It excludes the expenditure of non-resident units on consumption in the economic territory of the country. The final consumption expenditure is broken down into household consumption expenditure and government consumption expenditure.

Household consumption refers to the consumption expenditure made by household on goods and services. It is calculated at market price which is the purchasers'price. Purchasers'price means the money the purchasers paid for goods, including transportation fees and operating fees.

In addition to the consumption of goods and services bought by the households directly with money, the households consumption expenditure also includes expenditure on goods and services obtained by the households in other ways, i.e. the so-called imputed consumption expenditure, which includes the following: (a) the goods and services provided to the households by the employer in the form of payment in kind and transfer in kind; (b) goods and services produced and consumed by the households themselves, in which the services refer only to the owner-occupied housing and domestic and individual services provided by the paid household workers; (c) financial intermediate services provided by financial institutions; (d) insurance services provided by insurance companies.

Government Consumption Expenditure refers to the expenditure on the consumption of the public services provided by the government to the whole society and the net expenditure on the goods and services provided by the government to the households free of charge or at low prices. The former equals to the output value of the government services minus the value of operating income obtained by the government departments. The latter equals to the market value of the goods and services provided by the government free of charge or at low prices to the households minus the value received by the government from the households.

Total Capital Formation refers to the fixed assets acquired minus those disposed of and the net value of inventory, including the total fixed capital formation and the increase in inventory.

Total Fixed Capital Formation refers to the value of fixed assets acquired minus those disposed of during a given period. Fixed assets are the assets produced through production activities with specified unit value which could be used for over one year, excluding natural assets. Total fixed capital formation can be categorized into total tangible capital formation and total intangible capital formation. The total tangible capital formation include the value of the construction projects, installation projects completed and the equipment,apparatus and instruments purchased as well as the value of land improved, the value of draught animals, breeding stock, animals for milk, wool and for recreational purpose, and the newly increased forest with economic value during a given period. The total intangible capital formation includes the prospecting of minerals, the acquisition of computer software, artistic works artistic minus the disposal of them.

Increase in Inventory refers to the market value of the change in inventory of resident units during a given period, i.e. the difference of value between the beginning and the end of the period minus the current gains due to the change in prices. The increase in inventory can be positive or negative. A positive value indicates the increase in inventory while a negative value indicates the decrease in stock. The inventory includes the raw materials, fuels and reserve materials purchased by the production units as well as the inventory of finished products, semi-finished products, work-in-progress, etc.

Net Export of Goods and Services refers to the difference of the exports of goods and services minus the imports of goods and services. The imports include the value of various goods and services sold or gratuitously transferred by the resident units to the non-resident units. The imports include the value of various goods and services purchased or gratuitously acquired by the resident units from the non-resident units. Because the provision of services and the use of them happen simultaneously, the acquisition of services by the resident units from abroad is usually treated as import while the acquisition of services by non-resident units in this country is usually treated as export. The export and import of goods are calculated at FOB.

Three Strata of Industry Classification of economic activities into three strata of industries is a common practice in the world, although the grouping varies to some extent from country to country. In China, according to Industrial Classification for National Economic Activities (GB/T 4754—2017) and Rules on Division of Three Strata of Industries, economic activities are categorized into the following three strata of industries:

Primary industry refers to agriculture, forestry, animal husbandry and fishery industries (not including services in support of agriculture, forestry, animal husbandry and fishery industries).

Secondary industry refers to mining and quarrying (not including support activities for mining), manufacturing (not including repair service of metal products, machinery and equipment), production and supply of electricity, heat, gas and water, and construction.

Tertiary industry refers to all other economic activities not included in the primary or secondary industries.

Current Price refers to the actual price during the reporting period, such as Ex-factory Price of Industrial Products, purchasing price of agricultural produces and retail price. Some indicators calculatedat current price are volume indicators in the value form, such as total value of output of industrial and agricultural industries and GDP, etc. Data calculated at current price are useful when it comes to evaluating the economic development and analyzing different aspects of economy, such as production, circulation,distribution and consumption.

When the different indicators calculated at current price are compared, it is in evitable that price changes will affect the comparison. Therefore, the change in volume cannot be showed. In order to eliminate the effect of price and reflect economic development, growth rate is calculated at current price.

Constant Price refers to the price without the effect of price change. By using constant price, total amount indices of different periods can be compared. There are two methods in which total amount indices are obtained, one using current price of some year to multiply the physical volume of certain products and the other using price index.

Fixed Price refers to the average price of similar products in a given period, with which the product value of different period can be calculated. The product value calculated at fixed price can show the growth rate of production in different period. Since 1949, NBS has framed the united industrial and agricultural fixed price 8 times, including the fixed price of 1952 used from 1949 to 1957, the fixed price of 1957 used from 1957 to 1971, the fixed price of 1970 used from 1971 to 1981, the fixed price of 1980 used from 1981 to 1990, the fixed price of 1990 used from 1991 to 2000, the fixed price of 2000 used from 2001 to 2005，the fixed price of 2005 used from 2006，the fixed price of 2010 used from 2011,the fixed price of 2015 used from 2016, and the fixed price of 2020 used from 2021.