Inventory of Gross National Income of Lithuania

March 2016, Vilnius

Situation as of September 2015
This is a description of sources and methods used to compile GDP and GNI in Lithuania
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OVERVIEW OF THE SYSTEM OF ACCOUNTS

1.0 Introduction

1.0.1 The purpose of national accounts is to provide the most comprehensive, arranged and well-structured quantified picture of a country’s entire economy. Gross domestic product (GDP) is the most commonly used aggregate at the national international level, and also Gross national income (GNI), which has recently obtained greater importance not only at the European level, but also worldwide due to the growing importance of the globalization processes. From the European point of view, the importance is attached to the GNI, which is the basis for assessing the amount payable by each Member State into the budget of the European Union (EU).

The currently applicable concepts, definitions and classifications have been laid down in the European system of accounts of 2010 (ESA 2010). With a major revision in 2014, the Lithuanian Department of Statistics (Statistics Lithuania) implemented the new ESA 2010 as the basis of the Lithuanian system of national accounting. The current document describes methods and statistical data sources used to calculate GDP and GNI at market prices for the Republic of Lithuania according to the revision conducted in 2014. The new methodological requirements, introduction of some new data sources as well as the revision with an aim to lift the reservations expressed by the European Commission on the Lithuanian National accounts (further on referred to as LNA) based on ESA 95 as well as other reasons have affected the Lithuanian GDP and GNI. All the values presented in the GNI Inventory and in the annexed Process Tables (which are provided in Excel file, Annex 1) are in Euro.

The national accounts for the Republic of Lithuania are compiled by Statistics Lithuania. In the LNA, the production and expenditure approaches are the main to determine the level of GDP, and hence, the GNI. The third approach – the income approach – is also applied; nevertheless, it is not independent – the operating surplus and mixed income are derived residually. The breakdowns of GDP components by production and income approaches are available by kind of economic activity and by institutional sector. The GDP expenditure components are split according to their specific classifications.

Sector accounts provide supplementary information for institutionally oriented users. They also serve as an important instrument ensuring coherence in the system of national accounts. The main aggregates of the general government sector and other institutional sectors inside the Lithuanian economy as well as of the Rest of the world (RoW) need to be consistent.
The supply and use framework forms the basis for the balancing process by type of products and provides important indications as regards the consistency of the GDP production and expenditure approaches. The balancing of supply and use of goods and services in this framework is used as a tool for the final adjustment in the GDP compilation process. The Supply-Use Table (SUT) for 2010 is compiled based on ESA 2010 requirements.

The LNA are estimated both quarterly and annually. The first annual GDP is estimated on the basis of quarterly estimates. So, the first annual GDP is published at t+30 days, and later on at t+60 days, when the GDP with the breakdown by ten kinds of economic activity (A*10) and main expenditure components is already available. The preliminary and final annual accounts are then compiled by incorporating the results of annual statistical surveys and administrative sources’ data.

The preliminary annual estimates of GDP and GNI for the year t-1 based on preliminary annual data sources are available in September (at t+9 months). At this time the LNA data for the year t-2 are revised on the basis of the Structural business statistics as well as the revised Government finance statistics and the Balance of Payments data. The LNA data for the year t-3 can also be updated taking into account the updates to the previously mentioned source data, and t-4, as having in place the results of balancing the GDP data by products in the Supply-Use framework.

1.0.2 Since 1995, based on the Law of the Republic of Lithuania on Territorial Administrative Units and their Borders, the territory of the Republic of Lithuania has been divided into administrative units: counties and municipalities.

A municipality is a territorial administrative unit administered by the bodies of self-governing elected by the community pursuant to the Law of Self-government of the Republic of Lithuania and other respective laws. A county is a higher administrative unit of the territory administration of which is organized by the Government of the Republic of Lithuania pursuant to the Law on Administration of the County and other respective laws. In the meantime, the territory of the Republic of Lithuania comprises 10 counties and 60 municipalities.

From the economic point of view, the territory of Lithuania also includes the national airspace, the territorial waters and the territories in the rest of the world determined by the Lithuanian Government under political agreements with the governments of the countries in which they are located.

1.0.3 The Lithuanian Statistical System comprises Statistics Lithuania and other institutions and agencies managing official statistics that in their activity follow the Law on Statistics of the
Republic of Lithuania and the Official Statistics Work Programme. The chart (No. 1) below illustrates the Lithuanian Statistical System valid for the current period.

Statistics Lithuania is a government authority coordinating official statistics in the country that participates in developing and implementing public policy in the field of organisation and methodology of statistics assigned to the Minister of Finance.

Employing statistical methodological principles, Statistics Lithuania compiles, processes, analyses and publishes official statistics on economic, social, demographic and environmental changes in the country.

Statistics Lithuania coordinates the activity of ministries and other institutions in the field of official statistics, produces regional and administrative-territorial statistical indicators. Statistical information is accessible to all users interested in the socio-economic development of Lithuania and is available free of charge on the website of Statistics Lithuania.

The Ministry of Finance runs statistics of the state budget and local budgets revenue and expenditure, the Customs Department provides data on international goods traffic, the Bank of Lithuania is responsible for monetary and banking statistics and releases the Balance of Payments data. The Ministry of Agriculture runs fishery statistics, the Ministry of Social Security and Labour compiles data about accidents, the Ministry of Education and Science runs statistics on educational institutions, the Ministry of Health collects comprehensive data on population's morbidity and activities of health institutions. The Ministry of Interior handles statistics on crime, the Police Department collects information about road traffic accidents, the Board Police presents information about incoming and outgoing foreigners and the National Labour Exchange informs about unemployment rate in Lithuania.
Other institutions, statistical activities of which are regulated by legal acts of the Republic of Lithuania, are active operators in the process. In co-operation with Statistics Lithuania these institutions approve statistical methods for the surveys, statistical questionnaires, rules for filling them in, establish the data release order and time.

The Statistical Council to Statistics Lithuania has been operating since 1994. It focuses on the analysis of the key issues of organising statistics and methodology, considers programmes for censuses, registers, main surveys and annual work programmes as well as the main outcomes of the statistical surveys and places proposals to Statistics Lithuania. Its members represent academic circles, ministries, other institutions and public organisations. Its structure and regulations are approved by the Government of the Republic of Lithuania.

The Advisory Commission of the Director General of Statistics Lithuania discusses key organisational and methodological issues, draft publications, legislation and planning documents, results of the implementation of strategic goals and activity improvement, reports of the executives of the structural divisions of Statistics Lithuania, etc. The members of this commission include the Director General of Statistics Lithuania – the Commission’s chair – and deputies Director General, heads of some structural divisions of Statistics Lithuania and other public servants.
In order to analyse and improve other aspects of the performance of the official statistical system, interinstitutional or Statistics Lithuania-based commissions and working groups are formed.

The Lithuanian Statistical Society is a non-governmental voluntary organisation of statisticians uniting members taking interest in statistical activities and contributing to the development thereof.

The objectives of the Society are to study and research into the questions of statistical practice and theory, put forward proposals and give advice on the practical implementation of scientific achievements, nurture the moral understanding of the profession and solidarity of its members and improve their qualification.

The Society actively participates in resolving relevant practical and theoretical statistical matters. Statistics Lithuania and the Society increasingly often join in the effort to solve issues related to the key statistical surveys and censuses. The Society made a significant contribution to and put forward many valuable proposals concerning population and agricultural census programmes, their organisational and methodological principles.

Much attention has been devoted to maintaining proper relationship with the users of statistical information. The Official Statistics Portal is a multifunctional website serving as a gateway to all official statistics. In the Database of Indicators available on the Portal, users can access the indicators provided for by the Official Statistics Work Programme.

On the Official Statistics Portal, one can find press releases, publications. All statistical indicators produced under the Official Statistics Work Programme (including census databases) are integrated into the database of the Portal. That is, the indicators produced by other institutions are provided not via links to different websites, publications, press releases, etc., but are accessible in a single database, which essentially improves their comparability and facilitates analysis. Users may create charts, interactive maps, export tables to different formats, save files in their account, subscribe to indicator updates. It is of particular aid for the users who need a detailed analysis of social and economic phenomena.

The environment of the Official Statistics Portal also contains the Central Database of Classifications and special sections for certain user groups.

1.0.4 The Law on Statistics specifies that the Director General of SL is appointed to office by the Government on the recommendation of the Minister of Finance for a period of four years. A person who holds a Master’s degree (or equivalent) and has an employment record of at least five years in the field of statistics and five years of managerial work in the field of public administration may be appointed to the post. The Director General may be appointed to hold office
for no more than two successive terms. According to the Resolution No 750 of 22 June 2011 of the Government of the Republic of Lithuania, the maximum allowable number of positions of civil servants and employees working under employment contracts for Statistics Lithuania is 581.

The organizational structure of Statistics Lithuania relies on functions. Units, responsible for the preparation of statistical data, are organized by statistical domains. They are responsible for all stages of processes necessary for production of statistical information: from developing of methodologies for statistical surveys, compilation and dissemination of questionnaires and collection of data from statistical agents until the final stage – dissemination of the results.

On 1 July 2011, 5 regional statistical offices (independent legal entities) were disbanded and reorganised into structural units of Statistics Lithuania – Vilnius, Kaunas, Klaipėda, Panevėžys and Šiauliai Data preparation divisions. Their functions from that time are focussed on collection of data from respondents and the first phase round of editing of the collected information. Coverage of Lithuanian territory by Data preparation divisions is provided in the chart below.
The central office of Statistics Lithuania is located in Vilnius and has at present 37 divisions, out of which two-thirds perform special activity functions. They are organized by statistical domains and four Deputies Director General are in charge for them. The chart below illustrates the present structure of Statistics Lithuania (further on referred to as SL).

As of the 1st May 2004 when the Republic of Lithuania became a member of the European Union, all official statistics started to be prepared according to the rules or based on legal acts of the European Community. Macroeconomic statistics is the priority field among other domains of statistics. Its mission is accomplishment of international comparisons of countries’ economies and release of data, expedient for the formation of the economic policy of Lithuania and monitoring of its implementation.
Chart 1.0.3. Structure of Statistics Lithuania

DIRECTOR GENERAL

- Statistical Council
- Advisory Commission
- Economy and Finance Division
- European Affairs and International Cooperation Division
- Human Resource Management Division
- FIRST DEPUTY DIRECTOR GENERAL
- Macroeconomic statistics
  - Energy Statistics Division
  - Foreign Trade Statistics Division
  - Government Finance Statistics Division
  - Knowledge Economy and Special Surveys Statistics Division
  - Methodology and Quality Division
  - National Accounts Division
  - Price Statistics Division

- DEPUTY DIRECTOR GENERAL
  - Business statistics
    - Agricultural and Environmental Statistics Division
    - Construction and Investment Statistics Division
    - Domestic Trade Statistics Division
    - Economic Entities Register Division
    - Enterprise Statistics Division
    - Industry Statistics Division
    - Kaunas Data Preparation Division
    - Klaipėda Data Preparation Division
    - Panevėžys Data Preparation Division
    - Šiauliai Data Preparation Division
    - Transport and Service Statistics Division
    - Vilnius Data Preparation Division

- DEPUTY DIRECTOR GENERAL
  - Social statistics
    - Demographic and Migration Statistics Division
    - Education and Culture Statistics Division
    - Labour Statistics Division
    - Living Standards and Employment Statistics Division
    - Population Census and Survey Organisation Division
    - Social Protection and Health Statistics Division

- DEPUTY DIRECTOR GENERAL
  - IT & dissemination activities
    - Document Management Division
    - Information Systems Maintenance Division
    - IT Development Division
    - Maintenance Service Division
    - Dissemination of Statistical Information Division

- DEPUTY DIRECTOR GENERAL
  - Government Finance Statistics Division
  - National Accounts Division
  - Price Statistics Division

- DEPUTY DIRECTOR GENERAL
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  - Foreign Trade Statistics Division
  - Government Finance Statistics Division
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    - Klaipėda Data Preparation Division
    - Panevėžys Data Preparation Division
    - Šiauliai Data Preparation Division
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  - Knowledge Economy and Special Surveys Statistics Division
  - Methodology and Quality Division
  - National Accounts Division
  - Price Statistics Division
Business statistics reflects the performance structure of industrial, trade, construction, transport, and services enterprises as well as its short-term and long-term changes. Over the recent years, indicators featuring use of information technologies, impact of the growing market globalisation, knowledge and innovation on economic development have become pressing and urgent. Such statistical information has been continuously provided to national users, transmitted to Eurostat and other international organisations.

Social and demographic statistics reflect country’s demographic trends, changes in the labour market, population employment, unemployment and living standards. It is more and more widely used for policy formation, preparation of different social programmes and their monitoring.

Agriculture and environment statistics reflecting the situation in agriculture as well as its changes and trends is used for compilation of economic agriculture accounts, agricultural production balances, and calculations of gross domestic product and assessment of environment state.

1.0.5 National accounts in general and some related statistics is produced by three divisions of Statistics Lithuania: the National Accounts division, the Government Finance statistics division and the division of Methodology and Quality. They all are responsible for implementation of the requirements of the main legal act, i.e. the 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 (ESA 2010) as regards adaptation of methodological rules and dissemination to the users (including European Commission) of the produced national accounts aggregates. The distribution of the tasks among the SL divisions for production of statistics according to the requirements of DTP (ESA 2010) is provided in the chart below.

The National Accounts division (NAD) of Statistics Lithuania counted 23 employees in 2015. The responsibilities are distributed according to the general topics of the System of National Accounts in the NAD. Every employee is in charge of the specific economic area or group of macro-economic indicators. The NAD is responsible for the methodological implementation of ESA 2010, compilation and publication of the complete and comprehensive LNA. The NAD team takes the responsibility for the compilation of: a) annual and quarterly main aggregates of NA, main aggregates by industry, employment, institutional sector (annual and quarterly) and regional accounts, SUT and IPL, capital stock, according to the requirements of DTP of ESA 2010, and in addition: b) VAT and GNI own resources; c) GDP expenditure components, weights for PPP.
The Government Finance statistics (GFS) division is responsible for organization and compilation of statistics according to the Data transmission programme of ESA 2010 as concerns all transactions of the general government sector (non-financial and financial, annual and quarterly), annual financial accounts and balance sheets for all institutional sectors. It is also in charge of the Excessive deficit procedure (EDP) statistics and statistics on Pensions’ schemes.

The Methodology and Quality division is not directly involved in the estimates of a particular domain of NA; however, specialists of this division are responsible for the GDP first (flash) and second estimates (by the production approach) and seasonal adjustment of all required quarterly NA data.
Chart 1.0.4. Distribution of activities for production of LNA

**National accounts division (NAD)**

- Production of main aggregates for NFC and HH sectors
- Production of main aggregates for FC sector, including FISIM
- Generation of income account for all institutional sectors
- Expenditure of HH and NPISH sectors
- ROW sector accounts
- Institutional sector accounts and Regional accounts
- Input – Output Tables, Supply – Use Tables
- Price and volume indices
- Employment
- Capital flows and stocks:  
  a) GFCF
  b) Changes in inventories
  c) Capital stocks, CFC
- Data dissemination, publications, IT issues, SDMX, GESMES

**Government finance statistics division (GFSD)**

- EDP and related statistics
- Annual and quarterly GG revenue and expenditure
- Annual financial accounts
- Quarterly financial accounts for GG, pension entitlements
- Tax statistics
- Statistics on public institutions included into GG

Head of NAD
2 deputy heads

Head of GFSD
For the LNA production various data sources are used, and they have to be produced in time and of sufficient quality. Measures are taken in SL in order to ensure the smooth process of production of the NA aggregates, consistency and coherence of the produced statistics with the related Government finance, Balance of Payments and the basic statistics used as a source for the NA compilation.

The measures that facilitate the process of production of NA are as follows:

a) The Schedule of the exchange of information between the units inside SL is approved by the Director General every year. This document specifies for every SL unit what data, at which detail, when and to who has to be delivered;

b) The Methodology Commission has been established in 2009 by the Director General of SL with an aim to standardize the description of methods and data sources used for the production of statistics in every domain. It consists of 17 experts from SL, discusses methodological documents prepared by SL’s divisions and by ONAs, solves problematic methodological issues, prepares conclusions, and submits proposals on the development of methodological work. The mandate of the Methodology Commission also includes the analysis of the consistency and comparability of statistics. The representatives from the NAD and GFS divisions are the members of this Commission. They have an opportunity to express the needs of NA so, that they can be integrated in the basic statistics. The Commission also discusses and approves methods for data collection, estimation and compilation of statistical indicators. In order to ensure a consistent description of metadata of all statistical surveys, the Methodological Commission has prepared and approved a framework covering basic guidelines, structure, etc.;

c) Under coordination of Statistics Lithuania, in 2006 a permanent cross-institutional working group on the implementation of the CoP in Lithuanian statistical system was established. It’s task is to analyse the issues on the coordination of implementation the CoP in NSS and to draw conclusions, make proposals and recommendations on the improvement conditions for the better implementation of the CoP and assurance of statistics quality.

The Task Force involves representatives of Statistics Lithuania and other institutions producing European statistics, as foreseen in the Official Statistics Work Programme. The Bank of Lithuania also participates in the Task Force meetings as an observer. The meetings are organized at least twice a year;
d) The Interinstitutional group on Macroeconomic statistics has been established and meets every quarter to discuss the problematic or urgent issues in this domain. This group is represented by experts from Statistics Lithuania, the Ministry of Finance, the Bank of Lithuania (further on referred to as BoL), the State Tax Inspectorate and the Ministry of Economy;

e) The Interinstitutional group on sectorisation of economic entities has been established with an aim to discuss and agree on the common frame and the list of entities that can be harmonised and used by three institutions: SL, the BoL and the Ministry of Finance and other statistics producer. Each economic entity in the Register of Economic Entities has the code of an institutional sector and subsector; information from this Register is used by SL as well as by the BoL;

f) In 2013, SL aiming at strengthening its coordinating role in the area of official statistics started signing formal agreements with other producers on the organisation, quality assurance and dissemination of official statistics. The agreements commit other national institutions to adhere to the principles of the European statistics Code of Practice, and will increase the quality, effectiveness and credibility in the NSS and reinforce its organisational environment. A formal agreement signed with the BoL on the exchange of data between the two institutions enables to improve the processes of production of macroeconomic statistics. Based on it and using a special IT tool for the exchange of files the national accounts, foreign trade, FDI, BoP and other data are transferred. This tool allows checking the dates of transferring and quick reaction to the providers if some problems occur;

g) The special attention is paid to the GFS aiming to ensure the deadlines of provision and quality of provided data. Statistical information is received from the Ministry of Finance according to the General government deficit and debt statistics provision schedule, approved by Order No 1K-115/DĮ-79 of 27 March 2015 of the Minister of Finance and Director General of Statistics Lithuania;

h) The quality management system in SL is based on process management, which in turn is based on a detailed process map to which documented rules and guidelines on various processes are linked. The quality system is reinforced by a system of self-assessments and inspections, covering management and planning, methodology, staff qualification and competence, application of IT tools, dissemination of statistical information, and user relations. Audits of the statistical divisions and their statistical processes are performed by the Internal Audit Division of SL;
i) The metadata on compilation of quarterly and annual GDP are publicly available on the Official Statistics Portal, and are updated regularly. The regular practice is in place to discuss the results of quarterly and annual GDP estimates with a broad participation of compilers and the representatives from the SL management. The issues on the possibility to improve the source statistics are also discussed;

i) SL also places high importance on reducing the burden on respondents. The policy is to collect statistical data from respondents only if no other administrative or statistical data sources are available, to consult with respondents and assess the future response burden at the stage of implementing new legal acts, and to develop and promote the use of SL’s electronic data collection system – e.Statistika. A plan to reduce the burden is prepared and approved by the order of the Director General every year, and a permanent working group is responsible for this implementation. Regular improvement of sampling design is in place for business and social statistical surveys. A system of rotation sampling is applied in business statistical surveys. As a result of these efforts, many questionnaires have been reduced in size or even eliminated.

1.0.7 The System of National Accounts entirely characterizes the basic phenomena of economic life: production, income, consumption, accumulation and assets. Seven accounts have been currently compiled by the NAD:

1. The goods and services account;
2. The production account;
3. The generation of income account;
4. The allocation of primary income account;
5. The secondary distribution of income account;
6. The use of disposable and adjusted disposable income account;
7. The capital account.

The consistency needs to be assured between the accounts and all the transactions and balancing items inside the particular account have to be balanced; this is one of the indicators of the quality of national accounts. The balancing item of the Allocation of primary income account is the Gross National Income (GNI), the quality of which depends on the quality of estimated components for the national economy and of transactions with the Rest of the World (ROW). The latter are compiled by the BoL and presented in the Lithuanian BoP. However, not all transactions of the Lithuanian BoP that need to be included in the GNI comply fully with the ESA 2010 requirements.
For that reason some components of primary income with the ROW are not directly taken from the BoP while compiling the Lithuanian GNI. For example, subsidies received from the EU are recorded on the cash basis in the BoP, income attributed to insurance policy holders and some other components also need to be adjusted in order to comply with requirements, and recorded consistently among the accounts. So, the discrepancies in the Lithuanian NA and the BoP have not been fully removed yet, and there is a way forward for improvements.

Annual financial accounts and balance sheets by institutional sector are compiled by the GFS division. The discrepancies between the balancing items of non-financial and financial accounts – the net lending / borrowing (B.9 and B.9F) – still exist, and the work needs to be done to analyse the causes of these discrepancies and to reduce them. The consistency between the non-financial and financial accounts is also an indicator of the quality of NA.

1.1 Revisions policy and the revisions since the last version of the GNI

Inventory

1.1.1 In Lithuania the published national accounts aggregates can regularly be affected by revisions. In principle, the revisions are of two different backgrounds: a) new and more complete data sources become available, removing some errors (those refer to the routine revisions), and b) introduction of new definitions and/or methods (those refer to the major revisions). This is in line with the recommended revision policy at the European level; however, the latter distinguishes the benchmark revisions, too. It is worthwhile noting that frequent revisions of macroeconomic aggregates are not welcomed by users, and in particular by those who produce forecasts.

1.1.2 The revision policy followed by SL is reflected by the General Principles behind the performance, Analysis and Announcement of Revisions of Statistical Indicators. These Principles are approved by Order No DI -262 of 30 December 2013 of the Director General of Statistics Lithuania. The Principles encompass the classification of revisions, description of the key preconditions and reasons for revisions, and the procedure for the documentation of the performance, analysis and announcement of these revisions. The Principles must be adhered to by the statistical survey and work managers and employees of SL who produce statistical information. According to the anticipation of revisions, they are divided into scheduled revisions and unscheduled ones. The Calendar of Scheduled revisions of statistical information is prepared following legal acts of the Republic of Lithuania and the European Union regulating the production
of statistics, the Official Statistics Work Programme, and annual activity plans of SL. The Calendar distinguishes between the short- and long-term scheduled revisions of statistical information.

1.1.3 The routine revisions in the Lithuanian NA relate to the updating of the previously published quarterly or annual information and take place within the normal accounting procedures. As regards quarterly data of the current year, NA aggregates can be revised at each time of publication. The annual and quarterly data of the last four years are revised once a year (in September). However, it is not easy to achieve full harmonisation as regards the routine revisions between the three interactive data sets – the NA, GFS and the BOP. Shortening of publication deadlines also leads to the more frequent and extensive routine revisions.

1.1.4 The major revisions originate from methodological changes or introduction of the results of new data sources or new estimation methods. They are usually coordinated at the European level, and the users are communicated on them in advance. The depth and timing are determined by the European legal acts. Before the introduction of ESA 2010, the last major revision in the LNA took place in 2011. The LNA time series were revised due to introduction of NACE Rev.2 classification for compilation of aggregates by kind of economic activity and implementation of the results of the work done on action points agreed after the GNI information visit in early 2009. Introduction of the ESA 2010 requirements affected the whole time series of the LNA aggregates, and is still not fully completed. The derogations for the LNA have been agreed with the European Commission and laid down in the Commission Implementing Decision of 26 June 2014 (2014/403/EU).

1.1.5 In 2014, SL carried out a major revision of national accounts time series due to introduction of new methodological requirements of the European System of National and Regional Accounts (ESA 2010) and of the BPM6. Additional work was carried out in order to address the country specific reservation raised by the Commission concerning the improvement of estimation methods of entertainment, literary and artistic originals as a GFCF and transversal reservation on the treatment of cross-border property income. Other changes resulted from the introduction of new data sources and elimination of some technical errors in the LNA or in the underlying data sources. New data sources were established and used for estimates of R&D expenditure, insurance output, and FISIM allocation, estimates of GFCF for entertainment, literary and artistic originals, and property income received/paid by Mutual funds. The effect of introduction of new methodological requirements was rather negligible; the GDP and GNI increased by less than one per cent yearly.
1.2 Outline of the production approach

1.2.1 GDP compilation by the production approach is one of the main methods in calculation of GDP in Lithuania. It is considered as having data sources of the sufficient level of details and easier understandable by the users. Gross value added (GVA) is estimated as the gross output less intermediate consumption. GDP at market prices is the sum of gross value added at basic prices by each kind of activity produced by all resident producer units in the economy plus taxes on products minus subsidies on products.

1.2.2 The output of the national economy is the sum value of production of goods and services (P.1). The following types of production are distinguished and measured in the LNA: a) market output, b) output for own final use, and c) non-market output. Intermediate consumption (P.2) consists of the value of goods and services, which are consumed as inputs in the production.

1.2.3 The regular principle of the GVA breakdown by activity is calculation and publication of data at the so called A*64 grouping ((A*64 means the two digit level of NACE Rev.2 (i.e. by divisions) and their grouping in some cases)). For different purposes and administrative and user needs, SL provides a more detailed level of specifications.

1.2.4 Producers of output regarding their functions and objectives are grouped into institutional sectors in the NA. Their importance in the Lithuanian economy and the contribution to the GVA and GDP are rather different. The bulk of GVA (69.55%) was produced in the non-financial corporations’ sector (S.11). This sector includes all corporations the principal activity of which is production of market goods and non-financial services. The financial corporations’ sector (S.12) consists of all corporations engaged in financial intermediation or in auxiliary financial activities. The GVA produced in S.12 is rather small and made up 2.8 % of the GVA. The general government sector (S.13) consists of the units of central government, local government and social security funds. The share of GVA produced by S.13 was 15.4%. The households’ sector (S.14), as a producer, includes individual enterprises, farmers, entrepreneurs and own-account workers. The households’ sector produces 12.2 % of the GVA in the LNA. The sector of non-profit institutions serving households S.15 is very small and amounted to only 0.1 % of the GVA in 2010.
Table 1.2.1. OUTPUT, INTERMEDIATE CONSUMPTION and VALUE ADDED by institutional sector in 2010, EUR million

<table>
<thead>
<tr>
<th>Institutional sector</th>
<th>Gross Output</th>
<th>Intermediate consumption</th>
<th>Gross Value Added</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.11 Non-financial corporations</td>
<td>37718.5</td>
<td>20197.8</td>
<td>17520.7</td>
</tr>
<tr>
<td>S.12 Financial sector</td>
<td>1144.5</td>
<td>431.1</td>
<td>713.5</td>
</tr>
<tr>
<td>S.13 General government sector</td>
<td>5634.9</td>
<td>1758.3</td>
<td>3876.6</td>
</tr>
<tr>
<td>S.14 Households sector</td>
<td>5028.1</td>
<td>1952.3</td>
<td>3075.8</td>
</tr>
<tr>
<td>S.15 Non-profit institutions serving households</td>
<td>73.9</td>
<td>50.7</td>
<td>23.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49600.0</strong></td>
<td><strong>24390.2</strong></td>
<td><strong>25209.8</strong></td>
</tr>
<tr>
<td>Taxes on products</td>
<td></td>
<td></td>
<td>3192.5</td>
</tr>
<tr>
<td>Subsidies on products</td>
<td></td>
<td></td>
<td>374.6</td>
</tr>
<tr>
<td><strong>Gross domestic product</strong></td>
<td></td>
<td></td>
<td><strong>28027.7</strong></td>
</tr>
</tbody>
</table>

1.2.5 For the estimates of output, intermediate consumption and value added information from various data sources is used. For the estimates of non-financial corporation aggregates data from statistical surveys are mainly employed, while for the aggregates of other sectors – administrative data sources are often available and used.

Business surveys run by SL are the main sources of information for the estimates of non-financial corporations by kind of economic activity. The Statistical Register of Economic Entities (SREE) is the main tool to carry out statistical surveys and as a sampling frame for business surveys. It includes information on all types of units from the administrative Register of Legal Entities determining their active/inactive status. The SREE is regularly updated and provides the frame for the statistical survey on enterprise’s activity (F-01 annual), which is the main source of information for the estimates of output, intermediate consumption and value added for non-financial corporations by NACE. All public and private corporations despite their size supply SL with the annual report (F-01). In order to measure output, intermediate consumption and value added by kind of economic activity producers of the households’ sector (as individual enterprises or sole proprietors) are added. Information from administrative data sources is used in supplement to ensure the coverage; however, the level of detail there is much less as compared with the statistical questionnaire.

Taking into account the specificity of some economic activities (agriculture, construction, some service activities) information from distinct sources is used in addition or considered to be more plausible.
Information on the activities of financial corporations comes from the administrative data sources (the BoL, which is responsible for the supervision of the main financial intermediaries) and statistical surveys. Due to the strong supervision of these activities information collected by SL from the financial institutions is considered as comprehensive and reliable.

The government finance statistics based on administrative data sources is used to generate estimates of the production activity for the central and local government and social insurance.

The estimates for non-profit institutions serving households are produced on the base of information collected via statistical surveys.

1.2.6 Information from the above mentioned data sources needs to be adjusted in order to be in line with the requirements of national accounts. It could be noted that the annual survey of non-financial corporations (the questionnaire (F-01)) is designed to meet the needs not only of the SBS, but also of national accounts. Despite the fact that conceptual and exhaustiveness adjustments are made to all data from the sources mentioned before they come to the final step of estimates of a particular NA aggregate. The borderline cases are checked and adjustments made are according to the ESA 2010 requirements.

1.2.7 In order to ensure exhaustiveness of the GDP estimates from the production approach all components are carefully analysed and adjusted when necessary. The classification of exhaustiveness’ adjustments (N1…N7) proposed by Eurostat is applied. Along the output and intermediate consumption estimation process almost all industries include adjustments of one or another type of exhaustiveness’ adjustment. Some of the non-exhaustiveness categories stem from the intention of the producers to avoid tax payments or to carry out activities forbidden by the law. However, some of them have purely statistical nature and do not refer to tax evasion. In the LNA, the majority of industries include an adjustment for N7 (which covers estimates of wages and salaries in kind and tips) and many of industries are adjusted because of deliberate misreporting of the producers (N6). In this case the adjustments are made to the output and the intermediate consumption as well. Illegal activities (N2) of the four types are also estimated and included under an appropriate NA aggregate and industry.
1.3 Outline of the income approach

1.3.1 GDP viewed from the income approach reflects primary income distributed by the resident unit of production. It is the sum of compensation of employees, taxes net of subsidies on production and imports, and gross operating surplus and gross mixed income of the economy as a whole.

The income approach used to compile GDP in the LNA is considered as not independent, because the operating surplus and mixed income are derived residually. The GVA by the income approach is estimated by income component (compensation of employees, other taxes less subsidies on production, gross operating surplus and mixed income), by institutional sector and by industry. When the taxes less subsidies on products are added to the GVA at basic prices the GDP at market prices is derived.

The table below illustrates the composition of GDP components by the income approach.

**Table 1.3.1. GDP and INCOME COMPONENTS in 2010**

<table>
<thead>
<tr>
<th>ESA code</th>
<th>ESA Transaction</th>
<th>EUR million</th>
<th>As % to GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.1</td>
<td>Compensation of employees</td>
<td>11470.0</td>
<td>40.9</td>
</tr>
<tr>
<td>D.11</td>
<td>Wages and salaries</td>
<td>9051.0</td>
<td>32.3</td>
</tr>
<tr>
<td>D.12</td>
<td>Employers' social contributions</td>
<td>2418.9</td>
<td>8.6</td>
</tr>
<tr>
<td>D.2</td>
<td>Taxes on production and imports</td>
<td>3373.1</td>
<td>12.0</td>
</tr>
<tr>
<td>D.3</td>
<td>Subsidies</td>
<td>-442.6</td>
<td>-1.6</td>
</tr>
<tr>
<td>B.2g/B.3g</td>
<td>Operating surplus, gross/mixed income, gross</td>
<td>13627.1</td>
<td>48.6</td>
</tr>
<tr>
<td>B.1g</td>
<td><strong>Gross domestic product</strong></td>
<td><strong>28027.7</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

1.3.2 The estimates of compensation of employees are mainly based on direct data sources, that is, sample surveys and administrative records. They are mainly the same as used for the estimates of GDP by the production approach. Indirect methods are used for the calculations in absence of direct sources, i.e. for the adjustment of undeclared wages or in some industries which are not covered by the surveys.

The remuneration for the work done usually is paid in cash, but it is a normal practice to get some goods or services free of charge or at reduced prices from the employer to employees. That kind of income is also estimated and included in the compensation of employees. In addition to that, the tips are also treated as the remuneration and are included into wages and salaries’ component for some industries where they usually can be paid.
The surveys conducted by SL are considered as being relevant and providing the sufficient level of detail. All enterprise size classes are covered by the surveys. Administrative data are obtained on a regular basis and are received in time. However, wages and salaries are adjusted for under-reporting (N6) taking into account the intention of the producers to reduce this component in fiscal and statistical reports.

1.3.3 For the estimates of Taxes on production and imports (D.2), which consist of compulsory, unrequited payments, in cash or in kind, which are levied by the general government or by the institutions of the European Union, information from the Ministry of Finance is gathered. Taking into account that the source data are cash-based, the adjustment for accruals is made in the LNA. The national classification of taxes is adapted to those used in NA.

1.3.4 The main data sources for the calculation of subsidies are quarterly reports of central and local budgets, provided by the Ministry of Finance, and annual employment statistics, provided by the Ministry of Social Security and Labour. Every quarter adjustments are made to ensure the results on an accrual basis.

1.3.5 In the LNA, operating surplus is estimated as a balancing item (except for the income of owner-occupiers producing dwelling services). For the non-market production, gross operating surplus is equal to consumption of fixed capital, calculated a priori according to model-based methods.

1.3.6 The mixed income is estimated as a balancing item like operating surplus. To obtain this balance, it is necessary to start from the value added generated by industries. The deduction of compensation of employees and other taxes minus subsidies on production results in mixed income, which contains a component corresponding to the remuneration for the work carried out by the owner and/or the member of family, and which cannot be distinguished from the profits as in case for the corporate business.

1.3.7 Estimates of consumption of fixed capital are model-based in the LNA. This model is the Perpetual Inventory Method (PIM). The LNA estimated Capital Stocks (CS) and Consumption of fixed capital (CFC) with the PIM on the basis of information available on gross fixed capital formation (GFCF), prices relating to this investment and average economic life of different categories of fixed assets, based on the Age structure survey. Calculations of the consumption of fixed capital include estimations by institutional sector, kind of activities, all types of producers (market, non-market and own final use) and have been grouped according to the fixed assets’
categories. When the CFC is deducted from the NA aggregates that are estimated gross (i.e. GDP, GNI, GFCF, etc.), the net value of the NA component is obtained.

1.4 Outline of the expenditure approach

1.4.1 The expenditure approach is one of the three GDP estimation methods applied in SL. It is the second independent GDP compilation approach. The expenditure-based GDP is total final expenditure at purchaser’s prices, including the FOB value of exports of goods and services, less the FOB value of imports of goods and services.

The value of GDP by the expenditure approach is balanced with the result of GDP, estimated by the production and income approaches. The balancing is made at every stage of the GDP calculation; starting with the quarterly estimates, followed by the preliminary annual (T+9), semi-final annual estimate (T+21) and in the Supply / Use framework by the detailed breakdown by product (T+36). During the last stage of the balancing process, the GDP production and expenditure components by product are adjusted at the detailed level. As regards the expenditure approach, this concerns, mainly, some groups of goods and services of the IC, HFCE and changes in inventories.

Data presented in the table below illustrate the importance of the expenditure components in the Lithuanian economy.

Table 1.4.1. GDP components by expenditure approach in 2010, EUR million

<table>
<thead>
<tr>
<th>Component</th>
<th>EUR million</th>
<th>% GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Final consumption expenditure</strong></td>
<td>P.3</td>
<td>23450.0</td>
</tr>
<tr>
<td>Individual consumption expenditure</td>
<td>P.31</td>
<td>21101.7</td>
</tr>
<tr>
<td>Household consumption expenditure</td>
<td></td>
<td>17882.0</td>
</tr>
<tr>
<td>General government consumption expenditure</td>
<td></td>
<td>3156.1</td>
</tr>
<tr>
<td>NPISH consumption expenditure</td>
<td></td>
<td>63.5</td>
</tr>
<tr>
<td>Collective consumption expenditure</td>
<td>P.32</td>
<td>2348.3</td>
</tr>
<tr>
<td><strong>Gross capital formation</strong></td>
<td>P.5</td>
<td>5103.9</td>
</tr>
<tr>
<td>Gross fixed capital formation</td>
<td>P.51g</td>
<td>4726.3</td>
</tr>
<tr>
<td>Changes in inventories</td>
<td>P.52</td>
<td>362.5</td>
</tr>
<tr>
<td>Acquisitions less disposals of valuables</td>
<td>P.53</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>Exports of goods and services</strong></td>
<td>P.6</td>
<td>18313.9</td>
</tr>
<tr>
<td>Goods</td>
<td>P.61</td>
<td>14891.0</td>
</tr>
<tr>
<td>Services</td>
<td>P.62</td>
<td>3422.9</td>
</tr>
<tr>
<td><strong>Imports of goods and services</strong></td>
<td>P.7</td>
<td>18840.1</td>
</tr>
<tr>
<td>Goods</td>
<td>P.71</td>
<td>16539.3</td>
</tr>
<tr>
<td>Services</td>
<td>P.72</td>
<td>2300.8</td>
</tr>
<tr>
<td><strong>Gross domestic product</strong></td>
<td>B.1g</td>
<td>28027.7</td>
</tr>
</tbody>
</table>
1.4.2 The HFCE estimates are made in a systematic way, using the “tabular approach”. Firstly, the HFCE is obtained, using a “bottom-up” approach, by aggregation of the consumption expenditure estimates by the COICOP class (four-digit level) to the groups (three-digit level), then, subsequently, the COICOP groups – to twelve divisions (two-digit level).

The HFCE by the COICOP item is estimated as the expenditure made within the economic territory of Lithuania (the domestic concept). When the latter is adjusted by adding expenditure by residents abroad and subtracting expenditure by non-residents within the economic territory, the national concept of the HFCE is derived. This adjustment is made at an aggregated level based on information from the BoP and Tourism Satellite Accounts.

1.4.3 The main sources for the measurement of the General government final consumption expenditure are state and municipal budgets’ data, provided by the Ministry of Finance of the Republic of Lithuania. In addition, reports from social security funds (the State Social Insurance Fund (Sodra), the Compulsory Health Insurance Fund, and the Employment Fund), extra-budgetary funds and other units are provided directly to Statistics Lithuania by the institutions involved. Annual statistical surveys and financial statements are used for public enterprises. Before 2011, data for the public health care institutions were received from statistical surveys. Since 2011 and 2012, respectively, annual financial statements on the basis of the Public Sector Accounting and Financial Reporting Standards (PSAFRS) from the Public Sector Accounting and Report Consolidation Information System (VSAKIS) database of the Ministry of Finance are used for the public health care and public higher education institutions. The data obtained are of the sufficient level of detail enabling to measure the main NA components and to make necessary adjustments.

1.4.4 The Investment Survey (KS-02), covering enterprises and budgetary institutions, the Structural Business Survey, the statistical questionnaire on enterprises’ production (P-12), the Farm Accountancy Data Network (FADN) Survey, R&D surveys, Collective Copyright Management Association (LATGA-A) data, Lithuanian Films Centre data, and foreign trade statistics are the main data sources for the Gross fixed capital formation estimates (GFCF). In addition to the mentioned statistical data sources, information from administrative sources (the Ministry of Finance, social security funds) is used. Data on GFCF is broken down by kind of activity (A64), by type of assets, and by product.

1.4.5 The main data sources for the calculation of Acquisitions less disposals of valuables are foreign trade statistics and the statistical questionnaire on enterprises’ production. The commodity
flow approach is applied for the estimates. It is worth noting that this item is very negligible in the LNA.

1.4.6 The main data sources for the estimation of changes in inventories are the quarterly survey of the main financial indicators of enterprises (F-01), the quarterly survey of the main financial indicators of agricultural companies and enterprises engaged in agricultural, animal and crop production services, inseparable non-agricultural secondary activities (the statistical questionnaire F-18) and the FADN. The data from these sources are supplemented with the indirect estimate of Changes in inventories for the household sector (unincorporated enterprises) in order to assure the full coverage (adjustment N7). For the calculation of changes in inventories the estimation model is applied which allows transforming initial data from book values to current prices, and determining holding gains and losses.

1.4.7 Data on exports and imports are taken directly from the Balance of Payments, compiled by the Bank of Lithuania. Information on exports and imports of goods is based on Customs declarations, Intrastat reports (UPS-01 and UPS-02) and VAT declarations, provided by the State Tax Inspectorate. The estimates for exports and imports of services are based on the survey carried out by Statistics Lithuania under the authority of the Bank of Lithuania. In addition, information from the Interdepartmental Tax Data Warehouse, quarterly MFI’s reports, State Border Guard Service’s data and several other sources are also used. Certain specific adjustments to exports and imports of goods and services are harmonised between the BoP and the LNA; this concerns the inclusion of smuggled goods and illegal services and exports and imports of FISIM. Available data sources enable to make estimates at the required breakdown by product and geographical breakdown. However, globalisation processes make transactions with the rest of the world difficult to measure and to ensure the correct application of the principle of the change of ownership.

1.5 Balancing and integration procedure, and main approaches to validation

1.5.1 The GDP produced using the three approaches is balanced at any stage of estimation in the LNA. Starting with the preliminary estimates and followed by the semi-final and final ones, the balancing is performed at a more detailed level every time. This is determined by the availability of more detailed data sources and conversion of data from the original classification to the classifications applicable in NA, i.e. by products. The SUT is a tool in the LNA used to make the final balancing of industries and products. In the GDP calculation process all possible data sources
are viewed, and when compiling one or other component data from several sources are cross-checked if available.

1.5.2 The institutional sector accounts provide another supplementary possibility to verify the consistency of the NA estimates. They require the balance to be assured of the NA aggregates by institutional sector, total economy and the rest of the world. The institutional sector accounts allow making analysis of various ratios and assessing the plausibility of aggregates for the sector.

1.5.3 The supply and use framework forms the basis for the balancing process by type of product and provides important indications as regards the consistency of the GDP production and expenditure approaches. The balancing of the supply and use of goods and services in this framework is used as a tool for the final adjustment in the GDP compilation process. The Supply-Use Table (SUT) for 2010 is compiled based on the ESA 2010 requirements.

The balancing is performed at the most detailed level in the SUT. Additional balancing is done at the A*64 transmission level to remove rounding errors. The basic procedure for balancing goods and services in the SUT starts with checking of the data for each product – irrespective of the size of the difference between the supply and use. When possible, the imbalances are removed manually. The balancing is made first by product (row), because the activity (column) data are considered to be more reliable as it has already undergone the balancing during the compilation of GDP by the production approach.

The automated balancing for rows (products) utilizes the RAS statistical method with two possible settings. The default setting applies the RAS method to intermediate consumption, HFCE and changes in inventories. The second setting applies the RAS method to intermediate consumption only. In principle, the second option is used more frequently in the LNA. The balancing of the HFCE and changes in inventories is usually balanced manually. As a rule, large discrepancies are balanced manually with more attention to the causes. The RAS balancing method is used for minor discrepancies, discrepancies where no cause can be determined or discrepancies where determining the cause would take the unreasonable amount of time.

1.6 Overview of the allowances for exhaustiveness

1.6.1 SL has a long-term practice dealing with exhaustiveness in NA. The measures undertaken can affect every component while compiling the GDP by the three approaches. However, some incoming data are considered as being exhaustive, and, therefore, are not adjusted or suffer very
small unnecessary corrections. The exhaustiveness’ adjustments are based on various sources of information in the LNA. The main are special investigations made for that purpose by some public institutions (the survey of STI auditors), repeated from time to time, and the results of which are available for SL. There is a legal base (the Government Resolution No. 135 of 11 February 2015 on Preparation of Macroeconomic and Related to it Statistics in the Republic of Lithuania) on the exchange of information on the non-observed economy investigations by the institutions and SL. The analysis of available information within SL, and in particular of the SREE data and confrontation of data from several surveys are applied. Nevertheless, the less robust data sources are also used, i.e. information from the media.

1.6.2 The exhaustiveness’ adjustment types (N1…N7) elaborated by Eurostat are well applicable for the GDP components by the production approach, since they are viewed from the producers’ perspective. The adjustments made can be allocated to one of the seven distinguished categories:

- N1 – producers deliberately not registering – underground;
- N2 - producers deliberately not registering – illegal;
- N3 - producers not required to register;
- N4 – legal persons not surveyed;
- N5 – registered entrepreneurs not surveyed;
- N6 – producers deliberately misreporting;
- N7 – other statistical deficiencies.

While estimating the output and intermediate consumption the data by industries include adjustments of one or another type of the exhaustiveness’ adjustment. Some of possible non-exhaustiveness in the primary data stem from the intention of the producers to avoid tax payments or to carry out activities forbidden by the law. However, some of them have purely statistical nature and do not refer to tax evasion. In the LNA, the majority of industries include an adjustment for N7 (which covers estimates of wages and salaries in kind and tips) and many of industries are adjusted because of deliberate misreporting of producers (N6). The illegal activities (N2) are also estimated and included under an appropriate NA aggregate and industry.

1.6.3 While estimating GDP by the income approach the Compensation of employees and in particular Wages and salaries are adjusted for non-exhaustiveness in the LNA. The “envelope salary” or other types of under-recording of W&S in official records are the reasons why the adjustment of the type N6 is made in the LNA. To the estimated W&S in cash a separately
measured W&S in kind is added. Payments in kind as well as tips which are also included in W&S are components of the non-exhaustiveness’ type N7.

1.6.4 Data sources used for the estimates of the GDP expenditure components need to be adjusted for exhaustiveness in fewer circumstances as compared to the production approach. As one of the main data sources used to compile the HFCE the HBS needs to be adjusted because the richest households refuse to participate in the survey. The adjustment for non-response (N7) is made for the components which are used from the HBS in the HFCE estimates by the COICOP. The adjustment of the type N6 (deliberate misreporting) is made in case when the Retail trade survey data are for the particular item of the HFCE. The HFCE is also adjusted for W&S in kind and tips (N7).

The government final consumption expenditure is adjusted only for statistical reasons – W&S in kind as food and clothes provided in the army – the type of the adjustment N7.

Gross fixed capital formation is estimated using data sources and methods which from their primarily nature do not necessitate the exhaustiveness’ adjustment. The only negligible adjustment (the N3 type) is made to GFCF in order to capture some not registered capital repair of dwellings made by households on own account.

Data on changes in inventories estimated from the base sources are supplemented with the indirect estimate of Changes in inventories for the households’ sector (unincorporated enterprises) in order to assure the full coverage (an adjustment N7).

The estimates of exports and imports of goods and services include the adjustment for illegal transactions (N2); smuggling of alcohol, tobacco and drugs, and illegal provision of sexual services.

1.7 Transition from GDP to GNI

1.7.1 Statistics Lithuania estimates and publishes data on GDP and GNI and transition from the first to the latter every quarter and annually according to the timetable of the Data Transmission Programme to Eurostat.

The definition of ESA 2010 is used to make the transition from GDP to GNI. GNI is derived from GDP by adding primary income receivable by resident institutional units from the rest of the world (ROW) and by subtracting primary income payable by resident institutional units to non-resident institutional units.
After the 4th May 2004 transactions D.2 (Taxes on production and imports paid to the EU) and D.3 (Subsidies received from the EU) have been applicable for Lithuania since becoming a Member of the European Union.

Table 1.7.1. Transition from GDP to GNI, EUR million

<table>
<thead>
<tr>
<th>ESA code</th>
<th>Transactions and balances</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.1*</td>
<td>Gross Domestic Product</td>
<td>26934.8</td>
<td>28027.7</td>
</tr>
<tr>
<td>+ D.1r</td>
<td>Compensation of employees received from the ROW</td>
<td>180.3</td>
<td>285.2</td>
</tr>
<tr>
<td>- D.1p</td>
<td>Compensation of employees paid to the ROW</td>
<td>135.3</td>
<td>72.5</td>
</tr>
<tr>
<td>- D.2r</td>
<td>Taxes on production and imports paid to the EU</td>
<td>59.5</td>
<td>53.9</td>
</tr>
<tr>
<td>+ D.3p</td>
<td>Subsidies granted from the EU</td>
<td>273.5</td>
<td>304.6</td>
</tr>
<tr>
<td>+ D.4p</td>
<td>Property income received from the ROW</td>
<td>205.2</td>
<td>268.6</td>
</tr>
<tr>
<td>- D.4r</td>
<td>Property income paid to the ROW</td>
<td>-38.5</td>
<td>1254.2</td>
</tr>
<tr>
<td>= B.5*</td>
<td>Gross National Income</td>
<td>27437.6</td>
<td>27505.6</td>
</tr>
</tbody>
</table>

1.7.2 The GNI in the LNA is obtained by adding to the estimated GDP the primary income to and from the rest of the world. Those transactions are compiled as an integral part of the current account of the Balance of Payments and are used as the main source of information in the LNA.

1.7.3 The Bank of Lithuania is responsible for the compilation of the balance of payments and the international investment position (IIP) statistics for Lithuania. There is an agreement between SL and the BoL to exchange the data between compilers of national accounts and the BoP according to the agreed schedule.

1.7.4 The compilation of the BoP in Lithuania is mainly based on data collected through surveys. The Payments’ system data are used in supplement and on a rather aggregated level. Data on primary income from and to the RoW are obtained from the quarterly statistical surveys of non-financial and financial enterprises (excluding credit institutions) as well as from the reports submitted by commercial banks, ministries and other institutions.

1.7.5 In the LNA the main source used to estimate the primary income paid to / received from the ROW is the BoP. Some transactions, such as D.2, D.3, D.44, D.71, D.72, D.74, and D.76, SL calculates quarterly and annually on its own because it uses different data sources. Due to that property income from and to abroad differs in those two sets of data. So, there are discrepancies between the non-financial accounts for the ROW and the BoP current account data.
1.8 Main classifications used

1.8.1 The main classifications used in the compilation of GDP by the production approach are as follows:

- statistical classification of economic activities NACE Rev.2; used at the two-three digit level for the estimates of output, intermediate consumption and gross value added at current prices and in volume terms;

- The 2008 Classification of Products by Activity (CPA 2008) used in the SUT at the two-three digit level by product.

1.8.2 For the GDP estimates by the income approach the LNA uses the same classifications as for the production approach; however, the breakdown is available at the two digit level by NACE Rev.2. This breakdown is applied for compensation of employees, operating surplus and other taxes (less subsidies) on production.

1.8.3 For the expenditure approach to measuring GDP, the following classifications are used:

- The Classification of Individual Consumption by Purpose (COICOP) is applied while estimating the HFCE. The estimates are made at the four digit level at current prices. For the PPP purposes the COICOP based data are broken down at the five digit level.

- GGFCE is broken down according to the Classification of Functions of Government (COFOG);

- For the GFCF estimates non-financial assets are classified according to the ESA 2010 asset classification; for the breakdown by industry the classification of NACE Rev.2 at the two digit level is applied.

- For exports and imports (trade in goods and services) the CPA 2008 is used at the three digit level.

1.9 Main data sources used

The list of the main data sources used for the GDP compilation by the three approaches and GNI in the LNA is provided in the next page.
<table>
<thead>
<tr>
<th>Source</th>
<th>Prod.</th>
<th>Inc.</th>
<th>Exp.</th>
<th>GNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Statistical Register of Economic Entities (SREE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Structural business statistics (SBS)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3 Economic Accounts for Agriculture (EAA)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>4 Survey on activity of insurance companies (questionnaire F-02)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>5 Report on State budget revenue and expenditure</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>6 Report on municipal budget revenue and expenditure</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>7 Report on the State Social Insurance Fund’s revenue and expenditure</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>8 Report on the Compulsory Health Insurance Fund’s revenue and expenditure</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>9 Reports on the extra-budgetary funds’ revenue and expenditure</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>10 Report on the Unemployment Fund’s revenue and expenditure</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>11 Survey on service enterprise activity</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>12 Survey on non-profit institutions (questionnaire F-16)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>13 Survey on activity of financial intermediation enterprises (questionnaire F-03)</td>
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<td>14 Profit (loss) statement of the Bank of Lithuania</td>
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<td>15 Labour cost survey</td>
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<td>16 Aggregated balance sheets and profit (loss) statements of commercial banks and foreign bank branches operating in Lithuania</td>
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<td>20 Survey on activity of industrial enterprises</td>
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<td>21 Balance sheet of the Bank of Lithuania</td>
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<td>22 Structural earnings survey</td>
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<td>23 Monetary financial institutions balance sheet and interest rate statistics</td>
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<td>34 Survey on composition of trade enterprises turnover</td>
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<td>36 Survey on education finance statistics</td>
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<td>39 Ministry of Culture of the Republic of Lithuania data</td>
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<td>42 Balance of payments</td>
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