National Accounts

1. The General Frame of National Accounts

1.1 Introduction

The National accounts of Jordan are compiled and disseminated by the National Accounts Division, at the Department of Statistics (DOS). The accounts for the period 1976-2001 were compiled in accordance with the general concepts of the "System of National Accounts 1968" adopted by the United Nations, particularly the recommendations related to the dissemination of accounts and tables. While compiling the accounts, DOS took into consideration to apply as possible the definitions, classifications, evaluation methods and production boundaries as stipulated in the System of National Accounts of 1993 (SNA 1993). This process will facilitate linking this series with any other series to be compiled in the future according to the System of 1993, since it is necessary for countries to adopt this System when preparing their national accounts.

The System of National Accounts, which includes a set of internationally accepted concepts, definitions and classifications, was the base for aggregating, evaluating, classifying and tabulating the data related to economic activities to compile an integrated set of accounts at the kingdom level. The System was also used to prepare supporting tables that provide data users with larger amounts of macroeconomic indicators. Unlike previous series, the accounts in this series were compiled using a wide range of additional price indices, and a wider set of data collected by economic surveys, which were based for the first time on the General Economic Establishments Census conducted in 1999.

This series of accounts were compiled after revising and assessing all methodologies, classifications and concepts that were used in previous series; the assessment took place as a result of the following reasons. The first reason was to adjust the concepts, classifications and coverage to meet the data requirements for implementing the System of National Accounts (SNA1993). The second reason was to use the 1999 surveys’ results, which was based on a comprehensive frame of establishments, as a benchmark to adjust previous years’ estimates. The third reason was to provide data users with more detailed time series accounts that uses unified methodologies, classifications and concepts, where this long series could be used to perform studies and researches concerning Jordan’s economy. These modifications are considered as a basic step towards achieving the aim of the Department of Statistics to improve the quality and the quantity of the economic statistics that can be used in analytical aspects and in formulating socio-economic policies and studies.

The national accounts for the period 1976-2001 were compiled after several stages of revisions of methodologies, sources of data and price indices. The first stage was in 1998 and continued till the midyear of 2000 when annual and quarterly national accounts series were published for the period 1992-1998 based on unified methodologies using the concepts and
definitions of the SNA 1993 that do not contradict with the concepts of the 1968 System, like basic price concept, which was used in this series to value production and products instead of factor cost concept as recommended by 1968 System. In addition, methodologies used for compiling constant prices estimates have been revised, which have resulted of using a wider rage of price and volume indices, and using double deflation method by deflating both output and intermediate consumption instead of the single deflation method which was used in the previous series to deflate directly the value added generated by many of the economic activities. The double deflation method means to deflate the gross output by price indices relevant to output, while other price indices such as wholesale price indices, consumer price indices and import price indices are used to deflate intermediate consumption to derive value added at constant prices, by subtracting intermediate consumption from output both valued at constant prices.

During this stage, the Department of Statistics was also able to compile quarterly estimates for gross domestic product at current and constant prices by kind of economic activities. The Department was able to publish these estimates within seventy days after the end of relevant quarter, which means that early estimates will be provided to data users, especially those interested in planning and economic analysis. The compilation process came after a comprehensive assessment and revision of the data sources, and after conducting new surveys to collect annual and quarterly indicators related to different economic activities. Furthermore, all methodologies and periodicity of the price surveys were updated in order to prepare monthly and quarterly price indices as required to deflate output and intermediate consumption. Producer’s price index is considered one of the most important indices; it is compiled at the fourth-digit level of the third revision of the International Standard Industrial Classification of all economic activities.

In the second stage, the accounts of the period 1976-1991 were re-estimated according to the methodologies, concepts and valuation techniques used in the first stage in order to obtain an integrated and consistent series, by combining the two series, into one series of national accounts for the period 1976-1999. The revision process was carried out at a very detailed level and for each economic activity, which required going through more data that are detailed from additional data sources.

After the completion of this series, the efforts were directed towards the final stage of the revision to improve the comprehensiveness and coverage of national accounts for all economic activities. The revisions during this stage emerged as a result of the findings while analyzing the results of 1999 surveys conducted in 2000. Those surveys were based on a comprehensive frame covering all establishments operating in all economic activities, especially those in the personal services and wholesale and retail trade. During all revision stages, the Department of Statistics has paid attention to the questionnaires by revising them simultaneously to collect additional required data as a prerequisite for implementing SNA1993 and to compile the accounts accordingly.
This publication has been divided into four chapters. The first chapter provides explanations for the general frame of the System of National Accounts; the chapter includes definition of the residence concepts as well as classifications of trans-actors and transactions. Chapter two provides a description of the data sources and methodologies used for estimating the various flows included in the national accounts for Jordan. In chapter three, principal terms and definitions used in preparing the national accounts of Jordan are described. Finally, chapter four includes a set of integrated accounts in addition to supporting tables for the years 1976-2001 consisting of:

1. Gross domestic product by kind of economic activity at current and constant prices at the first-digit level of the third revision of the International Standard Industrial Classification.

2. Gross output by kind of economic activity at current and constant prices at the first-digit level of the third revision of the International Standard Industrial Classification.

3. Intermediate consumption by kind of economic activity at current and constant prices at the first-digit level of the third revision of the International Standard Industrial Classification.

4. Components of the gross domestic product (compensation of employees, taxes on production and imports, consumption of fixed capital, and operating surplus) by kind of economic activity at current prices at the first-digit level of the third revision of the International Standard Industrial Classification.

5. Compensation of employees by kind of economic activity at the first-digit level of the third revision of the International Standard Industrial Classification.

6. Gross fixed capital formation by kind of economic activity at the first-digit level of the third revision of the International Standard Industrial Classification.

7. Change in stocks by kind of economic activity at the first-digit level of the third revision of the International Standard Industrial Classification.

8. Gross output at current and constant prices for industrial activities at the second-digit level of the third revision of the International Standard Industrial Classification.

9. Intermediate consumption at current and constant prices for industrial activities at the second-digit level of the third revision of the International Standard Industrial Classification.

10. Gross domestic product at current and constant prices for industrial activities at the second-digit level of the third revision of the International Standard Industrial Classification.

11. Gross domestic product by kind of economic activity at current and constant prices at the same detailed description in the previous bulletins.
The compilation techniques used in national accounts differ from country to another based on statistical capabilities and data availability in each country. However, there is no disagreement between countries in terms of conceptual frame of national accounts, but they differ in the application of the compilation techniques. Implementing the (SNA) in any country calls for organizing and aggregating data using internationally agreeable definitions, systems and principles in a way that enables national accountants to compile an integrated, consistent, and coherent set of macroeconomic accounts. The compiled accounts will provide data users with a comprehensive view about the performance of economic activities in the country by furnishing detailed data on the economic activities operating in the economy for successive periods of time, by that, a huge amount of data will be accessible to be used for observing, analyzing and assessing the behavior of the economy.

In many countries, data on economic activities are collected through annual surveys that cover all activities at the fourth-digit level of the International Standard Industrial Classifications of all economic activities. In order to arrange the collected data into national accounts, the national accountants should as a first step identify and classify trans-actors according to the System of National Accounts, afterwards identify the activities and transactions that took place between trans-actors or a groups of trans-actors in the markets or in any other location. According to the System, transactions consist of selling or buying of goods and services or re-distribution of income such as interests, dividends, and different types of taxes. These transactions could be current, capital or transfers. The way in which these transactions are recorded depends on the residence of trans-actors; the residence concept is explained and clearly defined in the System, where this definition is consistent with the concept of residence in other manuals and classifications like the balance of payments.

1.2 The “Residence” Concept in the System of National Accounts

The total national economy comprises of all institutional units resident in the economic territory, which consists of the geographic territory of a country, but does not conform precisely to it. Yet, the concept of residence used in the System is not based on nationality or legal criteria; an institutional unit is said to be resident when it has a center of economic interest in the economic territory of the country, or in other words when it operates for a long time (one year or more) in economic activities in the economic territory. The resident institutional units engage in transactions with non-resident units (resident units in other economies). These transactions are included in the external transactions account, where all transactions that took place between resident units and non-resident units are recorded. To clarify the concept of residence, we have to explain the meaning of the economic territory and center of economic interest.
1.3 Economic Territory of a Country

The economic territory of a country consists of the geographic territory administrated by a government within which persons, goods, and capital circulates freely in addition to:

1. The airspace, territorial waters over which the country enjoys exclusive rights or over which it has, or claims to have jurisdiction.

2. Territorial enclaves in the rest of the world which are clearly demarcated areas of land located in other countries and used by the government, which owns or rents them for diplomatic, military, or scientific purposes with the formal political agreement of the government of the country in which they are physically located.

3. Any free zones, or bonded warehouse or factories operated by non-resident enterprises under custom control.

1.4 Center of Economic Interest

An institutional unit is said to have a center of economic interest within a country when there exists some location such as dwelling, place of production, or other premises within the economic territory of the country on, or from which it engages in economic activities and transactions on a significant scale, either for an indefinite period of time or one year or more. The choice of one year or more is suggested only as a guideline and not as an inflexible rule. The location need not to be fixed so long as it remains within the economic territory. The ownership of land and structures within the economic territory of a country is deemed to be sufficient in itself for the owner to have a center of economic interest in the country. Whereas, if the owner is a resident unit in other country, the owner is treated as if he transferred his ownership to a notional institutional unit which is actually resident in the country. The notional unit is itself treated as being entirely owned and controlled by the non-resident actual owner. In this way, the rents and the rentals paid by the tenants are deemed to be paid to the notional resident unit, which in turn makes a transfer of property income to the actual non-resident owner.

A household has a center of economic interest when it maintains dwellings, or succession of dwellings, within the country, which members of the household treat as their principal residence. All individuals who belong to the same household must be considered as resident in the same country. If a member of an existing household were to be considered no longer resident in the country in which that household is resident, that individual would cease to be a member of that household. When a member of a resident household leaves the economic territory to return to that same household after a limited period of time (less than one year), he will be considered as a resident, even if he makes frequent journeys outside the economic territory. According to the definition of residence, the following individuals are to be treated as residents:
1. Travelers or visitors: i.e., individuals who leave the economic territory for less than one year for recreation or business.

2. Individuals who work in a different economic territory from that in which the household to which they belong is resident, such as workers who work for part of the year in another country, border workers, the staff of international organization within the economic territory, the locally recruited staff of foreign embassies and consulates who are in the same economic territory, the crews of ships, local aircrafts, or other mobile equipment operating partly or wholly outside the economic territory.

3. Students should be treated as residents of their country of origin however long they study abroad, provided they continue to form part of a household in that country. Medical patients abroad are also treated as residents of their country of origin even if their stay is for long period of time.

Accordingly, all economic units operating inside Jordan are considered to be residents even if they are owned completely or partially by foreigners, except embassies, consulates, operating other in international bodies that are owned jointly by more governments operating in Jordan. In the other hand, embassies, consulates, and similar establishments operating in foreign countries that belong to the government of Jordan are considered to be residents in Jordan (the economic territory).

1.5 Trans-actors as Productive Units

Production units are classified within productive sectors according to their economic activity as following:

1. Industries

This sector includes all resident productive units and similar units that produce goods of services to be sold in the market at prices that cover at least the respective cost of production; the sector also includes all government units that produce goods and services to be sold to public at economically significant prices. Furthermore, it includes private nonprofit bodies that basically serve various production units. This sector also includes real estate activity that consists of rented dwellings and owner occupied dwellings where the value of rent is imputed as if it paid to the real estate activity (notional sector). All economic activities operating in this sector are classified according to third revision of the International Standard Industrial Classification.

2. Producer of Government Services

This sector covers all ministries, departments, authorities and associations of central government, local governments (municipalities), independent agencies engaged in governmental activities such as public administration, defense, health, education, social services, and other services involved in developing the performance of the economy, whether they were financed from ordinary or extra-ordinary budgets or special funds. The
sector also includes the activities of embassies, consulates, and of official Jordanian institutions located abroad. Beside those units, the sector includes social security corporation and other public authorities that provide services to the public free of charge or at economically insignificant prices such as Housing Corporation, Royal Scientific Society, Arabic Language Academy, Aqaba Region Authority, Vocational Training Corporation, National Aid Fund, Higher Council of Science and Technology, Health Insurance Fund, Institute of Public Administration, Kidney Dialysis Fund, government universities, Ministry of Awqaf and Islamic Affairs, Jordan universities hospitals, Investment Promotion Corporation, Development and Employment Fund, Jordan Institute for Standard and Metrology, and General Corporation for Environmental Protection.

Moreover, governmental units that provide goods and services at economically significant prices, like Radio and Television Corporation, Civil Aviation Authority, Free Trade Zone Corporation, bakeries, governmental grain mills, Port Corporation, grain silos, Industrial Cities Corporation, Electricity Authority, Water Authority, and Civil Service Consumer Corporation are not included under producers of government services sector but are included under industries.

1.6 Flows and Transactions

The second step, which was made after defining and identifying transactors, was to define and point out how to record transactions and flows in the System. The National Account System recommends recording all transactions and flows, which took place among groups of transactors, classified according to an internationally accepted classification because using these kinds of classifications considered as a cornerstone of statistics when accurate and systematic database are needed. Therefore, The Department of Statistics has produced a series of standard statistical classifications systems, based on the latest internationally accepted classifications, which are in harmony with national accounts standards. The Department of Statistics had also developed a national industrial classification at six-digit level of details to be consistent with the nature of the common economic activities in Jordan. Furthermore, it had developed a detailed national classification compatible with the International Central Products Classification (CPC). Availability of such classification system is considered one of the necessary steps towards implementing the new System of National Accounts (SNA1993), because without the accurate and systematic arrangement of data according to common properties, statistics can be neither reliable nor comparable.

1.7 Classifying and Categorizing Data

Organizing the collected data into accounts is the subsequent step that follows the classification of transactors, because the size, details, and number of the accounts would depend on the size of available database and on what could be attained from them. The accounts that have been compiled in Jordan had relied on some valuation and classification standards as stated in the System of National Accounts 1993, but aggregated into accounts
and tables as stated in the System of National Accounts 1968 to achieve conformity with published national accounts.

2. National Accounts of Jordan

2.1 The System of National Accounts of Jordan

The previous paragraphs draw attention to several systems of national accounts without explaining what they stand for, and how they help in compiling national accounts. National accounting is considered relatively modern; the System of National Accounts issued for the first time in 1953 and it was adapted by The Department of Statistics to compile national accounts until the year 1975. As a new system of national accounts evolved in 1968, DOS took the necessary procedures to switch from the SNA 1953 to the new one. It started implementing the 1968 System since 1975; and will continue to use this System for compiling national accounts until it can in the near future implement the new System of National Account (SNA1993), which many countries are not able to implement till now even that the new System doesn’t diverge from the 1968 SNA in terms of basic theoretical frame, where the new System gives more emphasis on analyzing financial outflows and balances and how they are related to production process. The new System can be used more efficiently to analyze the economic interaction took place between all economic activities operating in the economy. In the past few decades the main purpose of national accounts has been changed; certain key aggregate statistics, such as GDP, that were widely used as indicators of economic activities at national level are no longer the main purpose of national accounts.

The Department of Statistics has updated and developed the questionnaires and aggregation techniques, which were used in the surveys, and in other statistical aspects, in order to make the results of these surveys consistent with the requirements of the System of National Accounts (SNA1993), afterward the implementation of the System, would be easier.

Developing database enabled DOS to compile a set of experimental national accounts according to SNA 1993 for all institutional sectors, which placed Jordan to be one of the leading countries in the region in the field of implementing the new System, especially among the Arab countries. The accounts will be published in the near future after finishing the checking to assure that the accounts meet the new System requirements. The compiled accounts will provide data users with the opportunity to analyze the following:

1. Resources of income and disposable income.
2. Consumption by type and how it is financed.
3. Saving resources.
4. Distribution of saving among the institutional sectors.
2.2 The Comprehensiveness of the Accounts

The System of National Account identifies the scope of covering the national accounts. According to the System, any physical process carried out under the responsibility, control and management of an institutional unit, where factors of production such as labor and assets are used to transform inputs into output of other goods and services to be sold or supplied to other units with or without charge.

The accounts also contain most of the economic activities carried out by household, such as consumption, production agricultural and food products produced for their own final consumptions, whereas the accounts exclude production of household and personal services used inside a household like preparing meals, taking care of children, cleaning, repairing, and other services that are consumed by other members of the same household, except services produced by paid domestic employees. The System of National Accounts also recommends including economic activities operated by the informal producing units, whether they are legal or illegal, given that, all transactions performed by informal units should be recorded. However, there still many obstacles that disable DOS to fully cover these units as it is the case in most of the countries. Moreover, the national accounts in Jordan include important informal activities, which have an influence on GDP, such as construction, transport, households production for own use, and trade activity carried out by households. The accounts did not take into consideration any of the illegal activities such as smuggling, theft, and drugs trading.

2.3 Data Sources

The Department of Statistics compiles annual and quarterly estimates of GDP, the annual accounts compiled at detailed level, while quarterly estimates are compiled at a lesser amount of details. Annual estimates of national accounts are based on a wide range of data, where mainly data regarding various economic activities are collected through censuses, and sample surveys. The estimates for activities are based on several administrative records, like producers of government services and foreign trade statistics. Household expenditures and income surveys, which are conducted every five years, as well as employment and unemployment surveys, and other statistics are considered to indispensable data sources, especially to provide estimates concerning households sector.

2.4 National Accounts Structure

The flexibility and comprehensives of the System of National Accounts enable different countries, regardless of their economic circumstances, development stage, and the way the institutions are organized, to choose from the System the parts that are essential and useful to be applied in the light of their needs and own capabilities. Hence, national accounts were compiled and disseminated as consolidated accounts for Jordan, which summarize all transactions, occurred in the economy. The main relationships among various aspect of the
economy are presented in the following four basic accounts concerning production, capital expenditures, income and outlay, and external transactions account:

3. Capital finance
4. External transactions.

In addition to these accounts, other tables that provide important data to data users were compiled and included in this report.

2.5 Compilation Methodologies Used in National Accounts

The System of National Accounts allows compiling a wide range of estimates and accounts, where GDP estimates at current and constant prices are considered the most important estimates for the data user. For this reason, the Department has included several paragraphs in this report explaining the compilation methodologies used to obtain the estimates of GDP at current and constant prices, so the data user can get the more benefit out of the estimates.

In view of the fact that The Department of Statistics is concerned in providing accurate and consistent estimates of gross domestic product based on the methodologies and principles stated by the System of National Accounts of 1968, it has collaborated with several local and foreign experts to carry out a comprehensive revision of the compilation methodologies used in national accounts. The revision corroborated that the used methodologies were accurate and consistent, nevertheless the quality and consistency of the estimates could be improved, and in the same time, some adjustments on data collection could be made to ensure that the results after adjustments would be able to meet most of the requirements of the new System (SNA1993).

The most important adjustments made to obtain current prices estimates was related to valuation, where production and value added in the new series are valued at basic prices instead of factor cost as it was in the previous estimates as it was recommended in the System of National Accounts of 1968. The use of basic prices (subtracting net taxes on products from gross output) to value output is one of the requirements of SNA 1993. Moreover, it was clear from the revisions that the questionnaires used for surveying establishments were not good enough to meet the requirements of implementing SNA 1993. For this reason, the Department started to modify the questionnaires to collect data required to implement SNA 1993. These adjustments were implemented on the questionnaires of surveys conducted in 1999 to collect data on the performance of economic activities during 1998. As a result of using the adjusted questionnaires, it was possible to value production and value added at basic prices, and to collect additional data regarding financial assets and liabilities and non-financial assets which are necessary for compiling the accumulative accounts.
2.6 Methodologies Used for Estimating GDP at Current and Constant Prices

Techniques that were used in the previous time series to obtain the estimates at constant prices have been revised thoroughly, and found to be correct and consistent with SNA recommendations, except in some cases where single deflators were used to deflate the value added directly. Furthermore, it was found that the base year 1985 is relatively obsolete; consequently, there was a need to adopt another base year closer to current period. It was agreed to use 1994 as the new base year to achieve consistency with international recommendation, which draw attention to the fact that the base year must not be far away from the present year. The reason for choosing 1994 as base year was due to the fact that it has less deviation from normal economic situation, especially when compared with other years of the nineties.

As regard to the estimations techniques, the Department has discontinued using the single deflator method, instead it started to use other methods, which conform to SNA recommendations to obtain the estimates at constant prices, and subsequently the quality and accuracy of the estimates were improved. In order to accomplish this task, the Department had to compile a set of production price indices for all economic activities, especially those related to manufacturing and mining. It was also required to obtain a new time series for price indices that reflects price changes of the materials used as intermediate consumption, where the availability of such indices enabled the Department to use the double deflation method to obtain the constant price estimates by deflating the values of both gross output and intermediate consumption separately and having the value added as the result of subtracting the gross output from intermediate consumption at constant prices. But in the cases where it is impossible to use the double deflator due to lack of convenient price indices to deflate the intermediate consumption, other methods were applied, such as extrapolation method in which the intermediate consumption of 1994 was extrapolated using gross output at constant prices as volume indicator. One of the adjustments that had an obvious impact on the estimates was related to the methodology used for calculating net taxes on products at current and constant prices. The new series has adopted a new definition for taxes, which define taxes as net taxes on production and imports as recommended by SNA 1993, instead of direct and indirect taxes as stated in SNA 1968. The new concept of the net taxes defines taxes as compulsory, unrequited payments, in cash or in kind, made by institutional units to government, and they are described as unrequited payments because the government provides nothing in returns to the individual unit making the payment. There are several types of taxes that can be summarized as follows:

1. **Taxes on products:** Taxes payable per unit of some good or service as a specific amount of money per unit of quantity of a good or service or it may be calculated *ad valorem* as a specific percentage of the price per unit or value of the goods or services transacted. Taxes on products comprises of sales tax, import and export duties, the petroleum surplus generated from refinery that is used to in public finance.
2. **Other taxes on production**: Consist of all taxes expect taxes on products paid by production units as a result of engaging in production activity.

3. **Subsidies on production**: are current unrequited payments that government units make to institution or enterprises based on the levels of their achieved production or the quantities or values of the goods or services which they produce, sell or import.

Most of the data on taxes paid (on accrual basis) by production units operating in various economic activities are obtained from the results of the annual surveys conducted by the Department of Statistics. However, the value of taxes collected by surveys differ from taxes data disseminated by the Ministry of Finance and Municipality Councils, because the Government records taxes at cash basis but not by kind of economic activity.

As for the estimates at constant prices, the taxes were evaluated at 1994 prices by using specific deflators for each division of taxes as following:

1. Sales tax on the products of manufacturing and mining industries: The value of taxes was estimated at constant prices by extrapolating the 1994 sales tax using a volume indicator, which is the gross output at constant prices for each activity at the fourth-digit level of the Industrial Classification (ISIC rev3).

2. The previous method was also used to obtain constant price estimate of taxes paid by wholesalers and retailers, where the value of sales at constant prices of each activity at the fourth-digit level of the industrial classification is considered as an indicator for the extrapolation instead of using the gross output as an indicator.

3. Import duties and sales tax on imports at constant prices were estimated by extrapolating the 1994 import taxes using the import volume index, which exclude exempted commodities as an indicator.

4. Volume index for exports of phosphate and potash, weighted by the relative importance of each material in the base year 1994, was compiled to obtain the estimates for the export duties at constant prices using the extrapolation technique.

5. Petroleum surplus at constant prices was estimated by extrapolating the value of petroleum surplus in 1994 using the value of gross output of petroleum refining activity at constant prices as an indicator.

6. Subsidies on products: the major components of this item are subsidies provided to the trade section, which were estimated at constant prices by extrapolating the base year subsidy using the sales of the trade section at constant prices as an indicator, that is by dividing the sales of the present year valued at constant price by the sales of the base year and multiplying the result by the value of subsidy of 1994 (base year).

The estimates of the GDP by kind of economic activity at current and constant prices were obtained using methodologies, which allow obtaining constant price estimate for
various items in each economic activity; the methodologies were also used to identify the appropriate data sources.

The subsequent paragraphs explain the methodologies adopted for estimating the value added for each economic activity, followed by a table demonstrating the evaluation technique and the sources of data used for preparing, in brief, the estimates of value added for each economic activity to be feasible for the users.

**Agriculture, hunting, forestry and fishing activities**

These activities are classified within the tabulation categories (A and B) according to the third revision of the Standard Industrial Classification. Category A includes the activities of agriculture, hunting and forestry, while category B includes the activity of fishing. These activities were joint together only for publishing purposes because fishing activity does not have a significant importance on this sector. This classification was prepared according to recommendations of the System of National Accounts, which entail that when compiling the estimates of the agriculture sector, it should be divided into several sub-activities classified according to the International Standard Industrial Classification of the economic activities. However, sub-classification requires availability of detailed data on the economic activity in accordance of the sub-classification levels. If a country was unable to compile the estimates at this level of details, the System has the flexibility to permit the country to choose a lesser level of details that does not contradict with the international classification. Consequently, due to lack of data at this kind of details in Jordan, the agriculture sector was divided into crops production, livestock production and other secondary activities such as fishing, bees farming, forestry and other activities. The estimates of the most important activities, crops and livestock productions are compiled as follows:

**Crops production**

The activity consists of growing corps, vegetables, fruits, seeding and other secondary activities subordinated to production units. The crops activity does not include the production of some crops such as flowers, mushrooms and other products that have insignificant contribution to crops production due to data constraint. Moreover, data sources adopted for compiling the estimate of each secondary activity are different; the estimates of field crops, seeding, vegetables and fruits production depend on data collected through agriculture surveys carried out annually such as the annual surveys of agricultural holdings, farm gate prices and agricultural inputs survey. The agricultural holdings survey provides data on produced quantities of different agriculture products, whereas the agricultural inputs survey provides detailed data on material and non-material inputs used in crops production, and the farm gate prices survey provides data on the farm gate prices for each agricultural product. All these data are used for estimating the value of crops output. The estimates related to tobacco production are obtained by using a different method, in which its prices are obtained directly from tobacco companies, while data on its produced quantities are obtained from
Custom Department, because it supervises tobacco production. The crops output is valued at producers’ prices, which equal the basic prices where taxes and subsidies on agriculture products are not imposed. The intermediate consumption is estimated as a sum of the values of inputs provided by agricultural inputs survey, which include the input from own production such as seeds, seedlings and organic manure retained to be used in the production of the following year. The intermediate consumption is valued at current purchasers’ prices. The value added of crops production activities is derived by subtracting the intermediate consumption at purchasers’ prices from the output at basic prices (at a producer’s price in case of the agriculture sector).

It is to be noted the agricultural seasons in Jordan is not consistent with the calendar year, which is the reference period used in the national accounts. The winter season begins in Ghor area in August and ends in January/February of the following year, while the summer season there starts in December and ends in June. In addition, the season in the uplands for the un-irrigated area is from December to July, while the irrigated area is from March to November of the same calendar series. It was clear from the assessment of the results that Citrus are the most important crops that have an agricultural seasoning, which largely differ from the calendar year. Therefore, its output was re-estimated according to the calendar year by analyzing the value of monthly production for each citrus crop. The estimation of the value added at constant prices is derived by subtracting the value of the intermediate consumption at constant prices from the value of the output at constant prices. The output at constant prices is estimated by multiplying the quantity produced of each product by its relevant price in the base year (1994). The value of intermediate consumption is estimated at constant prices by a revaluation method when relevant data are available as it is the case for seeds and organic manure, but in the cases where data are not available, appropriate price indices were used to deflate each input value.

**Livestock production activity**

This activity includes the increase in the number of livestock and poultry, the production of milk, table and hatching eggs, wool, natural fertilizers, fishing, and honey, in addition to output of secondary activities of livestock production units.

The livestock survey conducted annually by the Department of Statistics, which covers organized and non-organized farms, is considered the major source for compiling the estimates of this activity, especially for estimating the value of output and intermediate consumption of the livestock. Moreover, the survey provides data related to the new additions to livestock and poultry population (additions of newborns), classified by breed and sex. The survey also furnishes data on value of produced milk, egg, wool, and output of secondary activities such as dairy and animal fodder. The survey provides data on revenues from trade activities such as trading in livestock or agriculture inputs, revenues from services rendered to other, as rent of buildings and machineries, other technical services, besides the sales of electricity and water.
The output of livestock production at constant prices is estimated by deflating the output at current price by relevant price indices, whereas the estimates of the intermediate consumption at constant price are estimated by deflating the current price estimates using appropriate deflator for each input.

**Mining and manufacturing**

The activities of mining and manufacturing are classified within the tabulation categories (C and D) according to the third revision of the International Industrial Classification, but they were classified into two divisions according to the second revision of the Industrial Classification. The difference between these two classifications is in the industrial services related to maintenance of transport equipments and repair of household goods, that they are classified under manufacturing according to the second revision, and under wholesale and retail trade activities in the tabulation category (G) according to the third revision.

The major data source for compiling the accounts of these activities is the industrial annual surveys which are based on a comprehensive frame of all industrial establishments operating in Jordan classified according to the International Standard Industrial Classification of all economic activities, (third revision). The sample is drawn as a representative of the activities of the industry at the fourth-digit level of the International Standard Industrial Classification of all economic activities to collect data on production inputs, numbers of employees, income, and other kind of incomes. The survey provides as well data on other current and capital transactions, data on financial and non-financial assets and liabilities, which are required for the estimation of capital formation and for compiling the financial account of non-financial corporations sector in the future. The survey covers most of the industrial production, but some activities are still not covered by these surveys because their production is done outside the establishments boundary, such as the production of olive oil by farmers who take olives to fineries to produce olive oil, thus, the production of olive oil will be classified as one of the households industrial production activities, whereas the production of refineries is considered as industrial services rendered to others.

Gross output at basic current prices is derived by subtracting the value of taxes on products from gross output at producers’ prices produced during the accounting period. Taxes on products are defined as payables by the establishments on the productive units, such as sales tax, taxes imposed on production of phosphate, potash, and petroleum surplus paid to government by the petroleum refinery. The industrial surveys provide detailed data on intermediate consumption at current prices. The data provide details on material inputs used in production during the year, especially on raw materials, water, electricity, and other material inputs. It also provides non-material inputs such as rent of buildings, leasing of machineries, communications, transportation, auditing, and other services.

The value added at constant prices is compiled at the fourth-digit level of the International Standard Industrial Classification of all economic activities using the double deflation
method. Gross output is deflated by the industrial production price indices compiled monthly by the Department for the most important activities at the fourth-digit level of the International Standard Classification. Intermediate consumption at constant prices for most of the activities is estimated by extrapolating the base year value of intermediate consumption of each activity using the gross output at constant prices for each activity as a volume indicator. In case of inputs used in production of vegetable oils, chemicals and oil products, price and volume indices are used to deflate each input to obtain the value of intermediate consumption at constant prices.

**Electricity and water**

Establishments operating in the production and distribution of electricity are fully covered by annual surveys that provide the required data for compiling accounts like production account, from which the value added is estimated. This activity includes both producing and distribution of electricity to individuals or productive units. The output of the distributive companies is equal to the profit margin attained from distribution of electricity, which is equal to the value of sales minus the value of purchased electricity. For data on production and distribution of water, it is covered from data received from Water Authority, which is responsible for the process of producing, and distributing of water. The received data enable DOS to calculate gross output, intermediate consumption, and consequently value added. Moreover, the activities of some units responsible for managing and distribution of water are merged with the production and distribution activity.

Double deflation method is used to obtain the estimates of value added at constant prices. The gross output value for electricity and water at constant prices is obtained by deflating the current price estimates of each activity by relevant production price indices. The value of intermediate consumption at constant prices is estimated by deflating each input by relevant price indices.

**Construction**

As it is the case in many countries, construction works in Jordan is carried out by registered, unregistered contractors and by skilled workers. A registered contractor may perform part of his work through sub-contractors, who may themselves be registered or unregistered contractors, where sub-contracting may involves providing labor and materials or providing labor only. The Department of Statistics conducts annual and quarterly surveys since 1987 to cover this activity by collecting the required data for obtaining the estimates of the value added of construction activity.

Annual surveys have been conducted by the Department since 1987 to collect data related to registered contractors. The contractors are classified into several classes; the first class contractors are fully surveyed while a sample is drawn to collect data on other classes. The collection of data is done through a pre-designed questionnaire that meets national accounts requirements regarding the estimates of value added, where the output data comprised of the
construction works executed by contractors, and construction works assigned to contractors by contracts. The intermediate consumption of registered contractors includes production expenditures on goods and services, in addition to the value of works carried out by subcontractors, since this work is considered as a part of the subcontractors output but at the same time it is considered as an intermediate consumption for the main contractor.

The Department of Statistics also conducts quarterly surveys to collect data on buildings permits which issued by various municipalities in the kingdom. Seeking to make the coverage of this activity more comprehensive, DOS has started since 1987 conducting complementary surveys to cover the private building activity where most of the work is carried out by unregistered contractors or by skilled workers. This survey has been conducted annually until the end of 1998, but afterward it became a quarterly survey based on a stratified sample drawn from private building permits classified into classes according to their estimated costs as provided by the building permits survey. After selecting the sample, locations of the buildings are identified and visited every quarter for three successive years to collect the required data using a pre-designed questionnaire to meet the national accounts requirements. The complementary survey provides data on value of construction materials purchased directly by owners, and the payments made to contractors who provide labor without any material, in the same time the survey provides data on the payments to contractors who supply materials and labor. However, the questionnaire was designed in such a way that payments to registered contractors can be separated from payments to unregistered contractors to avoid double counting of these payments.

Double deflation method is used to obtain the value added estimates at constant prices, where gross output at constant prices of each sub-activity was obtained by deflating the gross output at current prices by relevant price indices of construction materials, which are compiled by the national accounts division from average unit prices of selected specific works on buildings and road construction that are indicated in the tenders awarded to contractors by the Ministry of Public Work. The intermediate consumption of the base year has been extrapolated using gross output at constant prices as a volume index to obtain the value at constant prices.

Wholesale and retail trade; repair of vehicles, personal and household goods

These activities are classified under the tabulation category (G) according to the International Industrial Classification, third revision. Previously, they were classified according to the second revision of the Industrial Classification as one sector consists of wholesale and retail trade, and hotels and restaurants sector. The previous classification system used to exclude the activities of maintenance because they were classified under manufacturing. Wholesale and retail trade activities in Jordan consist of all registered commercial establishments, which have fixed and specific address, such as sale activities practiced by kiosks, and traders in exchange for commission. The estimates exclude activities of street vendors who sell goods in pavements, or on carriages, or in popular public markets.
as Fridays’ market, which is a specific place situated by the government where anyone can sell or buy in specific days. It is planned to include this activity in the estimates when it becomes possible to include the estimates of the non-observed sector into national accounts estimates.

However, the maintenance activities include all workshops, garages, videos, refrigerators, washing machines repairing shops. Data related to these activities are obtained from the annual wholesale and retail trade surveys, which cover business establishments recorded, in which detailed data on their activities are obtained through a pre-designed questionnaire. The survey provides detailed data on business establishments at the fourth-digit level of the International Standard Classification of the economic activities. The trade section in Ministry of Industry and Trade that deals with strategic goods to control the prices are included in this sector.

The System of National Accounts has a special treatment for trade activity, whether it is a wholesale or retail trade. For example, the System does not treat goods purchased as a part of intermediate consumption when they are resold even if negligible amount of processing was added such as grading and packaging. Wholesalers and retailers are treated as supplying services rather than goods to their customers by storing and displaying a selection of goods in convenient locations and making them easily available for customers to buy. Their output is measured by the total value of trade margins realized on goods purchased for resale. A trade margin is defined as the difference between the actual or imputed price realized on a good purchased for resale and the price actually paid. The margins realized on some goods may be negative if their prices have to be marked down, as the goods are sold at prices less than their purchased prices.

The standard formula for measuring the output of wholesalers and retailers has to be modified by deducting the value of the goods that would need to be purchased to replace them. The latter include the additional goods needed to make good recurrent losses due to normal wastage, theft, or accidental damage. In practice, the output of a wholesaler or retailer is given by the following identity:

\[
\text{The value of output} = \text{the value of sales, including sales at reduced prices} \\
\text{Plus} & \quad \text{the value of other uses of goods purchased for sale} \\
\text{Minus} & \quad \text{the value of goods purchased for resale} \\
\text{Plus} & \quad \text{the value of additions to inventories of goods for resale} \\
\text{Minus} & \quad \text{the value of withdrawn from inventories of goods for resale} \\
\text{Minus} & \quad \text{recurrent losses due to normal rates of wastage, theft or accidental damage}
\]

Goods sold are valued at the prices which they are actually sold, even if the trader has to make their prices down to get ride of surpluses or avoid wastage, whereas goods purchased
for resale should be valued at purchasers prices paid by the traders excluding any transport charges invoiced separately by the suppliers or paid to third parties by wholesalers or retailers, where these transport services form part of the intermediate consumption.

Regarding what are withdrawn from the inventories, their estimates differ slightly from the recommendations of the System of National Accounts as for they are recorded at purchase cost, whereas the System stipulates to be valued at the prices prevailing at the time they are withdrawn. Margins realized on goods purchased thus vary according to their eventual use. Trade margins realized are considered as the principal production for the wholesalers and retailers, not to mention that traders may have non-trade services as in rendering services to others, or producing specific goods, or rendering transport services to others, etc. As for activities carried out in exchange for commission, and maintenance and repair activities, the output of the main activity would be equal to the commission received or the revenue from the services provided to others. Intermediate consumption includes the goods and services used by the establishments during the year to carry out the trade activity or maintenance, such as rent of buildings, electricity, wrapping and packaging materials, advertising and other goods and services.

Methodologies used for obtaining constant price estimates of the trade activity differ from the methods used in other sectors, due to the fact that the trade margin does not have a price to derive a price index for, so it is treated as stated in the System, in which the gross output at constant prices is estimated by extrapolating the base year trade margin of each activity using the sales (at constant prices) as volume indicators. A time series of sales at constant prices is derived by deflating the sales at current prices, by relevant wholesale or consumer price indices, where the intermediate consumption at constant prices is estimated by deflating each input by relevant price indexes.

**Hotels and restaurants**

Hotels and restaurants are classified under the tabulation category (H) according to the Standard Industrial Classification, third revision. Hotels activities consist of all activities responsible for providing short-stay accommodation in hotels, hotel apartments, guesthouses, and youth and students hostels. Furnished apartments rented for long periods are classified as real estate activities under tabulation category (K). Restaurants activities include selling of prepared foods and drinks intended for consumption in special places such as restaurants, café’s and canteens. The data provided by services survey conducted annually by DOS since 1988 is considered as the major data source for obtaining estimates of these activities. The questionnaire adopted by the surveys was pre-designed to meet national accounts requirements, where detailed data are collected regarding output, intermediate consumption, components of the value added, in addition to substantial amount of data related to different types of revenues, and payments and receivables.
The survey provides data on the gross output of hotels valued at producers’ prices, which equals the revenue from their activities, which consist of main and secondary activities such as leasing halls for celebrations and seminars, restaurants available inside hotels, and other secondary activity. The output of restaurants consists of revenues attained during the year from selling prepared meals, sandwiches, or offering hot drinks. Moreover, restaurants may have secondary revenues from performing trade activities, halls renting, or other secondary activities. The gross output is valued at basic prices, which is derived by subtracting the value of sales tax paid from gross output at producers’ prices.

The survey provides also detailed data on the expenditures made during the year by these activities, which comprise total intermediate consumption from material and non-material inputs such as food, electricity, water, fuel, rent of buildings, payments to others in return for rendering services, transport, communication expenses, and others.

The constant price value added generated by hotels and restaurants is estimated by using the double deflation method, through deflating output by relevant price indices that reflect price changes of products of these activities; the indices are selected from the consumer price indices. As for intermediate consumption, each input is deflated by a relevant price index selected from wholesale and consumer price indices. After deriving gross output and intermediate consumption at constant prices, the constant price value added is obtained by subtracting constant price intermediate consumption from constant price gross output.

**Transport, storage and communications**

These activities are classified within the tabulation category (I) of the Standard Industrial Classification, third revision, which includes several sub-activities classified at the fourth-digit level of the same classification. The required data for compiling the accounts related to these activities are obtained from the results of annual and quarterly surveys of transport sector. These surveys cover all registered establishments operating in transport, storage, and communication; the activities are surveyed annually to collect detailed data related to production process, capital formation; employment and other.

Generally, the output of these activities is measured by the value of the amounts receivable for transporting goods or persons by land, air, or sea. It is also the case for other activates such as communications, post services, supporting and auxiliary services to transport, and storage.

The constant price estimates are obtained using double deflation method, where the output of each activity at current prices is deflated by a special deflators calculated by national accounts division. The intermediate consumption at constant prices is estimated by deflating each input by a relevant price index.
Financial intermediation

The activities included in this group are classified under the tabulation category (J) of the International Industrial Classification for all economic activities, third revision. This group consists of all economic activities engaged in financial intermediation, which are classified under divisions 65-67. The most important activities comprising this group are monetary financial intermediation, other financial intermediation, insurance, and auxiliary activities related to financial intermediation. The auxiliary activities consist of all corporations engaged primarily in activities closely related to financial intermediation but do not perform an intermediation role. They consist of corporations such as securities brokers, operating and supervising of financial markets, foreign exchange offices, and auxiliary activities to insurance.

Financial intermediation services are provided by central banks, commercial banks, specialized credit institutions (industrial development bank, agricultural credit corporation, and other institutions and banks) and other financial enterprises.

The Department of Statistics collects the required statistics on an annual base from all establishments engaged in these activities. The collected data enables the national accountants to compile value added, capital formation, and provides additional data on other kinds of income and financial status of corporations; the additional data will be used in the near future to compile a set of accounts required according to the System of National Accounts of 1993.

The methodology used for the calculation of financial intermediation activities output differs from the methodologies used to calculate the output of other activities. Gross output and value added of financial intermediation activities are estimated as follows:

1. The current prices output of the Central Bank and other depository corporations is estimated as the sum of the imputed bank services charges, commissions, gross profit from currency exchange, and other secondary activities. The value of imputed bank service charges is measured in the System as the total property income receivable by financial intermediaries minus their total interest payables. The property income received includes interest receivables, dividends, and net rent of land. It is to be noted that the System differentiates between two types of property incomes; the first type is property income receivable from the investment of financial intermediaries of own funds, while the second type is the property income receivable from investment of depositors funds which is included in the formula of calculating the output of the financial intermediaries. The total property income receivable has been used to calculate the output, because it would be difficult to separate between the two types of property incomes in one hand and because property income receivables from investment of own funds is very small compared with the receivables from investment of depositors funds.
With respect to Islamic banks, the property income receivables consist of revenues from investments only. Therefore, imputed service charges would be measured by subtracting the total profits payables to depositors from income receivables.

2. The gross output of insurance companies is the value of the actual and imputed charges of insurance services. Since there are two types of insurance; casualty insurance and life insurance, the imputed service charge in each type is calculated by different methodology. In the case of casualty insurance (motor vehicles, fire, general accidents, marine, and other insurance activities), the imputed service charges is estimated as the difference between the premiums received and claims paid, in addition to commissions of insurance brokers. The gross output of life insurance is the value of the imputed service charge which is calculated according to the following formula:

\[
\text{Premiums received} - \text{claims paid} + \text{imputed interests on actuarial reserves} - \text{net increase in actuarial reserves}
\]

In order to estimate the imputed insurance charges, each term of the formula must be estimated as follows:

a. Interests on actuarial reserves at the end of the year are equal to total property income multiplied by (end of the year actuarial reserves / total liabilities at the end of the year).

Where: total property income = interests receivables + dividends + net rent of land.

b. Net increase in actuarial reserves is the difference between the value of actuarial reserves at the beginning and the end of the year.

3. The value added of financial intermediation and insurance at constant prices is estimated using the double deflation method, where gross output and intermediate consumption are deflated by an implicit price deflator computed from the current and constant price estimates of gross output and intermediate consumption for the remaining economic activities, except private non-profit institutions serving households. The implicit price index for output is the value of output at current prices of the remaining activities divided by the output value at constant prices of the same activities. The implicit price index of the intermediate consumption equals to intermediate consumption value at current prices divided by the intermediate consumption at constant prices.

**Imputed banking service charge**

Banks provide their service to various economic sectors for which they do not charge different rates of interest to borrowers and lenders. In fact, they pay lower rates of interest to those who lend them money and charge higher rates of interest to those who borrow from them. Due to the difference in the interest rates, there is no need to charge customers individually for the services provided. Hence, the System of National Accounts has recommended to calculate these services indirectly, which equal to total property income received by financial intermediaries minus the interest payables, excluding any property
income received from investments of their own funds. Whenever this service is recorded as an output, the use of that output must be explicitly accounted for elsewhere. Consequently, the imputed services was recorded as an intermediate consumption of a notional industry, in which it is subtracted from the sum of value added of all economic activities to derive the gross domestic product at basic prices. The imputed services is considered as an intermediate consumption of a notional industry due to the difficulty of allocating the imputed service charge among economic activities because it may be considered as an intermediate consumption for industries or as final consumption by households.

**Real estate, renting and business activities**

This group of economic activities is classified within the tabulation category (K) which consists of the activities classified under divisions 70-74 of the International Industrial Classification. This group includes real estate activities, rent of equipments and machinery, computer and related activities, research and development, and other business activities.

The data provided by economic surveys are considered the major data source for compiling the accounts of these activities except for owner occupied dwellings that depend on households surveys. The next paragraphs explains the methods used to calculate value added generated by the real estate activities followed by an explanation of methodologies used in calculating it for the remaining activities.

1. Real estate activities are classified under the division 70 according to the International Industrial Classification, third revision. It consists of renting of dwellings activities, renting of non-residential activities, in addition to other real estate activities such as the activities of land brokerage and renting of commercial complexes, where the value added of these activities can be obtained as the sum of value added of each activity. The estimates of gross output of renting of dwellings activity, as the most important activity in this group, depend on data obtained from household expenditures and income survey carried out once every five years by The Department of Statistics. The survey includes data on rents actually paid by households; it also provides estimates on the imputed rent in the case of owner-occupied dwellings, where the owners are asked to provide an estimate for rent as if the dwellings were rented to others during the survey period. The survey includes also an estimate for the imputed value for rent of dwellings provided free of charge by other households or employers. The output of dwellings activity can be calculated by adding up each value of paid rents and imputed rents for owner-occupied dwellings, and free of charge dwellings. This method is used for estimating the output in the year where a household expenditures and income survey is conducted, as for other years where actual data are not available, gross output of rent for residential buildings activity is estimated using a number of households as an indicator to estimate the output at constant prices. The rent component of the consumer price index is used to inflate constant price estimates to obtain current prices estimates of rent, which will be added to
other components to obtain gross output at current prices. These components consist of the following items:

a. Net rent of non-residential buildings paid or received by economic sectors including government and non-profit institutions serving households. Net rents is obtained from subtracting the value of rents paid from the value of rents received, in which data related to rents paid and received are obtained from data of the economic surveys and other managerial sources, such as the government budget of local government and independent institutions and other sources.

b. Gross output of real estate activities with own or leased property realized by establishments, such as complexes, shops, apartments. Real estate activities on a fee or contract basis are included in this group, where the data are obtained from the annual surveys conducted by The Department of Statistics.

The value added is estimated by estimating intermediate consumption, which will be subtracted from gross output as following:

1. The intermediate consumption of dwellings rental activity is estimated by calculating input output ratio from the results of household’s expenditures and income survey, which provides data on households’ expenditures on maintenance and repairs of dwellings. This ratio is applied on gross output from rent of dwellings to obtain the value of intermediate consumption.

2. Data on intermediate consumption establishments dealing with real estate activities (brokerage offices and renting of business complexes) and renting of non-residential buildings activities are obtained from services surveys.

2. Business activities performed by establishments classified under divisions 71-74 according to the Standard Industrial Classification, third revision. They include activities of renting machineries, equipments and personal goods, computer and related activities, and other business activities. The output of these activities is equal to total revenues during the year from rendering services to others. While their intermediate consumption consists of material and non-material inputs used in establishments engaged in these activities. The relevant data for compiling the accounts of these activities are obtained from the surveys carried out annually. The value added estimates of these activities at constant prices are estimated by deflating gross output by implicit deflator of social and personal services output, and deflating Intermediate consumption by an implicit deflator calculated from the data of intermediate consumption of social and personal services activities.

Public administration and defense; compulsory social security

General government sector consists of a group of institutional units responsible for the provision of goods and services to community or to individual households free
or at prices that are economically insignificant, it is also responsible for distribution of income and wealth. The general government sector consists of governmental institutions classified into the following groups:

1. Ministries, departments, and government institutions financed by the treasury. Data on these units are reported in the general government budget except for Ministry of Awqaf.

2. Autonomous governmental departments and institutions that finance their operations out of transfers from central government and from selling of goods and services at market prices or at economically insignificant prices. The financial accounts of these institutions are found in the budget of independent institutions (extra-budgetary departments) such as Housing Corporation, Health Insurance Fund, Institute of Public Administration, Ministry of Awqaf, and other institutions.

3. Other governmental institutions that are autonomous administratively and financially that have separate budgets and accounts. They were created to provide individual services such as education and health services. These institutions are controlled separately by government through assigning managers for these institutions and financing part of their current and capital expenditures. This group includes governmental institutions such as government universities, Social Security Fund, Industrial Cities Corporation, Higher Council for Science and Technology, and other.

4. Municipal councils consist of all local councils concerned in providing public services to cities or groups of villages. Part of their expenditures is financed from transfers from central government, where the other part is financed from fees and taxes imposed by the councils on another institutional units existing in the area of the municipality councils. Moreover, Municipality Councils finance the rest of their expenditures from loans, grants, and donations. Every municipality is obliged to send a copy of its budgets to The Department of Statistics except Amman Municipality, which provides its budget through an official letter.

It is to be noted that because some governmental organizations and institutions provide goods and services at prices that are economically significant, they should not be classified within this sector but should be classified as financial or non-financial corporations according to their main activity. Governmental institutions that were removed from government sector are: Post Office Saving Corporation, Civil Aviation Authority, Water Authority, Electricity Authority, Aqaba Railway, Hijazi Railway, governmental bakeries and mills, grain silos, Civil Service Consumer Corporation, governmental hotels and rest houses, Free Trade Zone Corporation, Central Bank of Jordan, Jordan Establishment for Investment, Corporation for Administration and Development Orphan Fund, Agricultural Credit Corporation and trade section in Ministry of Industry and Trade, in addition to other similar governmental institutions.
Governmental institutions and units engage in non-market production process because of several reasons; the most obvious one is when the market fails to develop such institutions, the other reason is when government decides to achieve certain economic or social policies. Because goods and services provided by these institutions do not have economically significant prices, it turns out to be impossible to value their output at market prices since there are no markets for these public services such as public administration and defense; but even in the case of education and health services or any other individual services, convenient market prices are not available since it is difficult to find identical goods and services in the market. In fact, it is known that there would be substantial differences between market and non-market services regarding the quality of supplied service. It is hard to find sufficient amount of market services resemble to corresponding non-market services to an extent that enables using their prices to value the non-market output, especially if non-market services are produced at greater amounts of quantities. For these reasons, all non-market services produced by government units are valued in the System by the sum of the costs incurred in their production, which equals to sum of compensation of employees, intermediate consumption, net other taxes on production and imports, in addition to consumption of fixed capital.

Compensation of employees in relevant ministries, departments, and other public authorities consists of:

a. Wages and salaries included in both current and capital budgets.

b. All allowances such as cost of living, basic, overtime and technical. Allowances given to accomplish certain duties related to the work, as field allowance, are not included.

c. Social security contributions

d. Wages in kind paid to employees of government, such as clothing, food, accommodations for armed forces individuals.

e. Contributions of imputed pension fund in respect of the classified employees.

The contributions of imputed pension fund payable by the pension fund (Government) are estimated on the same basis as the contributory scheme related to non-classified employees of government. The contributory social security scheme of the corporation operates based on 5% contribution by the employees and about 9% by the employer; the percentages are applied on their gross salaries. Since the budget law of Jordan indicates separately the basic salaries of classified and non-classified civilian employees but not their respective allowances, the total allowances are distributed between the two classes of employees in proportion to their basic salaries and allowances. The total amount received by officers of armed forces, public security and civil defense are estimated separately. According to the Ministry of Finance, the pension contribution of the classified employees is estimated as 8.75% of the basic salary, which works out to be around 5% of their gross
salaries. This means that government’s contributions towards pensions of the classified employees equal 9% of total gross salaries of both civilians and military officers, who are not covered by the funded social security scheme operated by Social Security Corporation. Contributions of employees from salaries of both civilian and military employees to meet part of pension payments, and imputed government’s contributions to the unfounded pension scheme are included in the estimates of compensation of employees.

Consumption of fixed capital in central government is estimated by preparing data on the stock of fixed capital using the perpetually inventory method that takes into account gross fixed capital formation starting in 1952 separately for the following types of fixed assets:

1. Buildings and constructions
2. Machinery and equipments
3. Other assets.

A capital consumption ratios different for different asset categories, which are 20% in the case of buildings, and 10% for machinery, equipments and other assets, are applied to stock data to derive consumption of fixed capital. The same methodology is used to calculate consumption of fixed capital for local governments, while consumption of fixed capital for the rest of producers of government services is estimated according to its gross output of each institution in this category.

Compensation of employees of producers of government services at constant 1994 producers’ prices based on quantity index is compiled from the annual number of employees in government universities and institutions. With regard to the consumption of fixed capital of buildings and assets, it is deflated by the implicit deflator of the construction sector output. The unit import price index (1994=100) is used to deflate consumption of fixed capital for machineries and equipments, and other assets. Production inputs are deflated by convenient price indices for each input.

**Education activities**

Educational activities were classified in the national accounts series within community, social and personal services sector, but they are classified in the new accounts series within the tabulation category (M) according to the Standard Industrial Classification, third revision. Educational activities operated by private sector are included only in this category, where governmental educational activities are not included because they are classified in the government sector. This group consists of several sub-activities such as primary and secondary education, higher education and others. In spite of the fact that providing estimates at the level of these sub-activities can provide a great benefit for data users, but national account division was not able to compile separate estimates for each sub-activity. In stead, it compiles estimates at the second-digit level (80) of the Standard Industrial Classification, third revision. DOS hops to compile estimates at sub-activities level in the near future.
Educational services are provided by private schools, colleges and universities, and different training and educational centers, where their data are obtained from services survey conducted annually to compile accounts related to these activities. The survey questionnaires were designed to collect data on gross output at basic prices, which is equal to gross output at producers’ prices minus net taxes on products. In addition, the questionnaires provide very detailed level of data on intermediate consumption and components of value added. Thus, value added is estimated by subtracting intermediate consumption from gross output.

The constant prices estimates are derived by deflating gross output by the education component of the consumer’s price indices, and intermediate consumption by appropriate price indices for each input.

**Health and social work activities**

These activities were classified in the previously published national accounts series within the sector of community, social and personal services, where in this new series they are classified within the tabulation category (N), which includes activities related to human health, such as hospitals, doctors, clinics, veterinary activities in addition to social work activities. All these activities are classified under division (85) of the Standard Industrial Classification, third revision. As in the case of educational activities, this group does not include the activities of government services provided by Ministry of Health, or hospitals subordinated by armed forces or universities. Data related to these activities are obtained from the services survey conducted annually. The estimates related to the value added are compiled in order to provide estimates of health activities as a group and social work activities as a second group. Value added at current prices is estimated using output and intermediate consumption data provided by surveys. Consumers’ price indices of health care item and the general consumer’s price indices are used to estimate output at constant prices, while convenient price indices are used to deflate the value of each input of the intermediate consumption.

**Other Community, Social and Personal Service Activities**

These activities are classified within the tabulation category (O), which includes economic activities classified under divisions 90-93 which are mainly activities of membership organizations, i.e. chamber of industry and commerce, profit and non-profit associations; professional unions, activities of religious and political organizations as political parties; recreational, cultural and sporting activities as television and radio, cinemas, production of theatrical presentations, concerts, news agencies, botanical and zoological gardens and sport clubs. This group includes also; other service activities, such as laundries, hairdressing and barber saloons in addition to other service activities. In the previous national accounts series, some of these activities were classified within the community, social and personal services sector as in the case of beauty saloons, photographic studios and
amusement services, where some other activities were classified within the private non-profit institutions serving households sector.

**Domestic Services of Households**

They consist of domestic services produced by paid employees, i.e. domestic servants, chefs, nannies, gardeners, porters, drivers, baby sitters, etc. The gross output of this activity is estimated on a basis that is equal to the compensation value received by servants, which consists of wages, clothes, and meals. The gross output at constant prices is deflated by the quantity index of the number of servants.

2.7 **Gross Domestic Product at Basic Prices**

It equals the total value added generated by all economic activities at basic prices minus the imputed banking service charges.

2.8 **Net Taxes on Products**

In order to obtain the value of GDP at market prices, net taxes on products should be added to the value of GDP at basic prices. Taxes on products are compulsory unrequited payments made by institutional units to government units, in other words, they are taxes payable per unit of some goods and services, may be as a specific amount of money per unit or may be as a specific percentage of the price per unit or value of the goods and services transacted. Remarkable examples of taxes on products are sales tax whether on goods or services, or on local or imported goods, also included taxes and duties on imports and exports in addition to petroleum surplus appropriated to finance public outlays.

Subsidies on products are current unrequited payments that government units make to institutional units based on goods or services produced, sold, or imported. The budget law is considered as the data source on subsidies granted to agriculture sector, whereas the economic surveys results provide particular data on subsidies received by other economic sectors.

To estimate net taxes on products at constant 1994 prices, distinctive deflators were used for each item, as the following explanation:

1. Sales tax comprises the largest part of taxes on products. It was mainly levied on manufacturing, hotels and restaurants, and trade sectors. The constant price estimate is obtained by extrapolating the base year taxes by a volume index, which is the relative change of output at constant prices between the comparative year and the base year.

2. Customs duties and sales tax on imports were extrapolated from the base year using the imports quantity index after taking out the exempted items.

3. Exports Duties (mining) are imposed on exported quantities of phosphate and potash. A weighted quantity index for exports of phosphate and potash was is used to extrapolate the export tax in the base year 1994.
4. Petroleum surplus was estimated at constant prices by extrapolating the base year value using the constant price gross output of petroleum refining as a volume indicator.

5. Subsidies on products were represented in the supporting value of provision materials given to the trade section. The constant price estimates were obtained by extrapolating the base year values using the sales of the trade section at constant prices as volume indicators.

2.9 Gross Domestic Product at Market Prices

Is defined as the value of GDP at basic prices plus net taxes on products.

2.10 The Consolidated Accounts of the Country

2.10.1 Gross Domestic Product and Expenditure Account

This account shows the value of GDP computed according to income and expenditure approaches, where its right-hand side shows the factor incomes engaged in production and its left-hand side shows the components of final demand. GDP indicates the total monetary amount spent on goods and services for final consumption and it consists of the following:

A. Final consumption expenditure

It is divided into two parts; the first one is the general government final consumption expenditure, which equals to producers of government services gross output less commodity and non-commodity sales, the second part is the private final consumption expenditure, which is estimated at present time as a residual. DOS will try to estimate this item, separately, once household expenditures and income survey results for the year 2002 are derived.

B. Gross capital formation (Investment)

It consists of fixed capital formation and changes in stocks.

1- Fixed capital formation

The capital formation of any production unit consists of the additions to fixed assets inventory less their disposals during the year. Fixed assets consist of the additions of fixed assets produced by production units and of what can be added or disposed from durable goods used by other economic sectors. Adding or disposing assets locally used, will not affect the capital formation at the kingdom level, but it will affect the capital formation among the economic sectors themselves; that if an asset is being bought from the industry sector and added to the trade sector, the capital formation in the latter sector will be increased while it will be decreased in the industry sector at the same amount. However, if assets used were disposed by selling them to a non-resident party, the sales will be recorded as an export, where the capital formation of the sector who engaged in the sale will be decreased at the same value of the sold asset. For example, the sales of used airplanes to non-residents, during a specific year, can lead to an increase in exports value in that year, but
most of this increase would come from the download adjustments of the gross fixed capital formation (from the acquisitions of new goods and services) and not from either the gross output or imports of the same year. The value of capital losses resulting from damage, thefts and unforeseen obsolescence of fixed assets used in production are not included in the GFCF, although they are considered in estimating the value of the stock of fixed assets at the end of the year.

Estimating gross capital formation of buildings and constructions depends on the estimates of gross output obtained from constructions surveys. The value of the capital formation of buildings and constructions equals to the value of gross output of the constructions activity after omitting the following items:

1. The outputs of constructions sector used as self-inputs in production (the value of works executed by sub-contractors).
2. The value of current repairs and maintenance executed by registered and unregistered contractors.
3. Construction works for military purposes.
4. The value of construction works executed by resident contractors for non-resident organizations in the Kingdom.
5. Outputs of secondary activities of the registered contractors.

It is to be noted that all durables goods acquired by armed forces despite of the nature of their use, were considered as intermediate consumption of producers of the government services, as it was recommended in SNA 1968. However, in the new System, machineries or fixed assets owned by military forces for military purposes but have civilian uses, are not treated as intermediate consumption. Due to the difficulty in obtaining sufficient data, all the expenditures of the military forces are considered either as a compensation of employees or as an intermediate consumption.

2- Changes in stocks

Changes in stocks, including works under construction, are estimated by the value of goods entering stocks less the value of withdrawals and the value of any recurrent losses of goods held in stocks. Relevant data for the estimation process are obtained from annual surveys covering different economic activities. The System of National Accounts stipulates that products entering and withdrawn from stocks must be implicitly treated as they were sold to or bought from the stocks, in addition, they must be estimated at the same prices of sales and purchases actually sold and bought at that time. However, the instant available estimates have not used that method in estimating the stock due to the difficulty in obtaining the relevant data. The estimations of the increases in stocks of finished goods and work-in-progress were restricted in three broad sectors, namely agriculture, industry and wholesale and retail trade, while the increases in stocks of material inputs have included in all the sectors.
C. Exports of Goods and Services

Exports in Jordan include both domestic exports and re-export goods, where their values and quantities are obtained from custom declaration. The estimates of service exports (travel services, transportation, commercial insurance and shipment, non-commercial insurance, government services and other unclassified services) are obtained from the balance of payments.

D. Imports of Goods and Services

Goods imported are valued on c.i.f. basis. External trade statistics and balance of payments are considered to be the main data source on goods and services imports. The values of fuel and other goods purchased abroad for the operation of ships and aircrafts owned by resident establishments of Jordan are included in the imports of services.

2.10.2 National Disposable Income Account and Its Appropriation

The aim of compiling this account is to reach to the disposable income, where the sources of incomes are recorded in the right-hand side of the account and its disposals in the left-hand side. The balancing item for the two sides of the account is saving. It was pointed out in separate places in this bulletin the illustrations of all the concepts related to the items of this account, except the following ones:

A. Disposable income: it represents the income of the country and the organizational units from all sources after subtracting all current transfers paid, and adding current transfers received. Disposable income equals the national income at market prices plus net current transfers from abroad.

B. Net compensation of employees from the rest of the world: it is defined as the compensation of employees from the rest of the world minus the compensation of employees paid to the rest of the world. The value of workers’ remittances recorded as receipts in the balance of payments, was distributed into compensation of employees and current transfers based on the ratio of Jordanian employees in abroad after classifying them into residents and non-residents. The payments of transfers as recorded in the balance of payments are distributed according to the ratio of foreign employees classified as residents in Jordan. The residence of employees was defined through special statistical research conducted by DOS, which showed that 88% of foreign employees in Jordan were residents. Another study conducted by the World Bank had showed that the total number of Jordanian employees in abroad classified as residents in Jordan was 10% of the sum total of Jordanian employees in abroad.

C. Net property and entrepreneurial income from the rest of the world: this item consists of net profits plus net investment incomes as in profits on investments outside Jordan or transferred to Jordan. All items of the balance of payments are recorded on the accrual basis in conformity with the requirements of the System of National
Accounts of 1993 and the fifth edition of the balance of payments issued by the International Monetary Fund.

D. **Other net current transfers:** this item represents net private and government current transfers plus that part of net workers’ remittances that was not computed within the item of net compensation of employees from the rest of the world. These data were obtained from Jordan’s balance of payments.

2.10.3 Capital Finance Account

This account shows the gross finance accumulation in Jordan economy and local and foreign sources used to finance the accumulation. Through this account, the value of net lending from/to the rest of the world can be derived as a balancing item for the two sides of the account.

2.10.4 External Transactions Account

This account identifies the value of transactions engaged between resident economic units and the rest of the world to obtain the surplus value of the country in the current account. The items of this account were defined earlier in separate places in this bulletin.

3. Definitions and Terms

**Accrual accounting:** An accounting method that records transactions at the time economic value is created, transformed, exchanged, transferred, or extinguished. This means that transactions, which imply a change of ownership, are entered when ownership passes, services are recorded when provided, output at the time products are created and intermediate consumption when materials and supplies are being used. The System favors accrual accounting because its timing is in full agreement with the way economic activities and other flows are defined in the System, and because accrual accounting can be applied to non-monetary flows.

**Cash Accounting:** an accounting method that shows flows that give rise to cash payments at the latest times they can be paid without incurring additional charges or penalties and, in addition to these, actual cash payments at the moments they occur. The period of time between the moments a payment becomes due and the moment it is actually made is bridged by recording a receivable or a payable in the financial accounts. Due-for-payment recording furnishes a more comprehensive description of monetary flows than doe’s cash accounting. A disadvantage is, of course, that the registration is still limited to monetary flows.

**Residence:** The total economy consists of the entire set of resident institutional units and it is divided into sectors. An institutional unit is resident in a country when it has a center of economic interest in the economic territory of that country. It is said to have a center of economic interest when there exists some location within the economic territory on, or from, which it engages, and intends to continue to engage, in economic activities and transactions
on a significant scale either indefinitely or for more than one year, (suggested only as a
guideline).

**Institutional unit:** An economic entity that is capable, in its own right, of owning assets,
incuring liabilities, and engaging in economic activities and in transactions with other
entities. In addition to these, institutional units have responsible positions at law thus they
have the power to take decisions related to the entire aspects of the economic life. There are
two main types of units that may qualify as institutional units, namely persons or groups of
persons in the form of households, and legal or social entities whose existence is recognized
by law or society independently of the persons, or other entities that may own or control
them.

**Institutional sectors:** Resident institutional units are grouped together to form institutional
sectors, on the basis of their principal functions, behavior, and objectives. The System has
identified a number of institutional sectors; each sector contains a number of sub-sectors
(with various levels) distinguished according to a hierarchical classification, except non-
profit institutions. The main institutional sectors are non-financial corporations sector,
financial corporations sector, general government sector, households sector and non-profit
institutions serving households sector. The rest of the world account covers transactions
between resident and non-resident institutional units thus, it is included in the accounting
structure as an institutional sector.

**Establishment:** An enterprise, or part of an enterprise, that is situated in a single location
and in which only a single non-ancillary productive activity is carried out or in which the
principal productive activity accounts for most of the value added.

**Market establishments:** Establishments produce goods or services to be sold at prices that
are economically significant. The System of National accounts distinguishes between three
types of establishments, those producing for market purposes (market product),
establishments producing for their own final use and non-market establishments.

**International Standard Industrial Classification of all economic activities (ISIC):** An
industrial classification prepared by the United Nations for classifying economic activities at
different levels of detail.

**Central government:** Institutional units responsible for the maintenance of law and order
and for providing collective services for the benefit of the community as a whole. The
political authority of central government extends over the entire territory of the country.
Central government has therefore the authority to impose taxes on all resident and non-
resident units engaged in economic activities within the country. Its political responsibilities
include national defense and relations with foreign governments and it also seeks to ensure
the efficient working of the social and economic System by means of appropriate legislation
and regulation. For this purpose, it incurs expenditures on defense, public administration, etc.
Finally, it may make transfers to other sectors or to other units of government.
**Household:** A small group of persons who share same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food. Households often coincide with families, but members of the same household do not necessarily have to belong to the same family so long as there is some sharing of resources and consumption. Servants or other paid domestic employees who live on the same premises as their employer do not form part of their employer's household even though they may be provided with accommodation and meals as remuneration in kind.

**Non-profit institutions engaged in market production:** Consist of producers arise as non-profit institutions that sell most or all of their output at prices that are economically significant. Schools, colleges, universities, clinics, hospitals, etc. constituted, as non-profit institutions are market producers when they charge fees which are based on their production costs and which are sufficiently high to have a significant influence on the demand for their services. Their production activities must generate an operating surplus or loss. Any surpluses they make must be retained within the institutions as their status prevents them from distributing them to others. On the other hand, because of their status as "non-profit institutions" they are also able to raise additional funds by accepting donations from others.

**Non-profit institutions serving households:** Consist of non-profit institutions which provide goods or services to households free or at prices that are not economically significant, such as charities, political parties and cultural and sports clubs.

**International organizations:** Units or entities established by formal political agreements between their members that have the status of international treaties; their existence is recognized by law in their member countries. They are not treated as resident institutional units of the countries in which they are located; but always treated as resident in abroad.

**Integrated economic accounts:** A set of accounts that presents full set of accounts of institutional sectors and the rest of the world, together with the accounts for transactions and other flows, and the accounts for assets and liabilities.

**Current account:** Records the production of goods and services, the generation of incomes by production, the subsequent distribution and redistribution of incomes among institutional units, and the use of incomes for purposes of consumption or saving.

**Production account:** It is the first in the sequence of current accounts in the System that records the activity of producing goods and services and the balancing item, gross value added, that is defined as the value of output less the value of intermediate consumption. This account measures the contribution to GDP made by an individual producer, industry or sector. It may also measures net value added by subtracting fixed capital consumption from gross value added.

**Production:** An activity carried out under the control and responsibility of an institutional unit that uses inputs of labor, capital, and goods and services to produce outputs of goods or
services. There must be an institutional unit that assumes responsibility for the process and owns any goods produced as outputs or is entitled to be paid, or otherwise compensated, for the services provided.

**Production boundary:** All goods and services produced as outputs must be such that they can be sold on markets or at least be capable of being provided by one unit to another, with or without charge. The System includes within the production boundary all production actually destined for the market, whether for sale or barter. It also includes all goods or services provided free to individual households or collectively to the community by government units or non-profit institutions serving households.

**Illegal production:** Production of goods or services whose sale, distribution or possession is forbidden by law, and the production of activities which are usually legal but become illegal when carried out by unauthorized producers; e.g., unlicensed medical practitioners. The domain of illegal production varies from country to another according to law of each country (what is considered illegal production in one country might be legal in another). Despite the obvious practical difficulties in obtaining data on illegal production, it is included within the production boundary of the System.

**Product (outputs):** Consists only of those goods or services that are produced within an establishment that become available for use outside that establishment, in addition to goods and services produced for their own use. Outputs as a concept are applied on the producers units not on the production process. Outputs are usually defined in the production account.

**Market product (market outputs):** Outputs that are sold or intended to be sold or disposed at prices that are economically significant. Prices are said to be economically significant when they have a significant influence on the amounts the producers are willing to supply and on the amounts, purchasers wish to buy.

**Services:** Outputs (production) usually realized by productive activities at demand, they typically consist of changes in the conditions of the consuming units. By the time their production is completed they must have been provided to the consumers. The production of services must be confined to activities that are capable of being carried out by one unit for the benefit of another. It is also possible for a unit to produce a service for its own consumption provided that the type of activity is such that it could have been carried out by another unit.

**Main activities:** Activities whose value added exceeds that of any other activity carried out within the same unit. The classification of the main activity is determined reference to ISIC.

**Secondary activities:** Activities carried out within a single producer unit in addition to the principal activity and whose output must be suitable for delivery outside the producer unit. The value added of a secondary activity must be less than that of the principal activity.

**Constant prices:** Can be obtained by splitting the changes in the values of flows of goods and services into two components reflecting changes in the prices of the goods and services
concerned and changes in their volumes. However, many flows and stocks in the System do not have price and quantity dimensions of their own, such as cash transfers, but price indices can be used to measure their purchasing power.

**Double deflation:** A method used for measuring the value added at constant prices by subtracting intermediate consumption at constant prices from outputs at constant prices.

**Laspeyres price index:** A weighted price index, in other words, it is weighted averages of price or quantity relatives, the weights being the values of the individual goods or services in the base period.

**Economically significant prices:** Prices which have a significant influence on the quantities of goods or service that purchaser wish to buy.

**Basic price:** An amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any tax payable, and plus any subsidy receivable, on that unit as a consequence of its production or sale. It excludes any transport charges invoiced separately by the producer.

**Purchasers’ prices:** An amount paid by the purchaser, excluding any deductible value added type tax or similar deductible tax, in order to take delivery of a unit of a good or service at the time and place required by the purchaser. The purchaser's price of a good includes any transport charges paid separately by the purchaser to take delivery at the required time and place.

**Producer’s price:** is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any value added type tax, or similar deductible tax, invoiced to the purchaser. It excludes any transport charges invoiced separately by the producer.

**Market prices:** Monetary amounts that the purchaser is willing to pay to possess something (good or service) and the amount the producer wish to supply. They are the actual prices agreed upon by the trans-actors. Market prices are thus the basic reference for valuation in the System. In their absence, valuation is made according to alternative methods, such as costs and prices of similar goods and services, etc.

**C.I.F. price:** A payment by an importer taking delivery of the good at his own frontier, before paying any import duty or other tax levied at the frontier. C.i.f. price includes transport and insurance costs to the importing country. It is the price of a service delivered to a resident, before the payment of any import duties or other tax on imports or trade and transport margins within the country.

**F.O.B price:** A special purchaser's price applied to flows of exports. It can be regarded as the purchaser's price that would be paid by an importer taking delivery of the goods at the exporter's frontier after loading on to a carrier and after payment of any export taxes or the
receipt of any tax rebates. F.o.b. price equals c.i.f. price minus transport and insurance costs between the frontiers of the importing country.

**Trade and transport margins:** The value of transport and distributive trade services embodied in the value of goods sold by establishments to final purchasers.

**Intermediate consumption:** Consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The goods or services may be either transformed or used up by the production process. Some inputs re-emerge after having been transformed and incorporated into the outputs. Other inputs are completely consumed or used up; for example, electricity and similar services.

**Compensation of employees:** Includes all payments by resident producers of the following items: 1) wages and salaries paid in cash consisting of additional salaries, bonuses, allowances and fees to board of directors, before deducting any taxes on income or other taxes on these items, it also includes wages, salaries and payments in kind paid to employees or workers, such as compensations for housing or free tickets 2) Contributions, imputed or actually payables, in respect of their employees to social security scheme or private pension, or casualty insurance, or life insurance.

**Employees’ social contributions:** These are social contributions payable by employees to social security funds and private funded social insurance schemes. They are recorded at the times when the work is carried out that give rise to the liability to pay the contributions. Employees' social contributions consist of the actual contributions payable each period plus, in the case of private funded schemes, the contribution supplements payable out of the property income attributed to insurance policyholders received by employees participating in the schemes less the service charges. The property income accrues on the investment of reserves. These contributions are either compulsory or voluntary.

**Operating surplus at basic prices:** Equals the value of gross output at basic prices minus the sum of intermediate consumption, compensation of employees, consumption of fixed capital, and any other taxes on production and imports.

**Property income:** Consists of all transfers derived from owning of financial assets, agricultural land, deposits in banks, and similar intangible assets. Property income consists of the following main items:

- **A- Interests:** Actual income payable resulting from depositing to or borrowing from banks, or from bills, bonds, and any other financial instruments.

- **b- Dividends:** Income payable resulting from various forms of participation in equity of corporate enterprises and firms.

- **c- Land rents:** Payments payable for using the land itself or any subsoil assets to benefit from their services.
**Taxes on products:** Consist of taxes on goods and services that usually become payable when they are produced, sold, transferred, leased, delivered, or used for own consumption or own capital formation, such as general sales tax, excise duties, and taxes on specific services.

**Taxes on income:** Consist of taxes on incomes, profits and capital gains. They are assessed on the actual or presumed incomes of individuals, households, non-profit institutions, or corporations. They include taxes assessed on holdings of property, land, or real estate when these holdings are used as a basis for estimating the income of their owners.

**Taxes on production:** Taxes on products payable on goods and services when they are produced, delivered, sold, and transferred; plus other taxes on production, consisting mainly of taxes on the ownership or use of land, buildings or other assets used in production or on the labor employed, or compensation of employees paid.

**General sales taxes:** Taxes on the sales of manufacturers; wholesaler and retail sales.

**Current transfers:** Income transfers between transactors. They are made from unrequited current income of the payer and add to the current income of the recipient for such purpose as consumption expenditure.

**Capital transfers:** Unrequited transfers who are designed to finance the gross capital formation and other forms of accumulation which are made out of the wealth or saving of the donor, or which are non-recurrent (quite irregular) for either party to the transactions.

**Balance of income:** A statistical report summarizes, for a specific period of time, the economic transactions engaged between countries and rest of the world.

**Assets:** Entities owned by institutional units (government, private, public, etc.) from which economic benefits may be derived by their owners by holding them, or using them, over a period of time. There are two kinds of assets: financial and non-financial assets.

**Fixed assets:** Produced assets that are themselves used repeatedly, or continuously, in processes of production for more than one year. Fixed assets include not only structures, machinery and equipment but also cultivated assets such as trees or animals that are used repeatedly or continuously to produce other products such as fruit or milk. They also include intangible assets such as software or artistic originals used in production.