

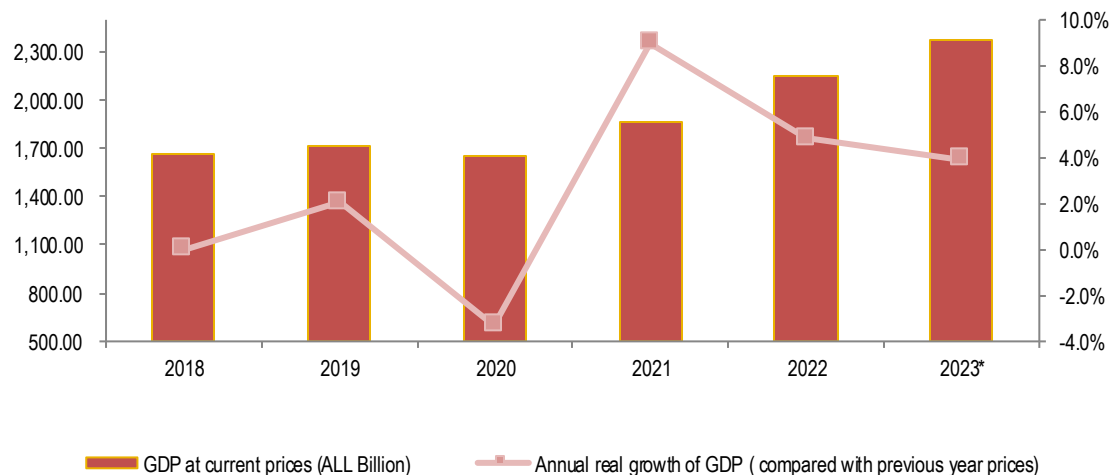
Publication of GDP 2023 semi-final and GDP 2022 final

Tirana, 27 September 2024: INSTAT publishes the revised data of the Gross Domestic Product (GDP) for the period 2018-2023 (refer to the link: <https://www.instat.gov.al/en/themes/economy-and-finance/national-accounts-gdp/#tab2>). The revision of the data series presents improved data sources, methodologies, time frames and for the first time, GDP indicators according to the Income Approach.

In 2023, the Albanian economy, compared to 2022 increased in nominal terms by 10.24% and in real terms (in volume) by 3.94%. In 2022, GDP growth in real terms was 4.83% compared to 2021.

GDP at current prices in 2023* was estimated at ALL 2,369,906 million and ALL 2,149,741 million for 2022.

Fig.1 GDP and real growth rate, 2018 – 2023*



2023* Semi-final data

For more information, visit INSTAT website: <http://www.instat.gov.al/>

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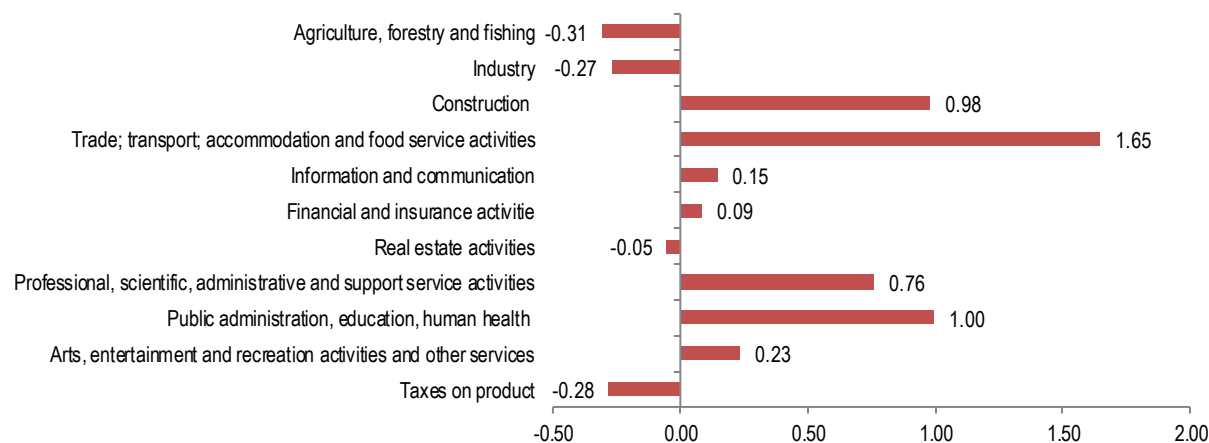
Production Approach

Related to GDP structure by economic activities, *Services* continue to represent the main share in the economy for year 2023, by 47.96% and increased by 8.26% in real terms. *Industry* and *Construction* constitutes 23.03% of GDP, which in real terms increased respectively: Industry by -2.37% and Construction by 8.48%. *Agriculture, hunting and forestry* with 16.22% share of GDP, increased by -1.82% in real terms.

The main contribution to real growth is driven by the branches of the economy such as "Trade, transport, accommodation and food service activities" with +1.65 percentage points, "Public administration, education, human health" with +1.00 percentage points, "Construction" with +0.98 percentage points, "Professional, scientific, administrative and support service" with +0.76 percentage points, "Arts, entertainment and recreation, other service activities" with +0.23 percentage points, "Information and communication" with +0.15 percentage points.

Net Taxes on products contributed by -0.28 percentage points.

Fig. 2 Contribution of the main branches of the economy to real growth rate of GDP 2023*, in percentpoints



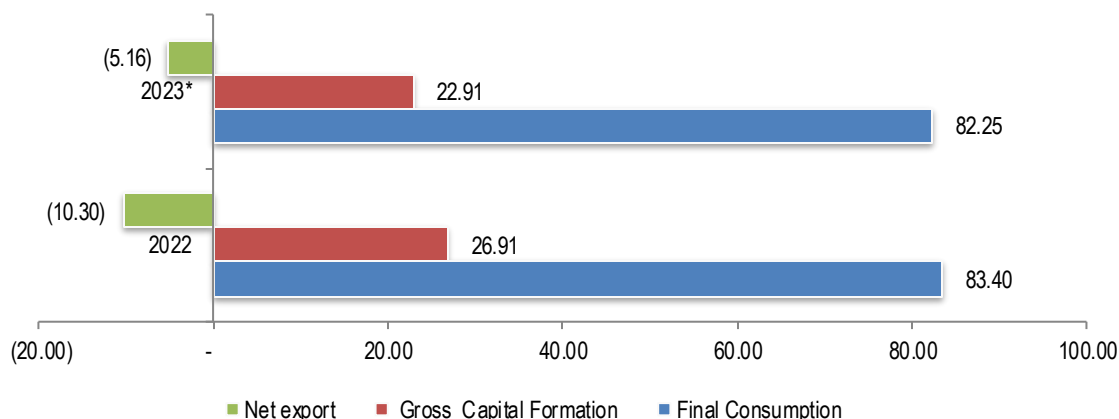
2023* Semi-final data

Expenditure Approach

According to GDP *by expenditure approach*, final consumption constitutes a major share in the economy, with 82.25%. This component increased by 8.73% in nominal terms and 3.19% in real terms. In the total final consumption, final consumption of households occupies the largest share, of 69.64%, followed by the final consumption of general government with 12.05% and final consumption of non-profit institutions serving households (NPISH) with 0.57%. In 2023, gross fixed capital formation, which constitutes 24.05% of GDP, increased by 3.15% in nominal terms and 1.04% in real terms compared with 2022.

Exports of goods and services increased by 14.59% in nominal terms and 9.45% in real terms, while imports of goods and services increased by 1.72% in nominal terms and 0.21% in real terms compared with 2022.

Fig3. Structure of GDP by expenditure approach, in %



2023* Semi-final data

Income Approach

In the framework of the revision of National Accounts, Gross Domestic Product is estimated for the first time by income approach. According to this approach, gross operating surplus (B.2g), which expresses the residual after deducting compensation of employees and net taxes on production from the added value, constitutes the main share of income in the economy with 61.49%.

Compensation of employees, which includes the total remuneration, in cash or in kind, paid by the employer for the work performed, constitutes for 24.34%, followed by taxes on products with 12.82%.

Tab.3: GDP Indicators by types of Income

ESA Code	Item	2018	2019	2020	2021	2022	2023*	Structure in GDP (%)
D.1	Compensation of employees	395,889	430,981	428,199	485,251	527,955	576,891	24.34
D.2	Taxes on production and import	253,586	256,924	222,835	299,185	325,118	337,108	14.22
D.3	Subsidies	-557	-749	-483	-321	-1,424	-1,344	-0.06
B.2g/B.3g	Operating surplus, gross / Mixed income, gross	1,011,902	1,024,879	1,005,434	1,082,558	1,298,092	1,457,251	61.49
B.1g	Gross Domestic Product	1,660,820	1,712,035	1,655,985	1,866,674	2,149,741	2,369,906	100.00

2023* Semi-final data

Methodology

Methodology and classification

The GDP estimations are harmonised with concepts and definitions of European System of Accounts (ESA 2010) and System of National Accounts (SNA 2008). Both these methodologies are the latest updates of ESA 1995 and SNA 1993. The European System of National Accounts and Regional Accounts is the framework for the measurement of economic and financial activities of the economic system, their components and the links between them for a given period of time (usually quarterly up to one year). Transactions made by the economic agents related to other resident or non-resident units in an economic territory are object of measurements in National Accounts.

The classifications used in the National Accounts are as follow:

- Nomenclature of the economic activities REV.2 (NACE Rev.2).
- Nomenclature of Products by Activity (CPA);
- Classification of individual consumption by purpose (COICOP);
- Classification of the functions of the government (COFOG).

Data sources

Various statistical and administrative sources are used for the estimation of GDP. Data could be statistical products of INSTAT or administrative data from different national institutions such as Ministries, General Directorate of Taxes and Customs, National Business Centre, Bank of Albania, Financial Supervisory Authority, National Agency of Natural Resources, etc. By comparing these sources with each other, it is obtained a clear picture of the economy which is comprehensive, consistent, coherent and fully integrated. The statistical sources include data gathered from various records and surveys on entities or households, among which it could be mentioned: Business Register; Population and Housing Census; Structural Business Survey; Retail Trade Survey; Household Budget Survey; Labour Force Survey Price Statistics Survey, etc.

Administrative sources include administrative data collected by other institutions for various purposes, among which it could be mentioned: The annual financial statements; Value added tax (VAT); Monetary financial statistics; Balance of Payments; Government fiscal statistics; Foreign trade statistics; Data on electricity and energy products; etc.

Revision policies

The published data are revised based on revision policies of the national accounts. The annual estimates of the GDP and its components are subject of two types of revisions: routine and major revisions. For more information refer to: <https://www.instat.gov.al/en/themes/economy-and-finance/national-accounts-gdp/#tab4>

Routine revisions:

Annual routine revisions are as a result of updates of annual available data sources with the latest data of a given year 't'.

Major revisions:

Major revisions are linked with incorporation of new statistical and administrative data sources; improvement of statistical techniques and methods of national accounts data compilation; changes in definitions, methods and classifications in international level, introduced by new System of National Accounts (SNA and ESA). Link: <https://www.instat.gov.al/en/themes/economy-and-finance/national-accounts-gdp/#tab4>

Definitions

Gross Domestic Product (GDP): Gross Domestic Product at market prices, is the final result of production activity of productive resident units during a year. It is calculated in two approaches:

- **GDP according to production approach** is equal to sum of gross added values relevant to different kinds of activities, adding taxes and subtracting subsidies on products (not distributed to sectors or branches of a certain activity);
- **GDP according to expenditure approach** is equal to final domestic usage of products and services (final consumption, gross fixed capital formation, changes in inventories), plus exports, minus imports.
- **GDP according to income approach** calculates the value of all products and services that are created within an economy during a certain period, usually a year, focusing on the accumulation of income that is generated by the factors of production.

Output: production is an activity carried out under the control, responsibility and management of an institutional unit that uses inputs of labour, capital and goods and services to produce outputs of goods and services. The total of products created during the accounting period is considered as output. There are three types of output such as: market output; output produced for own final use; non-market output.

Intermediate consumption: Intermediate consumption consists of 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 and services are either transformed or used up by the production services.

Gross Value Added: Gross Value Added represents the contribution of different activities in GDP and is calculated as the difference between the output and intermediate consumption.

Nominal GDP: measures the current market value of a country's gross domestic product.

Real GDP: measures the volume level of a gross domestic product after changes in prices have been considered. It is obtained by expressing values in terms of a base period or previous period prices.

Taxes on products and imports: Taxes on products are paid taxes per unit of some goods and services like the Value Added Tax, excise and customs' tax on imports.

Subsidies on products and imports: Subsidies on products are non-reverse payment made by public administration units to the companies in the form of a certain amount of money per unit of goods or services. Subsidies on imports consist in subsidies of goods or services payable when the product surpasses the border of economic territory or if the services were made to resident institutional units.

Compensation of employees: is defined as the total remuneration, in cash or in kind, that the employer pays to the employee in exchange for the work performed by the latter, during the accounting period. Employee compensation includes employers' wages and social contributions.

Gross operating surplus, (B.2g) is the difference that remains after deducting from value added (at basic prices) compensation of employees and other taxes and subsidies on production. The operating surplus of the self-employed is called "Gross mixed income (B.3g)", because it also contains compensation for the work of the self-employed and other family members.

Other taxes on production are taxes that businesses must pay as a result of engaging in production, regardless of the quantity or value of the goods and services they produce or sell.

Subsidies on production are financial assistance provided by governments to businesses to support the production of goods and services. These subsidies aim to encourage production, reduce production costs, or assist in the development of specific economic sectors.

Final consumption: Final consumption is one of the basic components of GDP by expenditure method. It consists in goods and services used by separate families or communities and are calculated as the sum of final consumption of household, final consumption of general government and final consumption of non-profit institutions serving the households.

Final consumption of households: Final consumption of households contains all goods and services directly used to fulfil the individual needs of resident families.

Final consumption of General government and Non-Profit Institutions Serving Households (NIPSH): Is the value of non-commercial services ensured by General government and non-profit

institutions to the profit of communities or groups of families. It is calculated as the difference between the general government production and NPISH s and their market production value.

Net Export: Net export is the difference between export of goods and services (fob) and import of goods and services (fob).

Gross fixed capital formation: Consists in expenses made to buy new capital or other specific expenses accomplished by resident producers in goods or services to maintain, increase or enlarge their productive activity or create new process conditions in the future.

Changes in inventories: Is defined as the difference between inventories of stocks in process and circulating assets by the end of the year and beginning of the other one. Inventories include raw material and others, products, works and services in process, not finished and finished goods, animals etc.

Gross national income: Gross national income includes all income earned by a country's residents and businesses, including that earned abroad.

Basic prices: is the price receivable by the producer from the purchaser for a unit of a good or services produced as output, minus any tax payable and plus any subsidy receivable on product. It excludes any transport charges invoiced separately by the producer.

Market prices: is the price after adding taxes and deducting subsidies on products.

Current prices: Prices of reference period. They represent the price paid for goods and services during the time of production or consumption.

Constant prices: Estimation in constant prices represents the estimation in real terms, deflated with prices of a base year or of the previous year.