

## Explanatory Notes on Main Statistical Indicators

### Gross Domestic Product

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

From the aspect of value added form, GDP refers to the total value of all products and services produced by all resident units during a certain period of time minus total value of inputs of non-fixed-assets products and services or the summation of the value added of all resident units; the form of products refers to all final goods and services minus imports of goods and services. In the practice of national accounting, it is calculated by three approaches, i.e. product approach, income approach and expenditure approach, respectively, to reflect Gross Product and its composition of different aspects. According to the national regulations of GDP, since 2004, Tianjin Gross Product Value is called Tianjin GDP for short.

### Compensation of Employees

refers to the whole payment of various forms earned by the labourers from the productive activities they are engaged in. It includes wages, bonuses and allowances the labourers earned in monetary form and in kind. It also includes the free medical services provided to the labourers and the medicine expenses, traffic subsidies, social insurance fee and housing provident fund paid by the labourer's working units for them.

### Depreciation of Fixed Assets

refers to the depreciation of fixed assets of a given period, drawn in accordance with the stipulated depreciation rate for the purpose of compensating the wear loss of the fixed assets or the depreciation of fixed assets calculated in a fictitious way in accordance with the stipulated unified depreciation rate in the national economic accounting system. It reflects the value of transfer of the fixed assets in the production of the current period. The depreciation of fixed assets in various enterprises and institutions managed as enterprises refers to the depreciation expenses actually drawn. In government agencies and institutions not managed as enterprises which do not draw the depreciation expenses, as well as for the houses of residents, the depreciation of fixed assets is the imputed depreciation, which is calculated in accordance with the stipulated unified depreciation rate. In principle, the depreciation of fixed assets should be calculated on the basis of the re-purchased value of the fixed assets. However, there is no actual condition to re-evaluate all the fixed assets in China. Therefore, this method is temporarily adopted at present.

### Net Taxes on Production

refer to the residual of the taxes on production minus the

subsidies on production. The taxes on production refers to the various taxes, extra charges and fees levied on the production units on their production, sale and business activities as well as on some sectors of production, such as fixed assets, land and labour force, used in the production activities they are engaged in. In contrast to the taxes on production, the subsidies on production refer to the unilateral transfer of part of the government's revenue to the production units and are therefore regarded as negative taxes on production. They include subsidies on the loss due to implementation of government policies, price subsidies, etc.

### Operating Surplus

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

### Final Consumption Expenditures

refer to the total expenditure of resident units on final consumption of goods and services in a certain period, namely the expenditure of the resident units for purchases of goods and services from domestic economic territory and abroad to meet the requirements of material, cultural and spiritual life. It excludes the consumption expenditure of non-resident units on consumption in the economic territory of the country. The final consumption is classified into households' consumption and government consumption.

### Households Consumption Expenditures

refer to the total expenditure of resident households on the final consumption of goods and services. In addition to the consumption of goods and services bought by the households directly with money, the households consumption also includes expenditure on goods and services obtained by the households on other ways, i.e. the goods and services provided to the households by the units in the form of payment in kind and transfer in kind; the goods and services produced and consumed by the households themselves, in which the services refer only to the owner-occupied housing and domestic services provided by the paid household workers; financial intermediate services provided by financial institutions; insurance services provided by insurance companies.

### Government Consumption Expenditures

refer to the expenditure on the consumption of the public services provided by the government to the whole society and

the net expenditure on the goods and services provided by the government to the households at free charge or lower prices. The former equals to the output value of the government services minus the value of operating income obtained by the government departments, the output value of the government services equals to its current operating expenditure plus depreciation of fixed assets. The latter equals to the market value of the goods and services provided by the government free of charge or at low prices to the households minus the value received by the government from the households.

### Gross Capital Formation

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

### Gross Fixed Capital Formation

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

computer software minus the disposal of them.

### Change in Inventory

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

### Net Exports of Goods and Services

refer to the balance of the exports of goods and services minus the imports of goods and services. The imports include the value of various goods and services sold or gratuitously transferred by the resident units to the non-resident units. The imports include the value of various goods and services purchased or gratuitously acquired by the resident units from the non-resident units. Because the provision of services and the use of them happen simultaneously, the import and export of services do not appear to have the phenomena of crossing the border of the country. The acquisition of services by the resident units from abroad is usually treated as import while the acquisition of services by non-resident units in this country is usually treated as export. The export and import of goods are calculated at FOB. The formula for calculating is as followed:

*Net Export of Goods and Services = Value of Export of Goods and Service - Value of Import of Goods and Services*