

## **The analysis of Gross fixed capital formation by sector accounts**

**Paola Santoro, Francesca Tartamella, Italian Institute of Statistics, National Accounts Department**

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The Italian institute of statistics (Istat), with the last revision of sector accounts (2007) published the revised estimates of fixed capital formation by institutional sectors. The new data are assessed with a new methodology, more coherent with the estimates of gross fixed capital formation by user industries e with a higher detail of analysis of investment goods.

Estimating capital formation according to this methodology needs the integration of different data sources in a coherent framework. These estimates in fact are produced using enterprises surveys (structural business statistics, agricultural enterprises survey) and administrative data, especially for Financial services enterprises (balance sheets data) and General Government.

The 2009 release of sector accounts, publishes for the first time not only the total volume of gross fixed capital formation, but furnishes as well the detail of investment with a focus on macro-industry (agriculture, manufacturing, services) and type of good (dwellings, transport equipment, machinery and equipment, software and other intangible assets).

Starting from these estimates, it is possible to analyse the relationship between capital formation and value added, keeping separately in each industry corporations and unincorporated enterprises. This kind of analysis allows to evaluate the existence of economies of scale and of different models of capital formation for different goods on enterprises organised differently, namely small enterprises versus corporations.

It is important to perform the analysis differentiating by industry: producer households (unincorporated enterprises employing up to five employees) are not uniformly distributed by industry, but their incidence is higher in services. The enterprises in these economic sector behave strongly differently than the one in manufacturing for structure of fixed assets and capital intensity. For each industry the "intensity" of capital investment ("investment rate"), the profitability and productivity of capital formation are therefore measured.

When this analysis is performed in the context of sector accounts, it allows to evaluate the contribution of gross fixed capital formation not only on value added growth, but on the operating surplus as well, on corporations surplus and indirectly, trough the redistribution operation, on households disposable income.