North American Product Classification System and the Economic Census

Implications for BEA

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Federal Economic Statistics Advisory Committee Meeting
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Industry Economic Accounts

- Framework for following the flow of goods and services produced and used inside the U.S. economy

- Provides 3 views of GDP
  - Production approach (Value Added)
  - Income approach (GDI)
  - Expenditure approach (GDP)

- Balanced into one set of integrated accounts
  - Input – Output accounts
  - GDP by Industry accounts
Industry Economic Accounts

- Input-Output (I-O) accounts
  - Track who produces what and who uses what in production or as final use

- GDP by Industry accounts
  - Provide a breakdown of an industry’s value added to overall GDP growth
<table>
<thead>
<tr>
<th>COMMODITIES</th>
<th>Mining and Construction</th>
<th>Manufacturing</th>
<th>Trade and Transportation</th>
<th>Utilities</th>
<th>Finance, Insurance, and Real Estate</th>
<th>Other</th>
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**Total Commodity Output**

**Total Industry Output**
### COMMODITIES

- Mining and Construction
- Manufacturing
- Trade and Transportation
- Utilities
- Finance, Insurance, and Real Estate
- Other

#### VALUE ADDED

- Compensation
- Taxes on Production and Imports
- Gross Operating Surplus

#### FINAL USES

- Personal Consumption Expenditure
- Private Fixed Investment
- Change in Private Inventories
- Net Exports
- Government Consumption and Investment

#### Total Commodity Output and Value Added

- For Gross Operating Surplus:
  - Benchmark levels are quality weighted reconciliation of GO – II and NIPA GDI-based estimates.

- Benchmark levels set based on commodity flow, class of customer data, type of product (consumer or business)

- Exports and imports derived from U.S. Balance of Payments

- Census data on production expense by type and by industry

- Detailed every 5 years from Economic Census, BES and SAS

- Rest left to balancing process
NAPCS Implementation Positives

- Consistency across sectors
  - Enhanced data comparability via NAPCS metadata
  - Detailed product production by industry maintained
  - Uniform tabulation of “where-ever” made product data

- BEA efficiency gains
  - Systems re-engineering
  - Consistent coding scheme
  - Streamlines concordance procedures
BEA Concerns

- Breaks in time-series: measurement inconsistencies
  - Output
  - Inconsistencies between PPI and output measures impact measures of real values

- Secondary product matrices for Manufacturing and Mining industries
  - Loss of secondary output detail
  - Loss of range data for suppressions
  - Need to bridge current vs. proposed tabulations

- Merchandise trade data
  - Need to bridge harmonized codes to NAPCS
Future Collaboration

- Census Bureau
  - Manufacturing Construction Division: secondary product comparability – tabulate under old and new frameworks
  - Foreign Trade Division: harmonized code and product code concordance
  - Annual programs- SAS, ASM, etc.

- BLS
  - Establish business rules to ensure consistency in output and price measures