

Integration of the Industry Accounts: Work since May 2003

At the May 2003 Advisory Committee Meeting, BEA staff outlined a plan to integrate the industry accounts with the first step focusing on integration of the GDP-by-industry and annual input-output (I-O) accounts. Results of the current work are scheduled to be released in June 2004 as part of the comprehensive revision. Under integration, the GDP-by-industry accounts and the annual I-O accounts will present, for the first time, consistent measures of output, intermediate inputs, and value added by industry on a NAICS basis for 1998-2002. Much progress has been made on this effort since the May meeting, including:

- A time series of industry and commodity output, benchmarked to the 1997 I-O accounts, has been prepared on a NAICS basis for 1997-2002, and is being evaluated.
- Routines to balance a time series of annual use tables using the RAS method have been developed, refined, evaluated, and adopted, and will be used to produce new estimates once all NIPA revision data are available.
- In response to comments from members of the Advisory Committee, a statistical procedure for setting best-level estimates of value added by industry has been developed; this procedure uses a probabilistic model that incorporates relevant information from both benchmark I-O accounts and the NIPA measures of gross domestic income.
- New work on Fisher aggregation methods has improved the consistency between industry contributions to real GDP growth within an integrated framework and the expenditures-side measures of real GDP. This will reduce the portion of real GDP growth not allocated by industry.

Many enhancements and refinements have been incorporated into the integration methodology as a result of suggestions from data users, including those from BEA's Regional Accounts Directorate; other government agencies, such as the Bureau of Labor Statistics; and the academic community, including Committee members and participants at the July 2003 CRIW pre-conference on "Architecture for the National Accounts."

In addition to the integration efforts, BEA has recognized the need for time-series data prior to 1998 and is currently developing procedures to prepare NAICS-based estimates of GDP by industry for historic periods. If successful, these series will be available shortly after next year's release of the integrated accounts.