

**International Workshop on  
Measuring GDP by Final Demand Approach  
25-27 April 2011, Shenzhen, China**

**Opening Statement**  
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Dear Colleagues,

I would like to add my warm welcome to all of you to the International Workshop on Measuring GDP by Final Demand Approach. Let me first express my gratitude to the Government of the Republic of China and, in particular, to the National Bureau of Statistics of China, for their continuous support to building strong and efficient statistical systems in Asian countries and for advancing the global statistical system in general. As many of you know, the organization of this workshop is possible thanks to the 5-year trust fund project funded by the Chinese Government which aims at strengthening the statistical capacity in China and other developing countries in Asia, especially in the area of basic statistics.

The topic of the present workshop has been carefully chosen. The final demand approach is one of the main approaches to GDP compilation, components of which have their own policy relevance and which play an important role in the largest global statistical initiative - the International Comparison Programme. National accounts are the key indicators for describing the national economy and its interactions with the international economy. They are used a great deal by national, regional and international agencies, among other reasons, for designing and assessing policies and for making comparisons of growth and development at an international level.

We, as statisticians, know that the GDP growth in itself is equally important to its disposition. The comparisons made from the expenditure side have the advantage of enabling the levels and structures of the two principal components of final demand – consumption and investment – to be analyzed and compared.

Nowadays governments are carefully scrutinizing these components in an attempt to find more answers and to stimulate the economic recovery in their countries from the recent financial and economic crisis. The increase of consumer spending and creation of more demands, reflected in the final consumption expenditure of households, for example, will give a boost in the production activity. However, if the GDP growth is explained by a growth in the consumption only, this will raise a number of questions among analysts about its sustainability. On the other hand, the actual final consumption expenditure of households as an economic indicator for the welfare of the population, gives a more accurate picture of socio-economic conditions in a country – how much of what we had consumed was paid out from our pocket and how much was provided as social transfers in kind by government and non-profit institutions serving households in terms of education and health services.

The investment with its two components – changes in inventories and gross fixed capital formation also provides a wealth of information for decision and policy makers. A slow build up of inventory would be a normal trend after a recession has ended and will send an encouraging signal to businesses, while, if unsold goods are piling up in warehouses, this would be a warning that the economic growth would slow down. Higher capital formation also tends to increase productivity and contributes to GDP growth. Developing countries require a high rate of capital formation to generate and sustain high economic growth and to supplement the growth in labour force and technological progress.

The availability of expenditure components of the national accounts and related basic statistics to measure them are still less than optimal in many Asian countries hence the need for action to address this issue. Furthermore, there have been recent recommendations of the United Nations Statistical Commission calling for capacity building through technical assistance and training for the implementation of the new version of national accounts, the 2008 SNA.

The workshop, therefore, will address specific issues of measuring the final consumption expenditures of households, government and non-profit institutions serving households and estimating gross capital formation for the economy and by sector. The estimation of national accounts' imports and exports of goods and services from foreign trade statistics and other sources will also be discussed.

I hope this workshop will further improve and ensure the harmonization of national accounts compilation in Asia, thus contributing to the production of consistent and comparable data. I wish you a successful and fruitful workshop and a pleasant stay in Shenzhen.

Thank you.