

## Explanatory Notes on Main Statistical Indicators

### Gross Regional Domestic Product

refers to the final products at market prices produced by all resident units in a region during a certain period of time. Gross regional domestic product has three forms, namely value form, income form and product form.

From the aspect of value 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. From the aspect of income form, it refers to the sum of various incomes such as labor remuneration, production tax net, fixed asset depreciation, and operating surplus formed by all resident units in a certain period of time. From the aspect of product form, it refers to all final goods and services minus imports of goods and services.

According to the national regulations of GDP, since 2004, Tianjin Gross Domestic Product is called Tianjin GDP for short.

### Compensation of Employees

refers to the total payment of various forms to employees for the productive activities they are engaged in. It includes monetary or in-kind. It mainly includes wages, bonuses, allowances and subsidies, social insurance paid by unit for its employees, supplementary social insurance and housing fund, retirement pensions for employees of administrative institutions, employee stock options provided by the unit for its employees, and various other forms remuneration and benefits, etc.

### Depreciation of Fixed Assets

refers to the decline in the value of fixed assets due to natural deterioration, normal elimination or loss, it reflects the value of fixed assets transferred to their output through the production process.

### 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 and land, used in the production activities they are engaged in. In contrast to the taxes on production, the subsidies on production refer to the free expenditures provided by the government to influence production, sales and pricing of production units and are therefore regarded as negative taxes on production. They include subsidies on the agricultural production, loss due to implementation of government policies, etc.

### Operating Surplus

refers to the balance of the value added created by the resident units deducting the compensation of employees, net taxes on production and the depreciation of fixed assets.

### Final Consumption Expenditures

refers to the total expenditure on goods and services by resident units in order to directly meet personal or public consumption needs. Final consumption expenditure is divided into household consumption expenditure and government consumption expenditure.

### Household Consumption Expenditures

refers to the consumption expenditure of residents to purchase and use goods and services in order to meet living needs directly. It includes the direct purchase of goods and services in the form of currency, the goods and services obtained in the form of remuneration in kind, the goods produced and used by residents themselves, virtual calculation of self-owned housing services and indirect calculation of financial intermediary services.

### Government Consumption Expenditures

refers to the consumption expenditures in providing public services to the whole society by government, and the net expenditures on goods and services provided to residents for free or at prices of no significant economic significance.

### Gross Capital Formation

refers to the accumulation of non-financial production assets of resident units during the accounting period, including gross fixed capital formation and changes in inventories.

### Gross Fixed Capital Formation

refers to the value of fixed assets acquired less disposals by producers and plus certain specific expenditures attached to the value of non-produced assets, such as ownership transfer costs. Fixed assets are the assets produced through production activities with specified unit value which could be used for over one year, excluding natural assets, consumer durables, small appliances. Gross fixed capital formation is calculated at purchaser's price and recorded when ownership changed. The current accounting contents mainly include residences, other buildings and structures, machinery and equipment, and the acquisition and disposal of intellectual property products.

### Change in Inventory

refers to the market value of the change in inventory of resident units, i.e. the difference of value between the beginning and the end of the period, it does not include holding gains and

losses due to price changes during the accounting period. 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. The change in inventory can be positive or negative. A positive value indicates the increase in inventory while a negative value indicates the decrease in stock. According to sources, changes in inventories are calculated by industry.

#### Net Outflow of Goods and Services

refer to the balance of the outflow of goods and services minus the inflow of goods and services. The outflow include the value of various goods and services sold or gratuitously transferred by the resident units to the non-resident units. The inflow include the value of various goods and services purchased or gratuitously acquired by the resident units from the non-resident units.