

GNI Notification September 30, 2019

INSEE has notified 30 September the estimates of French Gross National Income (GNI) to the European Commission for the years 2018 and earlier.

GNI is a close aggregate of the Gross Domestic Product (GDP), but conceptually different. GDP measures the income generated by all economic activities on French territory during a given period (year or quarter). This income ultimately benefits in most cases to agents residing on the French territory, but sometimes also to agents residing on a foreign territory when they work in France or hold shares in companies active on the French territory. GNI measures the total income of agents residing in France. Thus, we move from GDP to GNI by adding the income flows (business income, property income, subsidies less taxes on production) received from abroad and subtracting the income flows paid abroad.

The level of GDP for 2018 published by INSEE is € 2,353.1 billion and the level of GNI is € 2,406.1 billion (source: National accounts, 2014 base).

GNI has an institutional use: it determines the largest part of the contribution of the various countries of the European Union to its budget. For reasons of budgetary equity between countries, the estimation of GNI is therefore subject to very high comparability requirements and is the subject of a specific regulatory framework (the "own resources directive"). As a result, the notified GNI, used for the purpose of calculating the EU's own resources, may differ from the GNI published.

Table 1.116 thus specifies the corrections to be made to move from the GNI published nationally to the GNI notified. These corrections are as follows:

- **a geographical perimeter correction**

Mayotte, which became the fifth overseas department in 2011, was included in the national accounts (GDP and GNI in particular) during the development of the 2010 base for the entire period covered by national accounts (1949-2013) in order to preserve the significance of annual changes. However, Mayotte only obtained the status of ultra-peripheral region in the EU in 2014 and it is only from 2014 that Mayotte must be taken into account in the calculation of the notified GNI. The adjustment to exclude Mayotte from previous years reduces GNI by € 1.8 billion in 2013;

- **a correction on FISIM (financial intermediation services indirectly measured)**

At the request of Eurostat, a new FISIM estimation method has been developed. It now uses accounting data from the Banque de France, Balance of Payments, and information on interest rates served by French banks. The new method leads to a change in the final consumption and foreign trade of FISIM, from 2010 to 2018; it reduces the GNI by € 0.3 billion in 2018.

- a correction on imputed rents

Rents imputed to owner-occupiers are estimated through modelling by using housing surveys that are conducted approximatively every 5 years. Taking into account the last housing survey available lead to a revision of imputed rents impacting the household production and final consumption in housing services, from 2010 to 2018; it raises the GNI by € 12.1 billion in 2018.

Corrections on FISIM and imputed rents will be taken into account in the GNI nationally published in the next benchmark revision; those corrections do not impact the growth rates of the main aggregates currently published at national level by Insee.

In the end, taking into account all these corrections, the GNI reported the 30th of September 2019, according to the ESA 2010 concepts, amounted to € 2,417.9 billion for 2018.

