

ITALY - PROGRESS REPORT ON ENVIRONMENTAL ACCOUNTING**London Group Meeting, Canberra, 15-19 November 1999**

Since the 1998 London Group meeting, the main areas of development at Istat in the field of Environmental Accounting were:

1. SERIEE implementation

Our priority in this area is to focus on the collection of basic data in a way consistent with the EPEA (projects A. B. and C. below); this stage of the work will subsequently allow us to start to build the EPEA Tables. An update on specific projects is provided below:

A. Environmental protection expenditure (EPE) by General Government

To the aim of collecting and quantifying expenditure on environmental protection by General Government, Istat is currently analysing the individual items of budget accounts of General Government. At this stage the work involves: identifying and selecting the General Government expenditure items that fall within the field of analysis of the EPEA; classifying these in terms of the CEPA.

A description of the methodology is available in the paper "The Istat methodology for calculating General Government expenditure on environmental protection", that will be presented at the December 1999 Eurostat meeting of the Sub-Group "Environmental Expenditure Statistics" and the Working Party "Economic Accounts for the Environment".

B. EPE by Industry and Services

The 1999 Intermediate Census of Industry and Services - currently under way - includes some questions on EPE: investment, current expenditure and expenditure for R&D. Data refer to the year 1997 and results are expected for the first half of the year 2000. In 1998 a pilot survey for the Census was conducted including (approximately) the same EPE questions. Methodological details as well as the pilot survey results can be found in the paper "The 1999 survey on industry and services EPE in Italy", that will be presented at the December 1999 Eurostat meeting of the

Sub-Group "Environmental Expenditure Statistics" and the Working Party "Economic Accounts for the Environment".

C. EPE by Households

Following the first Istat pilot survey on households' environmental expenditure with reference year 1997 announced at the last meeting, a second pilot survey with reference year 1998 was completed.

D. Environmental Industry

A first selection of economic activities that can be - partly or wholly - identified as environmental industries was completed by comparing the Italian classification of economic activities to the two international definitions/classifications of environmental industries: the SERIEE and OECD/Eurostat ones. The exercise will be used for future surveys or analyses of the sector.

2. Pressure indicators

For each of the Eurostat Sectoral Infrastructure Projects (SIP) sectors - Agriculture, Tourism, Industry, Energy, Transport, Waste Management - we completed:

- the definition/delimitation of the sector;
- the identification of the production and consumption processes - typical of the sector itself - which are responsible for generating environmental pressure;
- the identification of the relevant indicators.

For the sector Agriculture, we also researched existing information sources in Italy in order to assess whether they could be used to build the indicators (a similar study was undertaken by Istat in 1996 for Eurostat for the sector Tourism).

We included some indicators-related questions in the survey on agricultural firms for the year 1998; the responses are currently being checked.

3. NAMEA

In June 1999 the Environmental Accounting Unit and National Accounts Department of Istat have completed the first NAMEA-type matrix for Italy. All data refer to the year 1990 and include:

- "goods and services" and "production" accounts;
- air emissions by economic activity of six air pollutants: carbon dioxide (CO₂), sulphur dioxide (SO_x) nitrogen oxides (NO_x), nitrous oxide (N₂O), ammonia (NH₃), methane (CH₄);
- the direct intake from nature by economic activity of four resources: endogenous steam, wood and fossil fuels, minerals, biotic materials.

A new project is currently under way, which will produce data for the years 1991 and 1992. Specifically: the economic part of the matrix and the intake of resources will be updated to the years 1991 and 1992; the air emission accounts for 1990 will be extended to the calculation of CO (carbon monoxide) and non-methane volatile organic compounds (NMVOCs); finally, air emissions accounts will be produced for the years 1991 and 1992 for eight pollutants: CO₂, SO_x, NO_x, N₂O, NH₃, CH₄, CO, NMVOCs.

4. Other activities

1. Proposed national law on environmental accounting

As announced last year, the introduction, by legislation, of environmental accounting aggregates in economic planning is being discussed in Italy. Under the proposed legislation central and local government bodies will have to implement accounting frameworks based on the NAMEA and the EPEA model as well as environmental indicators.

Istat played an important role in the development of the proposed law, providing ad hoc background work as well as detailed technical comments on draft versions of the text.

2. Non-EPEA State environmental expenditure

Under a contract with the Ministry of the environment, Istat is calculating environmental expenditure by the State in 1996 for the next Report on the State of the Environment. The methodology will be the same used in previous Reports and is not consistent with the EPEA; nevertheless, links with CEPA are ensured to the extent possible.