

EUROPEAN ECONOMY

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement A
Economic trends
No 5 – May 1997



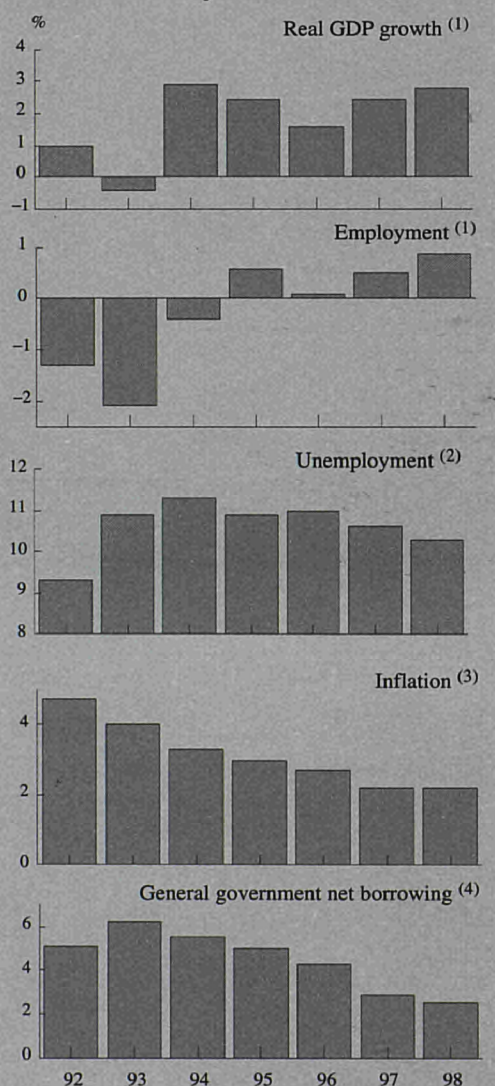
*In this number :
Economic Forecasts
for 1996–1998¹*

ECONOMIC OUTLOOK OF THE EU : 1997–1998

After the monetary turbulence in 1995 and the growth pause which lasted until 1996, economic activity has picked up and continues the sound, but temporarily interrupted recovery of 1994:

- Compared to the Autumn 96 Forecast economic growth in most Member States has been revised upwards slightly. For the EU as a whole this has resulted in an economic growth estimate of 1.6 % in 1996 (the same as previously) and a forecast of 2.4 % in 1997 (2.3 % previously), while the growth forecast for 1998 remains unchanged at 2.8 %.
- Exports are expected to be the initial driving force of the recovery, supported by a healthy international environment and an improved competitive position to which more appropriate exchange rate levels have contributed. Also, consumer confidence is returning, underpinning private consumption. Investment should follow suit as supply side fundamentals improve further and the general economic climate brightens. The credibility of the budgetary consolidation effort has brought about a decline in interest rates enhancing entrepreneurs' confidence.
- After a standstill in 1996, employment creation will quicken in 1997 and 1998, corresponding to about 2 million new jobs over the two years. The unemployment rate is expected to decline from 11 % in 1996 to 10.3 % in 1998.
- Inflation convergence should increase further towards low levels. The average EU inflation rate is expected to fall to 2.2 % in 1997 and stay at that level in 1998.
- Based on known budgetary measures, the average deficit/GDP ratio in the EU is expected to fall from 4.3 % in 1996 to 2.9 % in 1997. Only two Member States are expected to have a ratio higher than 3 % in 1997. The scenario for 1998 is based on the usual assumption of no change in policy, and a further improvement of the average deficit to 2.5 % of GDP should result from the cyclical upturn. In many countries there is little progress in 1998 because of a reliance on one-off measures and because the 1998 budget is not yet known. With respect to the debt/GDP ratio, four Member States are expected to have a ratio below 60 % over the forecasting horizon. Most other Member States, however, are characterised by falling debt/GDP ratios.

EU economy : General outlook



¹ This is a summary of the Commission Services' Spring 1997 Economic Forecasts, based on available data up to 15 April 1997. The Autumn 1996 forecasts for 1996–98 were published in Supplement A, N° 12 of December 1996.

(1) Annual percentage change
(2) As a percentage of the civilian labour force
(3) Private consumption deflator, annual percentage change
(4) As a percentage of GDP

Main features of Spring 1997 Economic Forecasts (Annual percentage change, unless otherwise stated)

	86-90	91-95	96-98	1995	Est. 1996	Forec. 1997	Scen. 1998
Real GDP growth							
EUR ¹	3.3	1.5	2.3	2.4	1.6	2.4	2.8
Germany ¹	3.4	2.2	2.2	1.9	1.4	2.3	2.9
France	3.2	1.1	2.2	2.2	1.3	2.3	3.0
Italy	3.0	1.1	1.3	2.9	0.7	1.2	2.0
United Kingdom	3.3	1.2	2.5	2.5	2.1	2.8	2.6
Inflation²							
EUR ¹	4.3	4.1	2.4	3.0	2.7	2.2	2.2
Germany ¹	1.5	3.4	1.9	1.9	1.9	1.9	2.0
France	2.9	2.3	1.7	1.7	1.8	1.6	1.7
Italy	6.1	5.7	3.2	5.8	4.4	2.7	2.4
United Kingdom	5.0	4.2	2.5	2.6	2.8	2.3	2.5
Unemployment (%)³							
EUR ¹	8.9	10.1	10.6	10.9	11.0	10.6	10.3
Germany ¹	5.9	7.3	9.4	8.2	9.0	9.7	9.5
France	9.7	11.1	12.3	11.6	12.3	12.5	12.1
Italy	9.6	10.3	11.9	11.9	12.0	12.0	11.8
United Kingdom	9.0	9.5	7.1	8.8	8.2	6.8	6.3
General government net borrowing (% of GDP)							
EUR ¹	-3.7	-5.3	-3.2	-5.0	-4.3	-2.9	-2.5
Germany ¹	-1.5	-3.1	-3.2	-3.5	-3.8	-3.0	-2.7
France	-1.8	-4.4	-3.4	-4.8	-4.1	-3.0	-3.0
Italy	-10.8	-9.2	-4.6	-7.0	-6.7	-3.2	-3.9
United Kingdom	-1.2	-5.8	-2.9	-5.6	-4.4	-2.9	-1.4
Current account balance (% of GDP)							
EUR ¹	0.1	-0.1	1.0	0.7	1.0	1.1	1.1
Germany ¹	4.2	-1.2	-1.0	-1.2	-1.2	-0.9	-1.0
France	-0.3	0.6	2.1	1.4	1.9	2.1	2.3
Italy	-0.8	0.1	3.9	2.6	3.5	4.1	4.1
United Kingdom	-3.7	-2.0	-0.8	-0.5	0.0	-0.9	-1.4
International economic environment							
GDP growth USA	2.8	2.3	2.5	2.0	2.4	2.8	2.2
GDP growth JAP	4.6	1.3	2.5	0.9	3.6	1.6	2.5
World imports excl. EU	6.7	6.0	7.8	11.8	7.4	7.9	8.1
Extra-EU export market growth	6.4	3.7	7.6	10.5	7.4	7.5	7.8

¹ EUR and Germany including the new German Länder from 1991 onwards; for percentage changes from 1992 onwards.

² Deflator of private consumption.

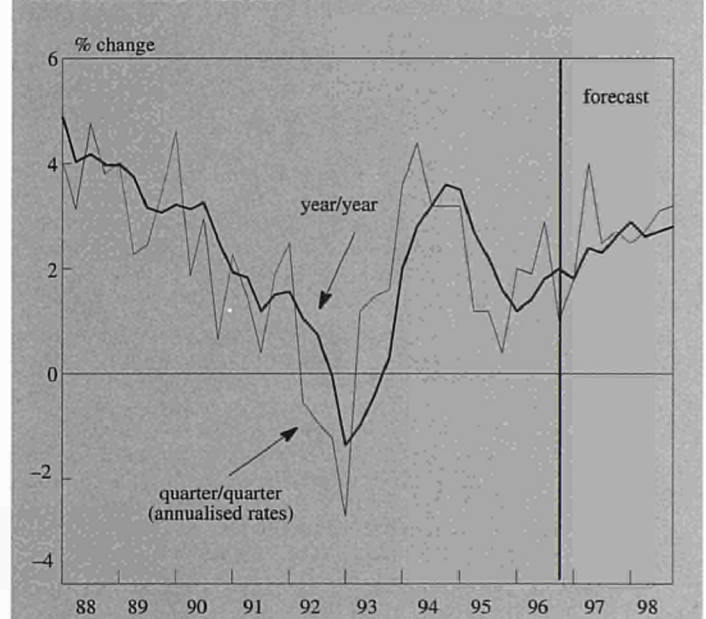
³ Eurostat definition.

THE ECONOMY OF THE EUROPEAN UNION

1. Recent developments

Economic activity in the European Union has developed roughly as anticipated in the Autumn 96 Forecast. The scenario of a gradual recovery progressively gaining steam during 1996 has materialised. **GDP growth** in the third quarter of 1996 was relatively strong: 0.7% quarter over previous quarter (qoq) in the EU as a whole, but decelerated in the fourth quarter (0.3% qoq), mainly due to the bad weather and to a negative working day effect. Preliminary information indicate that the first quarter of 1997 might be weak as well, with overall EU GDP being pulled down by the poor performance of Germany, France and Italy.

GRAPH 1 : GDP - EUR15



As compared to summer 1996, the outlook for **industrial production** has improved somewhat. During the fourth quarter of 1996, total EU industrial output grew by 0.7% year on year, following 0.3% in the third quarter. This result would have been higher without Italy, which recorded a worrying fall of 5.5% year on year in the last quarter of 1996, from which Italy is now recovering.

In line with the slow economic activity recorded in 1996, average **unemployment** in the EU has stabilised for the past year or so at a high level of around 11% of the labour force. In April 1997 (latest available seasonally adjusted data from Eurostat), it stood at 10.8%.

Since August 1996, **inflation** in the EU has stabilised at a low level, close to 2%. Measured by the harmonised indices of consumer prices, average inflation in the EU was 1.5% in April 1997, with 14 member countries out of 15 posting a figure below 2%.

Results from the **surveys** have continued to improve since the previous forecast and the overall economic sentiment indicator remains slightly above its long-term average. In particular industrial confidence in the EU improved between July 1996 and April 1997. Capacity utilisation increased in the second quarter of 1997. A majority of manufacturing managers observed an increase in new orders, and optimism concerning exports has continued to rise. Finally, consumer confidence in the EU began improving in May 1996 and has remained steady over the past 4 months to April 1997. The latter trend is encouraging, as the EU economy is faced mainly with insufficient demand. Consumer sentiment, however, varies across countries in the EU with some Member States enjoying a degree of optimism above average, while in others consumer confidence is unusually low.

As compared to the situation prevailing at the time of the publication of the previous forecasts (November 1996), **short term interest rates** have remained roughly stable, but compared with spring 1995 (a period of monetary turbulence) the decline has been impressive, especially in the former high interest rate countries. In some countries the downward trend stopped or reversed itself slightly from mid-January to the end of March. However, since then the convergence trend previously observed is back on track. Three-month interest rates in Germany, France, Belgium, the Netherlands, Denmark, Austria and Finland have remained stable between 3% and 3½% since the

previous forecast. Apart from the UK and Ireland, where short-term interest rates have also remained stable but at a higher level, in Italy, Spain, Portugal, Sweden and Greece, 3 month rates have continued to decrease, albeit at a slower pace, owing to a reduction in inflation. In Italy, for example, short-term interest rates have declined from 11% in spring 1995 to 7.3% in November 1996 and to 7.0% at the beginning of May 1997. The differential between the Italian lira and the German mark narrowed over the same period from 6% to 4¼% and to 3¾%.

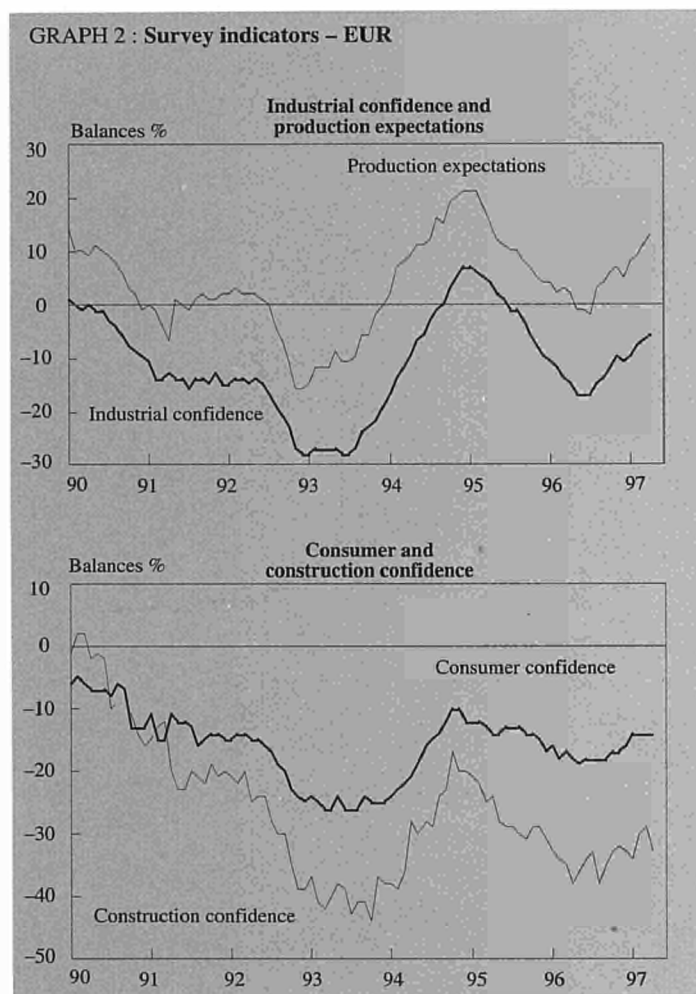


TABLE 1 : Economic activity – EUR
(Real percentage change from previous half-year at annual rate)

	94H2	95H1	95H2	96H1	Estimate 96H2	Forecast 97H1	Forecast 97H2	Scenario 98H1	Scenario 98H2
Private consumption	2.0	2.1	1.5	2.4	1.5	1.8	2.6	2.3	2.5
Government consumption	-0.2	1.3	1.3	1.0	1.5	0.4	0.6	0.9	1.3
Gross fixed capital formation	3.7	4.8	1.9	-0.5	3.4	1.8	4.8	4.6	4.9
– of which equipment	7.4	8.4	3.5	2.9	1.5	5.4	7.1	6.0	6.3
– of which construction	1.1	2.2	0.8	-3	4.9	-0.8	3.0	3.5	3.8
Change in stocks ¹	1.2	-0.4	0.5	-0.5	-0.4	0.4	0.2	0.1	0.0
Exports of goods and services ²	10.6	6.6	2.5	3.9	7.7	5.5	6.5	6.6	6.8
Imports of goods and services ²	8.6	5.3	4.6	2.8	5.1	5.4	6.6	6.5	6.5
GDP	3.4	2.7	1.4	1.5	2.2	2.2	2.9	2.7	2.9

¹ Contribution to change in GDP. ² Including intra-EU trade.

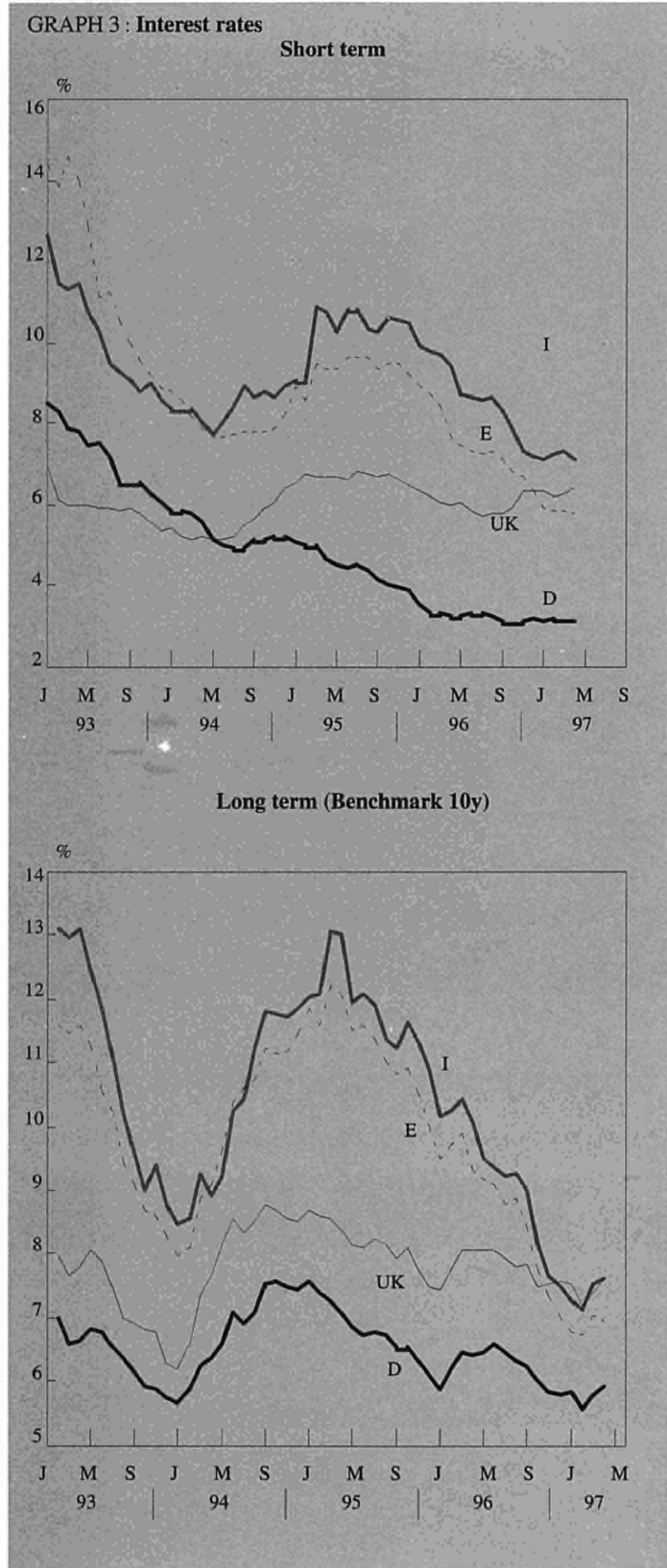
Long term interest rates in the EU (measured by 10 year benchmark bonds) decreased in all member countries without exception from last November until end-February 1997. This was made possible by the conjunction of several favourable elements, including the fall in US long rates and the widening of the spread vis-à-vis US bonds (which amounted to a maximum of 100 basis points). At the same time, the decline in long term rates in the high yielding countries was faster than in the other countries, so that differentials

against German rates have shrunk. Since end-February, European yields have failed to decouple further from US ones, leading to an overall increase in European yields, following the move observed in the US, but long term interest rates in most European countries have since come back close to their levels of November 1996 or fallen further, consolidating already impressive reductions since spring 1995. Compared to the peak levels registered at the time of the monetary turbulence in spring 1995, Italian long-term interest rates have declined by 550 basis points to 7.5% at the beginning of May allowing a reduction in the long-term interest rate differential against German rates from 5.5% to 1.7%.

As compared to the situation observed in November 1996, the most noticeable change in **exchange rates** concerns the dollar, which appreciated to 1.73 DEM/USD by the end of April 1997. If this normalisation of exchange rate relations is maintained, this would represent a 15% appreciation of the dollar compared to the average level of 1996 against the German mark, and a consequent significant improvement in the competitiveness of European goods and services in the world market. The British pound continued its upward trend, further appreciating by around 10% against the DEM since November. Apart from the US dollar effect, the current upward trend of the British pound is mainly due to the cyclical lag evident between the British economy and its European trading partners, and to the subsequent decoupling of respective monetary policies. As a consequence of a strong Sterling and of healthy domestic economic conditions, the Irish pound also appreciated over the observed period, lifting that currency to the top of its ERM band. The ERM has otherwise been tension-free and was rejoined by the Italian lira on 25 November 1996 at a 990 LIT/DEM central parity. All in all, current exchange rate conditions appear much more favourable to exports and GDP growth than during the past two years.

2. Gradual strengthening of growth in 1997 and 1998

Following the growth pause in the first half of 1996, the rebound in economic activity materialised in the second half of the year and the sound recovery which started in 1994, but was interrupted in 1995 by monetary turbulence, has continued. In most EU countries, exports were strong in 1996 and into 1997, reflecting both export market buoyancy and price competitiveness gains arising from controlling domestic costs and from the appreciation of the US dollar. Increased capacity utilisation deriving from buoyant foreign de-



mand should, in turn, begin to spill over into higher equipment investment. The latest indicators (order statistics, business climate) suggest that this is in the offing. The EMU-related improved credibility of economic policies, favourable supply-side fundamentals in terms of investment profitability, a strong US dollar and sustained growth of foreign demand are forecast to contribute to the strengthening of economic performance and to a stronger convergence of GDP growth rates in Europe in 1997 and 1998.

Total GDP in the EU is forecast to grow by rates of the order of 2 to 3% (qoq, annualised). Annual GDP growth rates in the EU are assumed to be 2.4% in 1997 and 2.8% in 1998, roughly unchanged on the Autumn 96 Forecast. Compared with the autumn, few changes have been made to the country forecasts. Most countries have witnessed an upward revision in both years, the largest taking place in Greece, Ireland, Luxembourg and Finland. On the other hand, the forecast for the UK has been revised downwards, mainly due to the assumed effect of the appreciation of Sterling. The Italian forecast was also revised down in both years but to a larger extent for 1998.

In tandem with the assumed strengthening of growth, convergence is also forecast to improve among Member States in the final run-up to EMU. Inflation rates are seen converging to a range between 2 and 2½%, long term interest rate differentials are forecast to continue decreasing and general government deficits should stand at 3% or below in many member countries. These expected developments should allow for a large number of countries to fulfil the conditions for EMU participation. However, outturn, as opposed to forecast, data for 1997 will be used for the decision by the European Council concerning which countries meet the necessary conditions for EMU participation. This will happen in early 1998, on the basis of reports issued by the Commission and the EMI.

3. Improved growth forces

Supply side fundamentals were already good in 1996 and have improved further. In addition, demand prospects are also now brightening.

Supply-side fundamentals in terms of investment profitability, borrowing costs, and the macroeco-

nomical development of wages are sound and even slightly better than during the previous upturn of 1994. To this is added an absence of inflationary pressures reducing price uncertainties so that cost calculations and investment decisions can be made in a stable environment. There is still some free capacity but the degree of capacity utilisation rose by one point to 81.6% in the second quarter of 1997.

The **international environment** remains favourable. Extra-EU export markets are forecast to expand by 7½% this year and next. The US economy is expected to grow more strongly this year than anticipated in the Autumn Forecast, before decelerating somewhat in 1998. GDP growth in Japan in 1997 is expected to be weaker than in 1996, but it should accelerate in 1998. 1997 is expected to mark an end to the decrease in output in Central and eastern European countries as a whole. Finally, even if growth prospects have been revised downwards slightly in the dynamic Asian economies, high growth rates close to 7% are still expected. On top of that, the appreciating US dollar and the control of costs in national currencies will improve the price competitiveness of European goods and services.

The **policy-mix** has been rebalanced in a favourable way for sustained economic growth. The scope for a durable monetary easing, while still taming inflation, has been provided by the increased credibility of budgetary consolidation efforts and an appropriate macroeconomic evolution of wages. Interest rates were lowered in most Member States throughout last year. Taking into account that a time-lag of at least one year is necessary for reaping the fruits of monetary policy changes in the real sector, the full effect is due to be realised in 1997. There is also no prospect of a tightening of the policy-mix.

As a consequence demand prospects are brightening. Initially, **exports** should represent the most dynamic engine of the recovery. Benefiting from an extra-EU demand which is assumed to grow healthily and from a firming intra-EU trade in line with the progressive recovery in output, exports of goods and services are forecast to grow by 6.3% in 1997 and 6.6% in 1998 in the EU, significantly faster than the 4.5% rate recorded in 1996.

GRAPH 4 : Main forces shaping activity

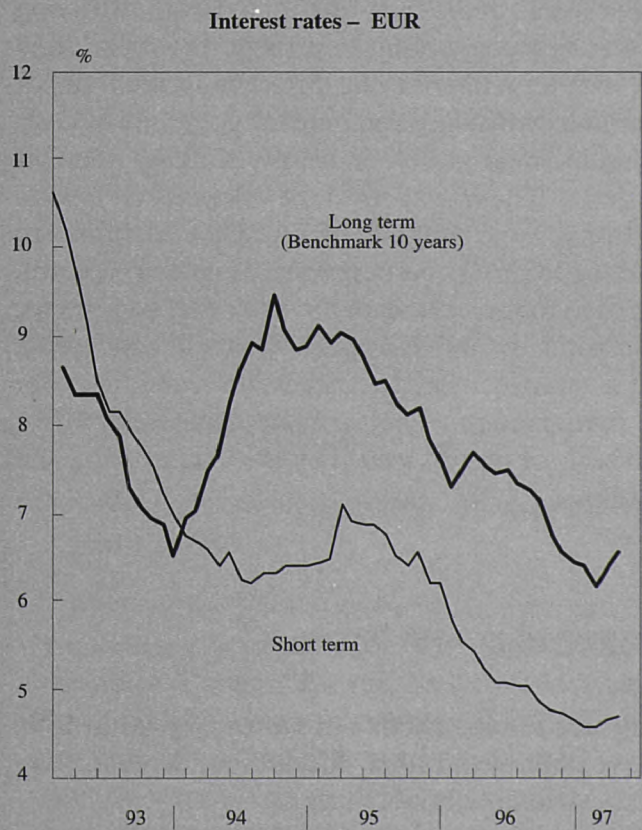
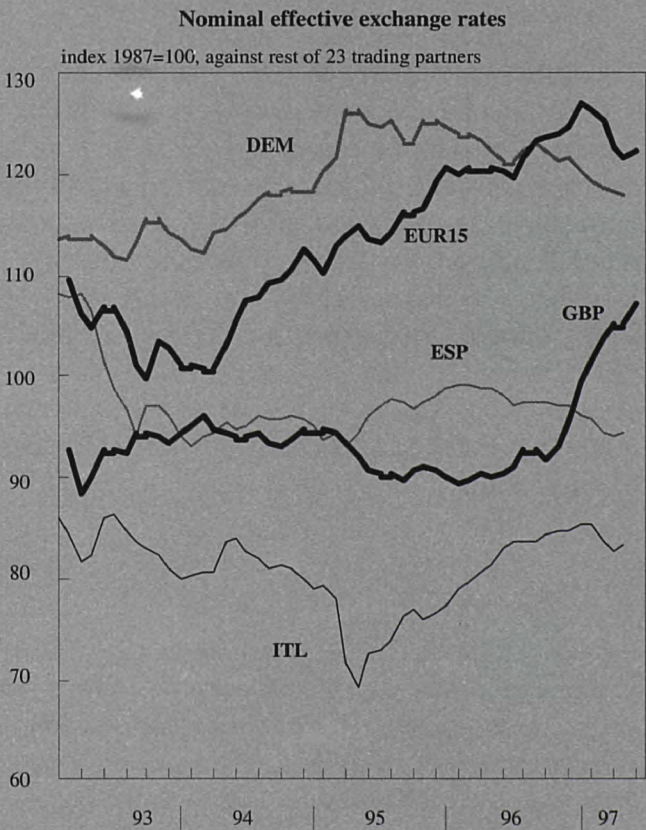
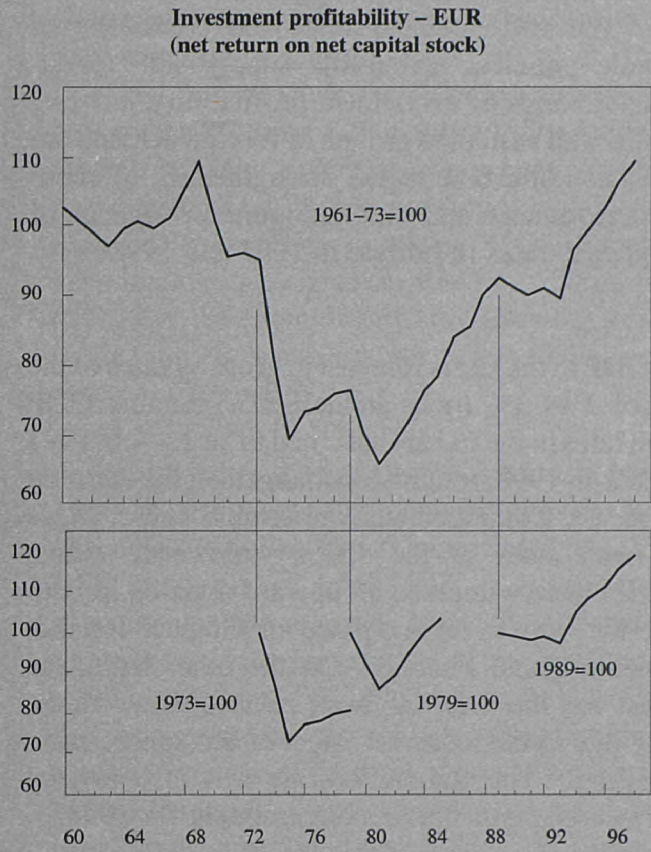
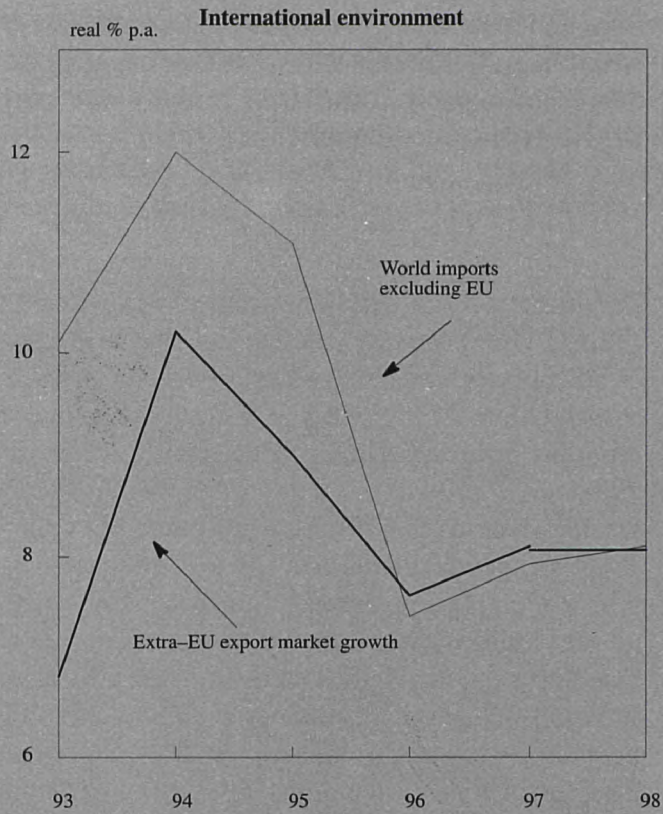
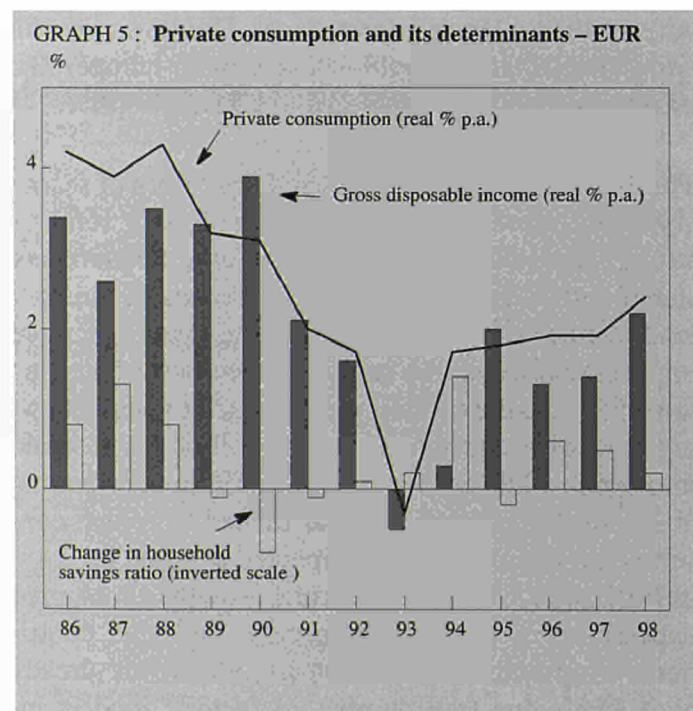


TABLE 2 : Composition of growth – EUR

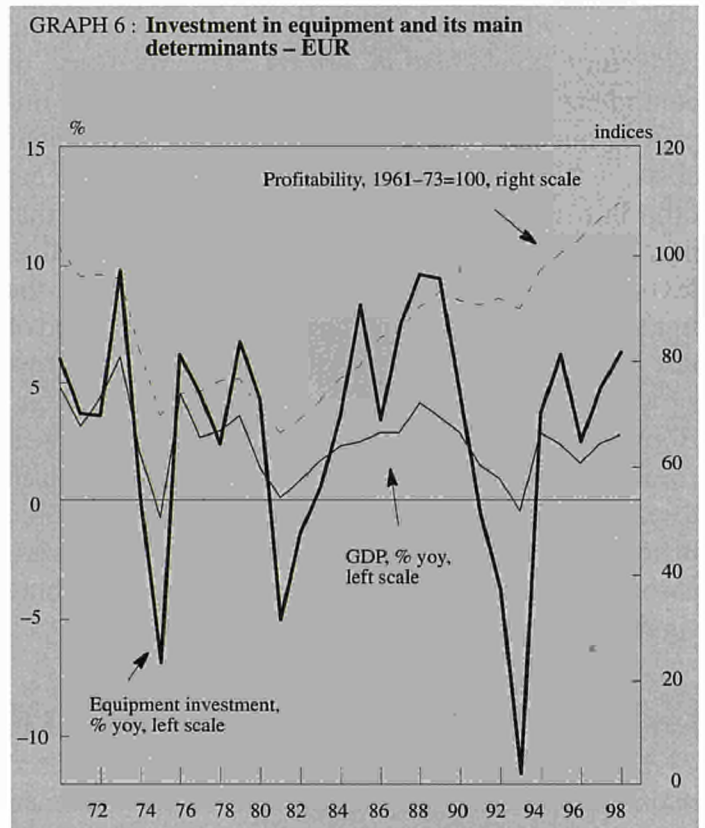
	1994	1995	Est. 1996	Forec. 1997	Scen. 1998
Real annual percentage change					
Private consumption	1.7	1.8	1.9	1.9	2.4
Government consumption	0.3	0.6	1.2	0.7	0.9
Gross fixed capital formation	2.4	3.7	1.1	3.0	4.7
– of which equipment	4.0	6.5	2.7	4.8	6.3
– of which construction	0.9	1.6	-0.1	1.5	3.5
Exports of goods and services ¹	9.0	7.5	4.5	6.3	6.6
Imports of goods and services ¹	7.6	6.5	3.8	5.6	6.6
GDP	2.9	2.4	1.6	2.4	2.8
Contribution to changes in GDP²					
Consumption	1.1	1.2	1.4	1.3	1.6
Investment	0.5	0.7	0.2	0.6	1.0
Stockbuilding	0.9	0.2	-0.3	0.2	0.1
Exports ³	0.8	0.5	0.7	0.9	0.8
Final demand ³	3.3	2.6	2.2	3.0	3.5
Imports ³ (minus)	0.5	0.2	0.5	0.6	0.7

¹ Including intra-EU trade.
² GDP=C+I+Δ stocks+X-M.
³ Excluding intra-EU exports

Following a surprisingly good performance of a 1.9% growth rate in 1996, **private consumption** in the EU is forecast to again post a steady 1.9% rate in 1997 and to accelerate to 2.4% in 1998. This relatively favourable outlook should materialise owing to a further fall in the household saving ratio, an increase (albeit moderate) in real disposable income, and by a progressive increase in employment.



In this context investment should also pick-up as the degree of capacity utilisation rises. Even though far from its peaks of 6 to 8% recorded during the period 1988–90, **overall investment** is also expected to recover in 1997 (+3.0%) and 1998 (+4.7%) from its low growth rate of 1996 (+1.1%). Construction investment is forecast to remain relatively weak, but this poor performance should be more than offset by stronger investment in equipment (+4.8% and +6.3% in 1997 and 1998). The latter should be driven by the need to replace obsolete machines but also by increased demand (both external and internal) for capital goods in line with the expected recovery of final demand and the high level of profitability. In the short run, investment will be an important demand factor and in a medium-term perspective investment creates the capacity for a sustained growth process without inflationary pressures.



4. Stronger growth ahead and growth convergence improving

In 1997 most countries are expected to experience growth rates close to the Union's average of 2.4%. While Finland and Ireland are estimated to experience above average growth rates, Austria and Italy are forecast to grow at slightly lower rates in 1997. As growth convergence proceeds all these countries will approach the Union's average growth rate of 2.8% in 1998. Sustained stronger growth in some of Europe's

poorer countries has allowed them to catch-up. The case of Ireland is particularly telling. In the beginning of the eighties GDP per head in Ireland was only $\frac{2}{3}$ of the European average, below Spain. By 1997 Ireland will have climbed to the European average.

In Germany, periods of strong economic activity were interrupted by short periods of lower growth in the beginning and around the end of 1996 resulting in an annual GDP growth rate of 1.4%. Taking into consideration favourable supply-side conditions and the fall in the real effective exchange rate, the pick-up in growth is forecast to continue in 1997 and 1998. The latest economic indicators confirm this growth optimism. Private consumption, still curtailed by the effects of marked increases in social contribution rates and slow wage growth, is expected to grow less quickly than GDP. Public consumption, though raised by higher transfer payments due to the labour market situation, will more or less stagnate due to ongoing budgetary consolidation efforts. The recovery of equipment investment continues as a result of improved business expectations, shrinking unit labour costs, and historically low interest rates. The recent drop in residential construction reflects the fact that new tax laws to promote home ownership as well as favourable financing conditions have not offset the tightening of tax depreciation allowances at the end of last year. In total, fixed investment is forecast to grow slowly this year, but with increased speed next year. Boosted by the appreciation of the US dollar, renewed strength in the external sector, and strong growth in foreign demand, exports have been the driving force behind recent output growth. As economic recovery abroad continues, exports are expected to contribute significantly to output growth.

In France, the pattern of activity was very uneven in 1996. Overlooking short-term movements caused mainly by variations in working days, demand firmed over the course of the year. For more than a year now, the French economy has been in the ascending phase of the cycle: between the fourth quarter of 1995 and the fourth quarter of 1996, the year-on-year growth rate of GDP rose from 0.7% to approximately 2%. The latest surveys point to a marked improvement in the outlook for industry as a result of buoyant external demand. Benefiting from strong world demand, and from a depreciation in the effective exchange rate of the franc, exports are forecast to represent the main driving force. While stocks are expected to replenish, domestic demand excluding stocks should grow in 1997 at a rate close to that recorded in the previous year, with an acceleration in investment offsetting a

slowdown in household consumption. Indeed, private consumption is expected to decelerate markedly in 1997 compared to 1996, as a consequence of the end of the government incentive scheme for new car purchases which had caused a 2 percentage points fall in the household saving ratio and an increase in indebtedness. Nevertheless, partly owing to an expected acceleration in equipment investment, French GDP growth is forecast to reach 2.3% in 1997 and 3% in 1998, that is slightly higher than forecast last autumn.

In Italy, after two years of sustained output growth, mainly led by export demand, the economy decelerated markedly in 1996 to the modest rate of 0.7%, against a background of rapid falls in inflation. At the beginning of 1997 the general picture of the Italian economy suggests the recovery is far from well-established. Nonetheless, there are already signs that a cyclical improvement could be taking place this spring. Households' confidence is gradually recovering from the very depressed levels recorded throughout 1996, while firms' production expectations suggest that output should increase in the coming months. Higher growth in most trading partners should provide further support to growth. GDP growth should record a slight acceleration in 1997 (1.2%) and a more sustained recovery is expected in 1998 (2.0%), with domestic demand improving only gradually and the external contribution to growth remaining positive throughout the forecast period. Inflation, measured by the CPI, will remain subdued, decreasing to an annual average of 2.3% in 1997 and stabilising at that level in 1998. Some cost pressures could originate from the expected increase in unit labour costs in 1997 and from the impact of the appreciation of the dollar on import prices. However, the still wide output gap should substantially hamper the transmission of cost pressures to consumer prices.

The **UK** economy has completed five years of recovery and recent indicators confirm growth remains strong. Within this buoyant framework, the monetary stance tightened through $\frac{1}{4}$ % increases in the base lending rate last October and again this May and, more importantly, through a rapid appreciation of sterling into 1997. So the economy is expected to begin slowing somewhat through the second half of this year and into 1998. GDP grew by 2.1% in 1996, accelerating in the second half of the year thanks to robust consumer expenditure, and is expected to grow by 2.8% in 1997 and 2.6% in 1998. Strong growth in consumer expenditure is expected to remain the main contributor to growth, accelerating in 1997 from already high levels due to a number of factors: modest in-

creases in real wages, direct tax cuts, rising confidence, falling unemployment, and a marked increase in household financial wealth resulting from rising equity and house prices and substantial share distributions accompanying the flotation on the stock market of building societies converting to banks. The recovery of fixed investment appears to have started. Investment is expected to remain healthy over the forecast period, but a lack of major constraints to capacity suggest it is unlikely to increase at the same rates seen in earlier recoveries and the expected fall in government investment will be offset only partially by investment under the Private Finance Initiative. Net exports are forecast to remain subdued as a result of sterling's strength.

As regards the other EU countries, many of them experienced stronger growth rates in 1996 than the EU average. While EU average GDP growth was 1.6%, the 11 "smaller" economies together recorded a 2.3% GDP growth performance. Compared to 1996, higher GDP growth rates in 1997 are forecast in all countries, apart from **Ireland**, although this country is still expected to remain the fastest growing economy in the Union with growth above 6.5%. In **Spain** output growth is forecast to increase through a recovery in private consumption, and continued strength in equipment investment and exports. **Belgium** and the **Netherlands** will experience accelerating economic growth increasingly driven by net exports which in Belgium offset the relatively slow growth of private consumption. In **Portugal**, **Ireland** and **Luxembourg** the strong performance so far (and over the forecasting period) reflects a rapid rise in exports. By contrast, in **Denmark**, **Finland**, and **Greece** domestic demand continues to provide the strongest growth impetus. In **Sweden** domestic demand is forecast to take over as the major contributor to economic growth in 1998. All in all, the high degree of interdependence among European economies will ensure that the strong economic performance is shared by all other EU economies.

5. Employment situation expected to improve over the forecasting horizon

Overall GDP growth in 1996 was just strong enough to stabilise the average EU unemployment rate at a level of 11% of the labour force, but notably in Germany, France and Sweden a further rise in unemployment was registered. Employment growth in the EU in 1996 was flat, but the return to higher output growth should permit an increase in EU total employment by 0.5% in 1997 and 0.9% in 1998. Although, this adds up to approximately two million new jobs in net terms, about 70% of them are created in only three countries (UK, Spain, France) which account for over 45% of EU unemployment. Thus, there is wide dispersion at the country level which could be even more pronounced if a harmonised definition of employment were available. Given the rise in the labour force, the unemployment rate in the EU as a whole is expected to decrease in 1997 to 10.6% of the labour force, and to fall further to 10.3% in 1998. A decline in unemployment in 1998 compared to 1997 is forecast in all member countries. In Belgium, Denmark, Spain, France, Ireland, the Netherlands, Sweden and the UK the fall amounts to around ½ of a percentage point, but in Finland the fall reaches a full percentage point.

Overall the fall in unemployment is modest over the forecasting horizon. In order to obtain larger reductions in the unemployment rate a longer period of strong growth is necessary, accompanied by structural reforms in the labour market.

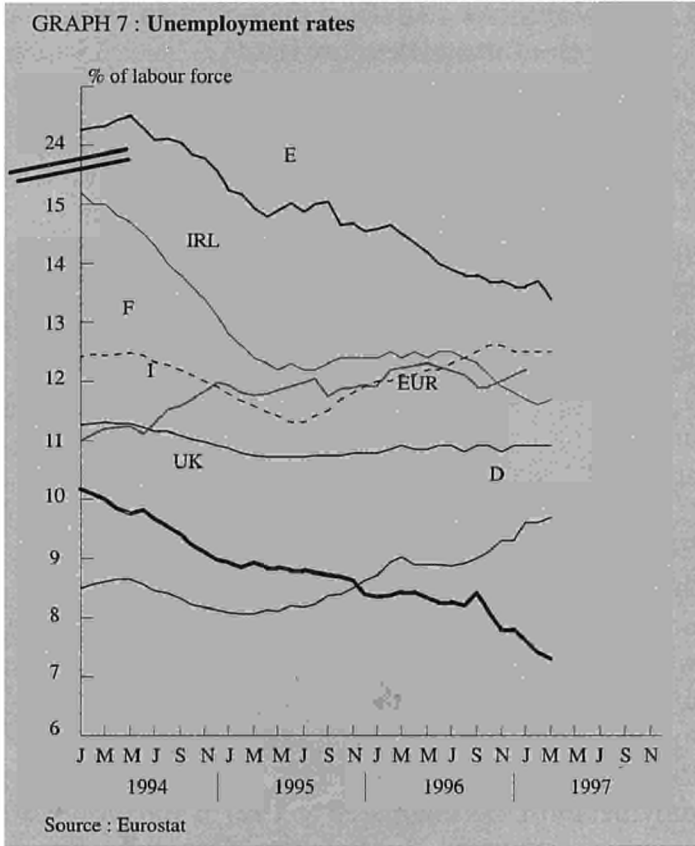
6. Nominal convergence on track

This is at least what the forecasts would suggest. However, it should be stressed that the assessment of the convergence criteria will be made in early 1998 on the basis of outturn data. There will be no preselection on the basis of forecast data.

TABLE 3 : Labour market outlook – EUR
(Annual percentage change, unless otherwise specified)

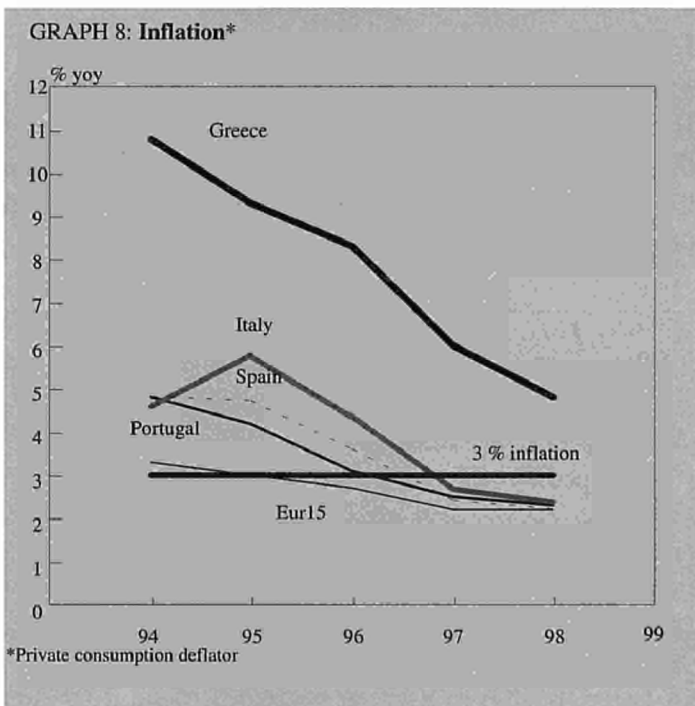
						Estimate	Forecast	Scenario	
	61-73	74-85	86-90	91-95	96-98	1995	1996	1997	1998
Population of working age (15-64 years)	0.6	0.8	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Labour force	0.4	0.7	0.9	0.0	0.4	0.1	0.4	0.3	0.5
Employment	0.3	0.0	1.3	-0.6	0.5	0.6	0.1	0.5	0.9
Unemployment rate (%) ¹	2.4	6.4	8.9	10.1	10.6	10.9	11.0	10.6	10.3
Labour productivity, whole economy	4.4	2.0	1.9	2.0	1.9	1.8	1.5	1.9	1.8

¹ Eurostat definition.



6a. Little sign of inflationary pressure, reinforcing price and long-term interest rate convergence

The average inflation rate in the EU (measured by the private consumption deflator) has fallen to a record low of 2.7% in 1996. In line with the emerging pick-up enhancing productivity and lowering unit labour costs, there are no inflationary pressures in the major-



ity of the Member States. Furthermore, the output gap is negative, though declining. The overall favourable inflation outlook is supported by the credibility of the monetary authorities in pursuing the price stability objective to which economic agents have adapted their behaviour. Governments pursue budgetary consolidation, while wage trends at a macroeconomic level are compatible with low inflation and increasing profitability. The increase in nominal compensation per employee is forecast to be limited to 3.2 % over the forecasting years which, with a price objective of 2 %, allows a real wage increase of about 1 %. These wage developments at the level of the EU as a whole also leave sufficient room for improvements in the profitability of investment. In this context the nominal effective depreciation of the European currencies as a consequence of the strengthening of the US dollar leading to higher import prices should not represent a threat to price stability.

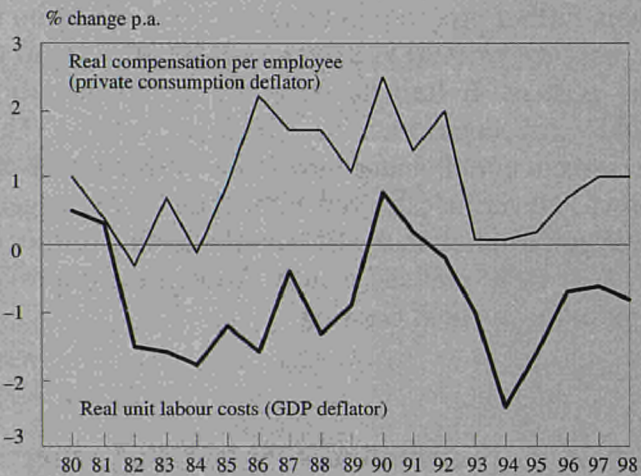
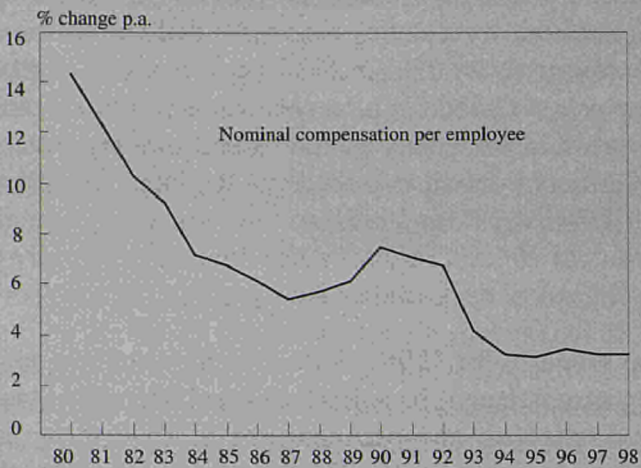
Average inflation in the EU is expected to continue its downward trend falling to 2.2% in both 1997 and 1998. Moreover, inflation convergence should improve further, reducing inflation differentials vis-à-vis Europe's best performing countries. Although price increases vary between EU countries to some extent, inflation is expected to be below 2½-2¾% in all member countries with the exception of Greece, where it should reach 6.0% in 1997 and 4.8 % in 1998, which is nevertheless a considerable improvement with respect to previous years. Only in Denmark, Ireland and the United Kingdom, which have all enjoyed several years of strong growth, is inflation expected to rise slightly towards the end of the forecasting horizon, pushing the deflator of private consumption up to about 2.5 %. On these forecasts, 14 Member States have good prospects of meeting the inflation reference value at the time the assessment will be made in early 1998. The same prospects exist for the convergence criterion on long-term interest rates.

TABLE 4 : Inflation outlook – EUR
(Annual percentage change)

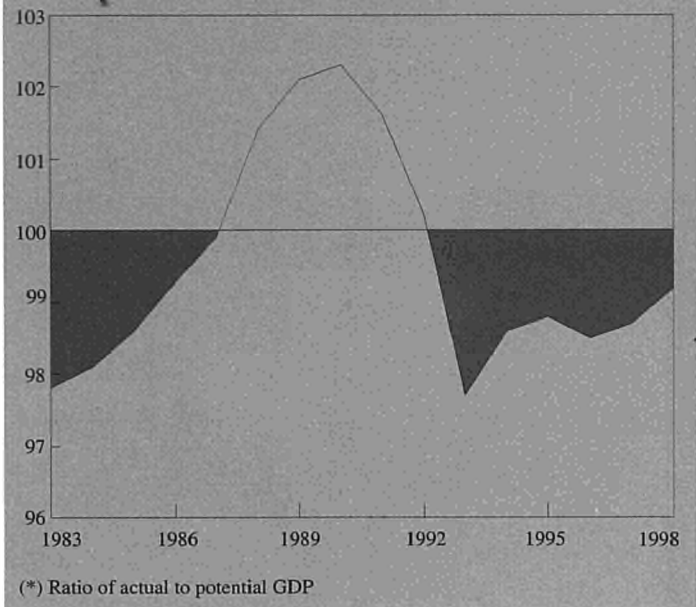
		Est.	Forec.	Scen.	
	'94	'95	'96	'97	'98
Private consumption deflator	3.3	3.0	2.7	2.2	2.2
GDP deflator	2.6	2.9	2.6	1.9	2.1
Compensation per employee	3.3	3.1	3.5	3.2	3.2
Unit labour costs	0.1	1.3	1.9	1.3	1.3
Import prices of goods ¹	2.4	4.1	0.3	0.8	2.0

¹ Including intra-EU imports.

GRAPH 9 : Wage developments – EUR



GRAPH 10 : Output gap(*) – EUR



need for rapid corrective action in case of budgetary slippages.

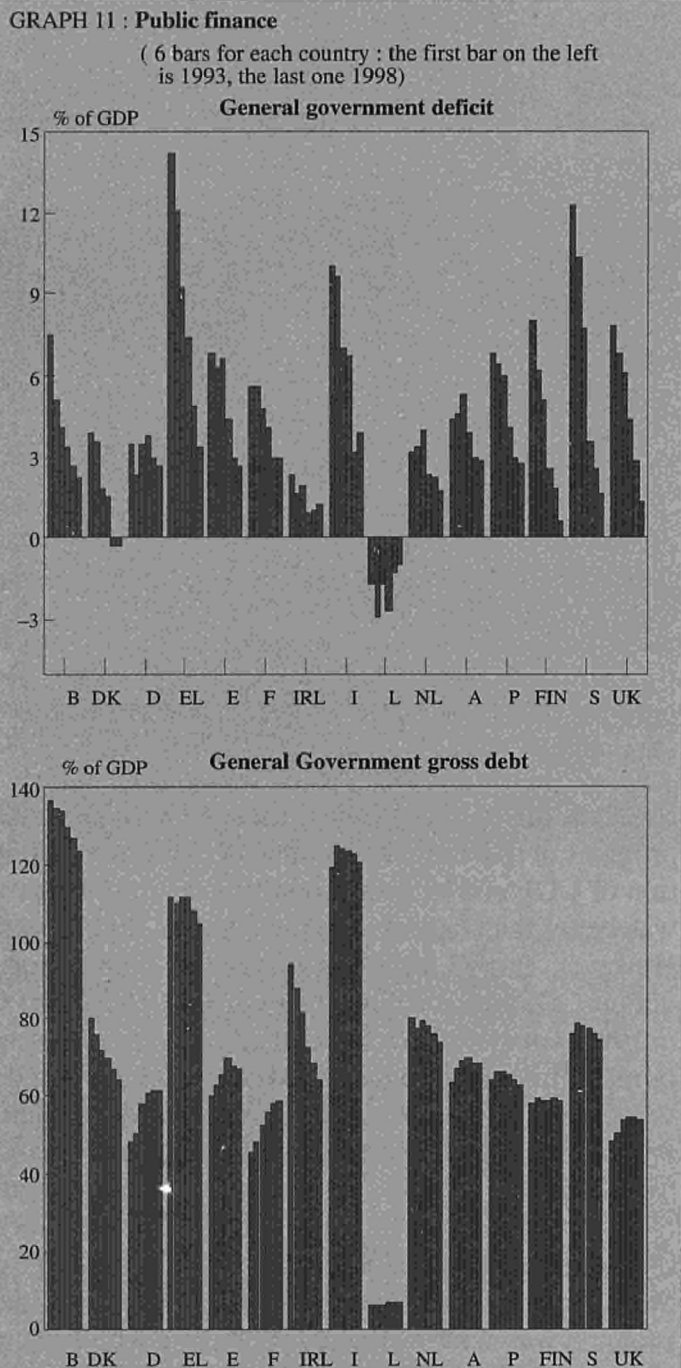
In 1996, all Member States except Germany made progress in reducing their public deficits as a proportion of GDP and in many countries the improvement was better than expected in the Autumn 96 Forecast. However, further progress is needed. The average deficit/GDP ratio declined from 5 % in 1995 to 4.3 % in 1996 (compared to a forecast of 4.4 % made last autumn). This result was obtained despite an adverse development of the business cycle reducing the automatic tax intake. Corrections in the budget balance were mainly realised through expenditure cuts (-0.6 % of GDP for the EU average), but government receipts also had to be increased (+0.2 % of GDP for the EU average) in several Member States. In Italy progress was slow, explained partly by a worse-than-expected cyclical position and by budgetary slippage. Taking into account the recent decision by Eurostat on accounting rules¹, the Italian general government deficit was 6.7 % of GDP in 1996.

6b. Budgetary convergence is progressing, but further consolidation efforts are needed

Putting public finances on a sound footing is well under way: from a peak of 6.2 % of GDP in 1993, the average general government deficit of the EU fell to 4.3 % in 1996 and is forecast to decline further to 2.9 % in 1997 and 2.5 % in 1998. However, Member States need to maintain their determination to meet the conditions for EMU participation which implies the

Public finance forecasts for 1997 are made on the usual assumption that only the measures adopted or known in sufficient detail are incorporated in the forecasts. The 1997 budgets of all Member States were included, as well as the additional measures presented during this forecasting exercise by Belgium, Italy and Sweden. It is assumed that the budgetary measures envisaged by the governments are fully implemented without slippage. Following these forecasts thirteen countries should reach a deficit of 3 % of GDP or less, now including the United Kingdom in the light of its 1997 budget which had not been prepared at the time

¹ Eurostat rules on accounting issues, News release, No 10/97 of 3.2.1997.



of the Autumn Forecast. However, the deficits of several Member States are expected to be at or just below 3 %, which represents a risk as they have virtually no

room to absorb any budgetary slippage. In Italy, despite the additional measures, on top of an already impressive consolidation effort, the full realisation of the objective of 3% in 1997 could require further measures. Greece is also set to make considerable progress in budgetary retrenchment and its general government deficit is forecast to decline from 7.4 % in 1996 to 4.9 % in 1997.

The scenario for **1998** is based on the usual assumption of no change in policy. Several Member States have relied on one-off measures in 1997 to realise their budgetary targets. This has implications for the forecast in 1998. The result is that in several Member States further progress in budgetary consolidation in the absence of new measures will be very small or non-existent. In Italy the general government deficit could even deteriorate to 3.9 % of GDP. This assessment could change when the 1998 budgets are known. Nevertheless, even without the 1998 budgets, the average deficit in the EU should decline further to 2.5 % of GDP, realised mainly through the improvement in the cyclical position.

As far as the **contribution** to the budgetary retrenchment of expenditures versus receipts is concerned, the evolution goes in the right direction. Comparing 1998 with 1996, the budgetary consolidation will be essentially achieved through expenditure restraint (-2.2 % of GDP in the EU as a whole), but where the consolidation needs are large government receipts will also be increased (Greece, Spain, Portugal). Nevertheless, the average tax burden in the EU should decrease by 0.5 % of GDP. Several Member States should even succeed in considerably reducing the tax burden despite the consolidation process in which they are involved: Sweden (-2.2 %), Denmark (-2.0 %), Finland (-1.9 %), Ireland (-1.7 %) and the Netherlands (-1.4).

TABLE 5 : General government budgetary position – EUR
 (Percent of GDP)

	1994	1995	Estimate 1996	Forecast 1997	Scenario 1998
Current receipts	45.4	45.9	46.1	46.0	45.6
Expenditure	51.3	50.9	50.3	48.9	48.1
Actual balance	-5.5	-5.0	-4.3	-2.9	-2.5
Primary balance	-0.2	0.5	1.1	2.3	2.4
Cyclically-adjusted deficit ¹	-5.3	-4.7	-3.8	-2.5	-2.5
Gross debt	68.1	71.2	73.2	72.9	72.3

¹ For a description of the mechanical method of cyclical adjustment, see "Technical note: the Commission services' method for the cyclical adjustment of governments budget balances", European Economy, n°60, 1995.

Based on new information, Finland had a **debt/GDP** ratio below 60 % in 1996, contrary to previous forecasts, and should continue to do so over the forecast horizon. Finland joins France, Luxembourg and the United Kingdom which were already in such a position. All other Member States with debt/GDP ratios above 60%, except Germany, should see the ratio decline, at least from 1997 onwards. Compared with the previous forecast, the privatisations already included in the forecast will permit a stabilisation in Austria as well. For the EU as a whole the debt/GDP ratio peaked in 1996 at 73.2% and should decline to 72.9% in 1997 and again in 1998 to 72.3%; this is a better outlook than in the Autumn 96 Forecast when the ratio was not expected to decline until 1998.

these countries (along with Ireland and Poland) are still expected to remain the fastest growing in the world.

After falling back from over 11 % in 1995 to 7½% in 1996 **world imports (excluding EU)** are expected to pick up again in 1997 and 1998 to around 8%. This is somewhat lower than the growth rates of around 10% experienced since 1993, and slightly slower than assumed last autumn due mainly to the deceleration in the DAEs and other Asian economies, but still very healthy.

2. United States: the recovery continues

Economic activity in the **United States** turned out much stronger at the end of 1996 and beginning of 1997 than assumed last autumn. Interest rates remained lower than expected, investment was buoyant and rising income and the wealth effects of share price increases helped offset the constraining effects on consumption of a high debt service burden. Although growth is expected to be lower during the rest of the year, it should average around 2¾% in 1997 before falling back to 2¼% in 1998.

3. Japan: hesitation before recovery

The forecast for **Japan** has been revised down somewhat since last autumn mainly to take account of the effects on domestic demand of a rise in tax rates on 1 April 1997, and expectations of a tightening of monetary policy. After an estimated slowdown in GDP growth from 3½% in 1996 to 1½% in 1997, growth is expected to pick up again in 1998 to 2½% as the positive impact of deregulation and increased competition is felt on investment, and then employment and private consumption via the multiplier effect. The fall in the yen could bring about a stronger contribution from the trade sector than forecast. But consumer confidence remains weak in the face of structural reforms in the labour market and doubts about the health of the banking sector remain, exacerbated by falls in share prices.

4. Former Soviet Union and Central and Eastern Europe: an end to decline

The decline in output in the FSU and Central and Eastern Europe continued in 1996, but should be reversed in 1997 and a strong pick up to 4¼% is expected in 1998, by which time growth rates of around 3% or more are expected in the FSU and 9 out of 10 associated eastern European countries. Output in the FSU

THE EU EXTERNAL ENVIRONMENT

TABLE 6: **International economic environment**
(Real annual percentage change)

	Weights*	'94	'95	Est. '96	Forec. '97	Scen. '98
World output	100.0	3.5	3.7	3.7	3.8	4.2
EUR	23.3	2.8	2.5	1.6	2.4	2.8
World excl. EU	76.7	3.7	4.1	4.3	4.3	4.6
– USA	20.6	4.1	2.0	2.4	2.8	2.2
– Japan	7.7	0.5	1.4	3.6	1.6	2.5
– CCEE ¹ + FSU ²	5.3	-9.4	-0.9	-1.3	1.8	4.3
– DAEs ³	3.6	8.0	7.6	6.9	6.8	7.1
World imports excl. EU⁴	61.4	10.3	11.8	7.4	7.9	8.1
– USA	15.8	13.5	8.9	6.9	7.5	7.1
– Japan	6.3	13.3	14.1	10.3	4.5	6.7
– CCEE ¹ + FSU ²	4.1	6.7	10.4	5.9	11.5	10.4
– DAEs ³	11.3	17.1	14.3	6.2	8.8	9.6
Extra-EU export market growth		10.5	10.5	7.4	7.5	7.8

* GDP weights based on GDP at current prices and PPS in 1995; Import weights based on imports at current prices and exchange rates in 1995
¹ Central and Eastern Europe (including the Baltic States);
² Former Soviet Union (excluding the Baltic States);
³ Dynamic Asian Economies;
⁴ Goods only.

1. World Trade: continued dynamic growth

Overall prospects on **world output growth (excluding the EU)** are unchanged from the Autumn Forecast: 4¼% in 1996 and 1997, followed by a slight acceleration to 4½% in 1998. The composition has changed though, with weaker output than expected in Japan, Canada and the Dynamic Asian Economies (DAEs) in 1996 offset by a stronger than expected performance in the USA and Latin America. Although growth is expected to slow further in the DAEs and other Asia in 1997 before picking up again in 1998,

should stabilise in 1997, if reform programmes are implemented as planned, and accelerate in 1998. For most of the associated countries, domestic demand should remain the most important source of growth. They should also benefit from the expected recovery in the European Union and the FSU, with increased investment in earlier years improving competitiveness and pushing up export opportunities.

comes from a possible slippage in the implementation of budgets. As several Member States will have budget deficits at or very close to 3 % of GDP in 1997, there is no room to absorb slippage or the impact of adverse events. An overrun of these budgetary targets could lead to nervous reactions in foreign exchange and financial markets with negative effects on growth and employment. So governments need to remain vigilant.

TABLE 7 : Real GDP growth in CEE and FSU
(Annual percentage change)

				Est.	Forec.	Scen.
	Weights*	1994	1995	1996	1997	1998
Central and Eastern Europe	43.5	4.0	5.4	3.6	3.0	4.9
- Bulgaria	3.4	1.4	2.7	-9.0	-6.7	2.9
- Czech Rep.	6.2	2.6	4.8	4.4	4.6	5.0
- Estonia	0.6	-2.7	2.9	2.3	3.0	3.0
- Hungary	4.7	2.9	1.5	0.5	1.5	3.0
- Latvia	0.6	1.9	-1.6	2.5	2.9	3.2
- Lithuania	0.3	1.0	3.0	3.5	4.0	4.5
- Poland	17.9	5.2	7.0	6.1	6.5	7.0
- Romania	5.9	3.9	7.1	4.2	-3.6	0.9
- Slovakia	2.6	4.9	6.8	6.8	5.9	5.4
- Slovenia	1.4	4.9	3.9	3.5	4.2	4.8
Former USSR (excl. Balts)	56.5	-15.3	-5.7	-5.1	0.8	3.9
- Russia	35.5	-12.6	-4.0	-6.0	0.5	4.0
- Ukraine	8.5	-23.0	-11.8	-10.0	-1.0	3.0
CEE + FSU	100	-9.4	-0.9	-1.3	1.8	4.3

* GDP weights based on GDP at current prices and PPS in 1995.

5. Dynamic Asian Economies: maintaining high growth rates

After a very slight slowdown in 1997, growth is expected to rise again in the DAEs in 1998, to above 7%. Reasons for the current slowdown include a deceleration in trade in electronic goods on which some Asian economies are very dependent, a loss of competitiveness due to the rising dollar and falling yen, and the introduction of restrictive policies in a number of countries to curb overheating. The slowdown is not expected to continue because it should allow the introduction of less restrictive policies, trade in goods other than electronic remains healthy and industrial production seems to be picking up.

RISKS AND UNCERTAINTIES SURROUNDING THE ECONOMIC OUTLOOK

The balance of risks is now better than at the time of the Autumn 96 Forecast. The major downside risk

A minor stock market setback occurred in March. Further falls in equity prices accompanied by reduced private wealth and weaker private consumption cannot be excluded. However, one should not overestimate the impact of stock market movements on real activity in Europe. Moreover, the expected recovery does not rely on increases in private wealth coming from stock market operations, but on a broadly based set of sound demand and supply side factors.

The recovery could turn out weaker if investment fails to pick up as expected because demand does not improve. Capacity utilisation in many countries is half way between its minimum and maximum, and demand has been faltering until recently, but the continued strengthening of consumer confidence and business confidence have brightened prospects.

GDP growth could also turn out higher than expected. Monetary conditions have eased considerably during the last 2 years in the EU. The move in interest rates (at all maturities) is more recent in countries like Italy and Spain, where most of it took place in 1996. Its positive (and potentially powerful) effects are progressively spreading to the real economy. Given that the fruits of monetary easing take at least a year to come through, the full effect could be expected during 1997. By improving European goods' competitiveness on world markets, the normalisation of the US dollar, if maintained, will add extra growth. This could be achieved if the strong performance of exports gives a boost to investment earlier than expected, which might well happen under the assumption that private consumption in the EU follows a healthy growth path.

DETAILED SPRING 1997 ECONOMIC FORECASTS

TABLE 1 : Gross domestic product, volume (percentage change at constant prices on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	4,9	1,7	3,2	1,2	2,2	1,7	-1,4	2,3	1,9	1,4	2,3	2,9
DK	4,3	2,0	1,4	2,0	2,8	0,2	1,5	4,2	2,7	2,4	3,0	2,9
D*	4,3	1,7	3,4	2,2	2,2	2,2	-1,1	2,9	1,9	1,4	2,3	2,9
EL	7,7	2,5	1,9	1,6	3,0	0,5	0,2	2,2	2,0	2,6	3,1	3,3
E	7,2	1,9	4,5	1,3	2,7	0,7	-1,2	2,1	2,8	2,2	2,8	3,1
F	5,4	2,2	3,2	1,1	2,2	1,2	-1,3	2,8	2,2	1,3	2,3	3,0
IRL	4,4	3,8	4,6	5,7	7,4	4,6	3,7	7,3	10,7	8,4	7,2	6,6
I	5,3	2,7	3,0	1,1	1,3	0,6	-1,2	2,2	2,9	0,7	1,2	2,0
L	4,0	1,8	6,4	5,4	3,7	4,5	8,7	4,2	3,8	3,6	3,7	3,9
NL	4,9	1,9	3,1	2,1	3,0	2,0	0,8	3,4	2,1	2,8	3,1	3,2
A	4,9	2,1	3,2	1,8	1,7	1,3	0,6	2,3	1,4	1,0	1,6	2,5
P	6,9	2,2	5,0	1,5	3,2	1,8	0,3	0,8	2,3	3,0	3,2	3,5
FIN	5,0	2,7	3,4	-0,7	3,8	-3,6	-1,2	4,5	4,5	3,3	4,4	3,6
S	4,1	1,8	2,3	0,4	1,9	-1,4	-2,2	3,3	3,6	1,1	2,1	2,6
UK	3,1	1,4	3,3	1,2	2,5	-0,5	2,1	3,9	2,5	2,1	2,8	2,6
EUR*	4,8	2,0	3,3	1,5	2,3	1,0	-0,4	2,9	2,4	1,6	2,4	2,8
USA	3,9	2,3	2,8	2,3	2,5	2,5	3,4	4,1	2,0	2,4	2,8	2,2
JAP	9,7	3,4	4,6	1,3	2,5	1,1	0,1	0,5	0,9	3,6	1,6	2,5

TABLE 2 : Deflator of gross domestic product (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	4,1	6,8	3,0	2,9	1,8	3,6	3,8	2,5	1,4	1,9	1,7	1,9
DK	7,0	9,0	3,9	1,9	2,2	3,2	0,6	1,6	1,8	1,9	2,4	2,4
D*	4,4	4,1	2,4	3,5	1,3	5,5	3,9	2,2	2,2	1,0	1,2	1,6
EL	4,5	17,7	16,5	13,2	6,9	14,5	12,7	10,1	9,3	8,9	6,7	5,1
E	7,2	15,0	7,4	5,4	2,6	6,9	4,3	4,0	4,9	4,4	1,1	2,4
F	5,0	10,2	3,4	2,2	1,5	2,1	2,5	1,5	1,7	1,6	1,4	1,6
IRL	7,2	12,8	3,2	1,9	1,5	2,1	4,3	1,1	0,5	0,8	1,5	2,1
I	5,5	16,3	6,9	5,0	3,6	4,7	4,4	3,5	5,0	5,1	2,9	2,7
L	4,4	6,7	2,2	2,6	2,1	4,3	0,7	5,3	1,0	2,6	1,2	2,4
NL	6,0	5,4	0,8	2,1	1,7	2,3	1,9	2,0	1,4	1,4	1,9	2,0
A	4,6	5,5	2,5	3,1	1,7	4,3	2,6	2,9	1,9	1,7	1,6	1,7
P	3,9	20,8	13,3	7,7	3,0	10,6	6,0	5,2	5,1	3,3	3,1	2,7
FIN	6,8	10,7	5,6	1,8	1,2	0,7	2,4	1,3	2,2	1,0	0,7	1,8
S	4,9	9,8	7,0	3,5	1,8	1,0	2,6	2,5	3,7	0,9	2,2	2,2
UK	5,1	12,4	5,5	3,7	2,8	4,6	3,1	1,8	2,3	3,1	2,7	2,5
EUR*	5,2	10,6	4,9	3,8	2,2	4,5	3,6	2,6	2,9	2,6	1,9	2,1
USA	3,6	7,0	3,6	2,5	2,0	2,4	2,0	2,1	2,5	1,9	1,9	2,2
JAP	6,0	5,6	1,4	1,0	0,4	1,7	0,6	0,3	-0,5	0,2	0,9	0,2

TABLE 3 : Final domestic demand, volume (percentage change at constant prices on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	4,8	1,2	3,7	1,0	1,8	2,0	-1,5	1,4	1,6	1,5	1,8	2,0
DK	4,6	1,3	0,4	2,1	2,6	-0,1	0,8	5,6	4,8	2,2	2,9	2,6
D*	4,5	1,3	3,5	2,2	1,6	2,8	-1,3	2,8	2,1	0,8	1,4	2,6
EL	7,9	2,0	2,5	1,9	4,0	0,4	0,4	1,8	3,2	4,2	3,9	3,9
E	7,7	1,3	6,6	0,7	2,3	1,0	-4,3	1,2	3,1	1,5	2,1	3,3
F	5,6	1,8	3,8	0,7	1,9	0,2	-2,2	3,0	1,9	0,9	1,9	2,8
IRL	5,1	2,1	3,3	2,6	6,0	0,0	0,7	6,0	5,9	7,3	5,7	5,2
I	5,3	2,4	3,5	0,1	1,0	0,7	-5,1	1,3	1,9	0,2	0,8	1,9
L	4,1	1,5	6,5	3,8	2,2	-1,5	9,8	-0,5	3,2	1,1	2,6	2,9
NL	4,9	1,6	3,0	1,5	2,9	1,6	-1,1	3,1	2,2	3,0	3,1	2,6
A	4,9	1,8	3,0	2,3	1,4	1,4	0,9	3,9	1,6	1,2	0,8	2,2
P	7,3	1,1	7,2	2,3	3,5	4,6	-1,0	1,5	2,1	3,5	3,5	3,4
FIN	5,0	2,5	4,0	-3,0	3,8	-6,4	-6,4	3,8	3,8	3,5	4,4	3,5
S	3,7	1,5	2,9	-0,9	1,1	-1,8	-5,2	2,6	2,3	0,0	1,3	1,9
UK	3,2	1,2	4,0	0,7	3,0	0,2	2,0	3,0	1,5	2,0	3,8	3,3
EUR*	4,9	1,6	3,9	1,0	2,1	1,0	-1,8	2,5	2,1	1,4	2,1	2,7
USA	4,0	2,5	2,4	2,5	2,5	2,9	4,4	4,6	2,0	2,5	2,9	2,2
JAP	9,8	2,8	5,4	1,2	2,5	0,4	0,1	0,8	1,7	4,8	0,9	2,0

* Notes : see page 27.

TABLE 4 : Gross national product at current market prices (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	9,2	8,5	6,3	4,5	4,1	5,1	3,5	5,0	3,7	3,4	4,1	4,8
DK	11,6	10,8	5,4	4,3	5,3	3,8	2,8	6,0	5,2	4,4	5,8	5,7
D*	8,9	5,9	5,9	5,4	3,1	7,4	2,3	4,7	4,0	1,8	3,2	4,4
EL	12,5	20,3	18,9	15,4	10,0	14,9	14,0	12,8	11,6	11,5	9,9	8,5
E	14,9	17,1	12,3	6,8	5,2	7,4	3,4	5,1	8,9	6,3	3,9	5,5
F	10,7	12,5	6,7	3,4	3,8	3,0	1,1	4,5	4,2	3,1	3,7	4,5
IRL	11,7	15,9	7,7	7,2	8,8	5,9	6,4	7,6	9,9	9,3	8,6	8,6
I	11,0	19,3	9,9	6,2	5,0	5,0	3,2	5,7	8,3	5,9	4,2	4,8
L	9,0	11,3	7,9	4,5	5,2	3,2	1,6	4,8	3,8	5,4	4,4	5,8
NL	11,2	7,4	3,9	4,3	5,0	4,1	3,0	5,8	3,5	4,7	5,1	5,3
A	9,7	7,7	5,8	5,0	3,5	5,9	3,2	5,3	3,4	2,7	3,3	4,4
P	11,2	22,8	20,1	9,6	6,3	13,3	6,7	6,0	7,1	5,5	6,7	6,6
FIN	12,0	13,6	9,0	1,0	5,3	-4,1	0,1	7,7	7,8	4,5	5,6	5,8
S	9,2	11,4	9,3	3,7	3,8	-1,2	-0,1	6,1	7,2	1,7	4,7	5,2
UK	8,5	13,9	8,7	5,1	5,2	4,9	5,2	6,0	5,0	5,6	5,1	5,1
EUR*	10,0	10,8	7,2	4,0	4,9	4,1	0,3	4,8	4,1	5,0	4,9	4,9
USA	7,7	9,5	6,5	4,7	4,5	4,8	5,4	6,0	4,6	4,4	4,7	4,4
JAP	16,2	9,1	6,1	2,3	3,2	3,0	0,8	0,7	0,4	4,1	2,7	2,8

TABLE 5 : Investment in construction, volume (percentage change on preceding year, 1971-98)*

	1971-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998
B	2,3	-3,1	8,1	1,5	2,9	0,9	1,4	1,3	1,6	3,4	3,7
DK	5,1	-3,4	0,0	-2,8	7,0	-8,7	-1,1	8,0	14,3	5,3	1,8
D*	4,0	-1,4	3,1	4,4	-0,3	0,9	7,7	1,2	-2,7	-0,9	2,8
EL	12,6	-3,2	2,4	-2,8	12,2	-5,6	-3,4	3,0	13,2	12,1	11,4
E	7,3	-1,5	10,9	0,1	0,1	-5,5	-0,1	6,5	-2,3	-0,7	3,3
F	6,1	-0,8	5,3	-1,7	0,6	-6,3	-0,6	0,6	-0,9	0,6	2,0
IRL	8,0	0,6	2,6	3,8	9,7	-5,9	11,7	12,9	11,0	9,5	8,5
I	0,5	-1,4	2,1	-2,5	1,8	-6,3	-5,9	0,7	1,1	1,5	3,0
L	-	-	-	-	3,7	-	-	-	3,9	2,7	4,4
NL	0,2	-1,6	3,8	0,7	3,3	-2,7	2,5	1,3	1,5	4,8	3,6
A	10,1	-1,0	4,9	3,7	0,0	2,1	4,7	2,6	-0,5	-0,1	0,5
P	-	-	6,6	3,2	6,4	0,3	2,5	5,0	6,7	7,0	5,5
FIN	6,3	0,7	4,0	-10,7	8,7	-18,8	-3,8	3,1	4,0	13,3	8,9
S	-0,5	-1,1	3,9	-8,0	2,2	-19,0	-9,6	2,8	2,8	-2,0	6,0
UK	2,0	-0,4	6,2	-1,8	4,1	0,9	0,0	-1,3	1,4	5,3	5,5
EUR* ¹	4,0	-1,1	4,9	-0,1	1,6	-3,7	0,9	1,6	-0,1	1,5	3,5
USA	6,4	1,2	-0,7	1,4	3,2	3,9	5,8	2,2	4,6	3,5	1,7
JAP	9,3	0,2	8,5	0,2	2,8	1,0	0,6	-3,7	12,5	-4,5	1,2

¹ EUR without Portugal up to 1985.

TABLE 6 : Investment in equipment, volume (percentage change on preceding year, 1971-98)*

	1971-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998
B	3,1	2,3	11,9	-4,2	4,8	-12,5	-1,4	5,5	3,3	5,7	5,3
DK	3,8	3,5	1,6	1,2	4,6	-0,5	2,6	12,6	2,3	5,8	5,7
D*	0,2	1,6	7,2	-1,7	4,6	-14,1	-1,2	2,0	2,4	5,0	6,5
EL	11,8	0,7	4,0	4,2	9,5	1,5	6,8	11,5	10,2	9,4	8,9
E	10,9	-0,5	13,0	-2,7	6,8	-20,4	6,0	12,1	6,1	6,2	8,3
F	9,2	1,0	6,9	-0,3	3,7	-7,4	4,1	6,2	-0,3	4,4	7,2
IRL	13,8	1,6	5,6	-2,7	7,7	4,1	4,1	5,4	8,5	7,5	7,0
I	8,4	3,1	6,8	-0,5	3,0	-19,5	8,2	13,4	1,3	2,2	5,5
L	-	-	-	-	0,7	-	-	-	-2,9	4,0	1,0
NL	0,4	2,8	3,6	2,0	5,4	-2,7	-0,2	14,7	9,4	4,5	2,4
A	6,4	2,8	6,1	1,7	5,6	-7,2	11,0	3,1	4,0	5,4	7,5
P	-	-	13,9	-0,2	6,8	-10,6	6,7	-0,8	7,9	6,5	6,0
FIN	6,2	1,8	6,2	-9,6	6,4	-20,0	8,6	18,6	8,0	6,0	5,1
S	6,9	3,2	6,9	-4,8	5,1	-14,0	15,8	6,5	6,5	5,5	3,2
UK	4,0	2,1	5,3	-1,4	4,5	0,2	6,9	1,5	0,5	6,0	7,0
EUR* ¹	5,4	2,0	7,2	-1,1	4,6	-11,5	4,0	6,5	2,7	4,8	6,3
USA	8,4	3,4	3,5	9,2	5,9	19,7	12,2	10,0	7,6	6,3	4,0
JAP	7,5	4,2	9,9	-1,6	5,0	-7,1	-3,9	4,5	6,7	4,0	4,3

¹ EUR without Portugal up to 1985.

TABLE 7 : Total investment, volume (percentage change on preceding year, 1961-98)* •

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	5,1	-0,8	9,8	-1,1	3,7	1,8	-5,0	0,3	3,0	2,4	4,4	4,4
DK	6,5	-0,9	0,9	-0,8	5,7	-4,2	-4,4	0,6	10,7	7,7	5,6	3,8
D*	3,9	-0,3	4,8	1,8	1,6	3,5	-5,6	4,2	1,5	-0,8	1,4	4,3
EL	10,0	-1,6	1,7	1,8	11,0	-1,0	-1,8	1,2	5,9	11,8	10,8	10,3
E	10,5	-0,9	11,6	-0,9	2,6	-4,4	-10,6	1,8	8,2	0,7	1,9	5,2
F	7,7	-0,2	5,9	-1,1	1,9	-2,8	-6,7	1,3	2,8	-0,6	2,2	4,2
IRL	9,9	0,7	4,0	1,1	8,9	-2,5	-2,1	8,7	10,1	10,1	8,8	8,0
I	4,5	0,3	4,3	-1,5	2,4	-1,8	-12,8	0,5	6,9	1,2	1,9	4,3
L	4,9	-2,7	14,3	6,3	2,0	-9,0	-28,4	-14,9	3,5	0,0	3,4	2,5
NL	5,4	-0,0	3,7	1,2	4,2	0,6	-2,8	1,6	6,7	4,9	4,6	3,0
A	6,5	0,5	5,3	2,9	2,4	0,1	-2,0	7,2	3,0	1,4	2,3	3,6
P	7,9	-1,3	10,2	1,3	6,6	4,6	-6,2	3,9	1,8	7,4	6,7	5,8
FIN	4,8	1,1	4,8	-10,3	7,8	-16,9	-19,2	0,2	8,5	5,5	10,5	7,5
S	4,4	0,6	5,4	-5,2	3,7	-10,8	-17,2	2,0	10,9	4,7	1,9	4,5
UK	4,6	0,7	5,7	-1,6	4,2	-1,5	0,6	2,9	-0,1	1,0	5,6	6,1
EUR*	5,7	-0,1	5,7	-0,4	2,9	-0,9	-6,6	2,4	3,7	1,1	3,0	4,7
USA	4,7	2,1	1,2	5,8	4,6	5,8	11,9	12,3	5,2	6,1	5,0	2,9
JAP	14,1	1,6	8,4	-0,1	4,1	-1,5	-2,0	-1,0	0,9	9,0	0,5	3,1

TABLE 8 : Private consumption, volume (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	4,3	1,8	2,8	1,4	1,3	2,3	-0,8	1,3	1,2	1,4	1,0	1,5
DK	3,8	1,5	0,5	2,8	2,7	1,9	2,3	6,6	2,1	2,6	2,5	2,9
D*	5,1	2,1	3,4	2,6	1,6	3,4	0,2	1,8	2,0	1,3	1,2	2,2
EL	6,7	3,0	2,8	1,5	2,1	1,8	0,1	1,5	1,6	2,2	2,1	2,1
E	7,2	1,6	4,7	1,0	2,4	2,2	-2,2	0,9	1,5	1,9	2,5	2,8
F	5,3	2,4	3,2	1,2	2,0	1,3	0,2	1,4	1,8	2,3	1,3	2,4
IRL	3,8	2,2	3,6	3,8	5,9	4,4	1,7	6,8	3,7	6,7	5,8	5,3
I	6,0	3,1	3,8	0,5	1,1	1,3	-3,4	0,9	1,3	0,8	0,9	1,7
L	4,6	2,6	5,1	2,3	2,5	-0,9	1,7	2,4	2,4	2,5	2,5	2,5
NL	5,6	2,0	2,8	2,2	2,5	2,5	1,0	2,2	2,1	3,1	2,2	2,2
A	4,6	2,3	3,1	2,2	1,3	2,9	0,7	2,4	2,1	1,5	0,7	1,7
P	6,0	1,4	4,9	2,4	2,6	5,6	0,5	0,2	1,8	2,5	2,6	2,8
FIN	5,2	2,5	3,7	-1,2	3,5	-4,9	-2,9	1,9	3,7	3,3	3,8	3,2
S	3,3	1,1	2,7	-0,2	1,7	-1,4	-3,1	1,8	0,8	1,5	1,7	1,8
UK	3,0	1,6	4,7	0,9	3,5	-0,1	2,5	2,6	2,0	3,0	4,2	3,3
EUR*	4,9	2,2	3,7	1,4	2,1	1,8	-0,3	1,7	1,8	1,9	1,9	2,4
USA	4,2	2,7	2,8	2,4	2,5	3,0	3,5	3,5	2,3	2,5	2,7	2,2
JAP	8,7	3,2	4,4	1,8	1,8	2,1	1,2	1,8	1,7	2,9	1,1	1,4

TABLE 9 : Public consumption, volume (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	5,5	2,2	-0,1	1,2	0,9	0,1	1,4	1,4	1,0	0,9	0,9	0,8
DK	5,8	3,0	0,6	1,2	1,5	0,4	3,0	2,0	0,5	1,9	1,5	1,2
D*	3,8	1,5	1,0	-0,4	1,4	2,0	0,2	-2,2	1,0	2,4	0,7	1,2
EL	6,2	5,2	2,3	0,9	0,8	-3,4	4,8	3,5	1,5	1,4	0,6	0,4
E	4,5	5,0	6,6	2,6	0,6	4,0	2,4	-0,3	1,3	-0,0	0,2	1,8
F	4,0	2,9	2,1	2,3	1,4	3,4	3,5	1,1	0,6	1,5	1,4	1,3
IRL	5,2	3,7	-0,6	2,6	2,1	2,4	1,1	3,4	3,0	1,8	2,2	2,3
I	4,0	2,6	2,1	0,3	-0,2	1,2	0,5	-0,6	-1,3	0,4	-0,8	-0,2
L	3,4	2,4	3,9	2,7	3,5	1,5	3,7	2,0	2,2	4,0	3,2	3,2
NL	2,9	2,8	2,2	1,1	1,7	1,7	1,5	0,2	0,6	1,0	2,0	2,0
A	3,2	2,9	1,0	2,0	0,5	2,0	2,8	2,4	0,6	0,3	0,1	1,2
P	9,1	6,7	6,1	3,1	1,4	0,4	0,9	1,4	2,5	1,8	1,5	1,0
FIN	5,4	4,3	3,2	-0,8	1,8	-2,2	-5,3	-0,3	1,7	2,9	1,3	1,2
S	4,9	2,7	1,6	0,3	-0,7	-0,0	0,2	-0,7	-1,0	-1,7	-0,3	-0,0
UK	2,5	1,4	1,4	1,2	0,9	-0,1	0,2	1,9	1,3	0,8	1,2	0,6
EUR*	3,8	2,5	2,0	1,1	1,0	1,5	1,2	0,3	0,6	1,2	0,7	0,9
USA	2,5	2,3	2,4	-0,3	1,0	-1,0	-0,8	-0,9	-0,3	0,5	1,0	1,5
JAP	5,9	3,8	2,5	2,1	1,9	2,0	2,4	2,2	2,0	2,3	1,8	1,6

* Notes : see page 27.

TABLE 10 : Price deflator of private consumption (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	3,7	7,5	2,4	2,6	1,9	2,1	3,0	3,2	1,6	2,0	1,9	1,9
DK	6,6	9,6	3,7	1,8	2,3	2,0	0,4	1,8	2,1	2,1	2,3	2,6
D*	3,5	4,3	1,5	3,4	1,9	4,8	3,9	2,7	1,9	1,9	1,9	2,0
EL	3,5	17,5	17,0	13,7	6,4	15,0	13,8	10,8	9,3	8,3	6,0	4,8
E	6,5	15,4	6,6	5,6	2,8	6,4	5,6	4,8	4,7	3,6	2,4	2,2
F	4,8	10,5	2,9	2,3	1,7	2,4	2,2	2,1	1,7	1,8	1,6	1,7
IRL	6,3	13,8	3,2	2,4	2,1	2,5	1,9	2,6	2,0	1,7	2,0	2,5
I	4,9	15,9	6,1	5,7	3,2	5,6	5,4	4,6	5,8	4,4	2,7	2,4
L	3,0	7,4	2,4	2,7	1,8	3,4	4,1	2,3	0,7	1,9	1,7	1,9
NL	5,1	5,7	0,9	2,4	2,2	3,1	2,1	2,7	0,9	2,0	2,4	2,1
A	4,1	5,9	2,0	2,9	2,1	3,9	3,3	2,9	1,3	2,0	2,1	2,0
P	3,9	22,2	12,2	7,3	2,6	9,1	6,6	4,8	4,2	3,1	2,5	2,3
FIN	5,7	10,8	4,5	3,1	1,2	4,1	4,2	1,4	0,2	1,2	0,9	1,4
S	4,8	10,2	6,5	4,6	1,5	2,2	5,7	3,0	2,4	1,2	1,6	1,8
UK	4,8	12,0	5,0	4,2	2,5	5,0	3,4	2,5	2,6	2,8	2,3	2,5
EUR*	4,7	10,7	4,3	4,1	2,4	4,7	4,0	3,3	3,0	2,7	2,2	2,2
USA	3,1	7,1	4,1	2,7	2,3	2,8	2,4	2,1	2,4	2,1	2,3	2,4
JAP	6,1	6,5	1,2	1,1	0,7	1,9	1,2	0,7	-0,5	0,2	1,4	0,5

TABLE 11 : Compensation of employees per head (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	9,0	9,4	3,8	4,8	2,4	5,9	3,8	4,6	2,3	1,8	2,6	2,9
DK	10,7	10,1	5,1	3,4	3,3	3,8	1,6	3,8	3,6	3,1	3,4	3,5
D*	9,1	5,8	3,5	5,5	2,4	10,6	4,3	3,4	3,6	2,5	2,3	2,3
EL	10,1	21,6	17,9	11,6	9,4	10,7	8,1	12,2	12,5	11,7	9,4	7,0
E	14,6	18,0	8,0	6,2	3,1	10,4	6,7	2,2	2,2	4,6	2,6	2,2
F	9,9	12,9	4,2	3,1	2,6	4,2	2,8	2,2	2,3	2,6	2,5	2,7
IRL	11,3	16,7	5,7	4,3	3,9	6,8	6,9	2,6	0,7	4,0	4,1	3,7
I	11,5	18,2	8,8	5,2	4,7	5,8	3,7	2,9	4,8	5,5	4,9	3,9
L	7,4	9,2	5,3	4,6	2,9	5,3	5,1	4,0	2,2	1,7	3,4	3,5
NL	11,4	6,6	1,7	3,4	2,4	4,7	3,3	2,4	2,0	1,2	2,7	3,4
A	9,6	7,9	4,7	4,7	1,9	5,8	4,4	3,4	3,7	1,9	1,8	2,1
P	10,9	24,1	16,6	10,5	5,2	15,9	6,2	10,7	2,5	6,5	5,0	4,1
FIN	11,2	13,4	8,8	3,3	3,3	1,9	1,0	3,5	4,3	3,9	3,0	3,0
S	8,4	10,7	9,2	4,5	5,4	3,9	4,4	4,8	2,9	7,4	4,8	3,9
UK	8,3	13,9	8,3	4,8	4,1	5,0	4,4	3,6	2,4	3,6	4,2	4,5
EUR*	9,9	12,4	6,2	4,9	3,3	7,0	4,1	3,3	3,1	3,5	3,2	3,2
USA	5,6	7,5	4,4	3,7	3,8	5,3	3,5	1,8	3,4	3,7	4,0	3,8
JAP	14,2	8,3	4,1	1,8	0,9	1,3	0,8	1,3	1,1	0,7	1,0	1,0

TABLE 12 : Real compensation of employees per head¹ (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	5,1	1,8	1,3	2,2	0,5	3,7	0,8	1,4	0,6	-0,2	0,7	0,9
DK	3,8	0,5	1,4	1,6	1,0	1,7	1,2	1,9	1,4	1,0	1,0	0,9
D*	5,4	1,4	2,0	2,0	0,4	5,5	0,4	0,7	1,6	0,5	0,4	0,3
EL	6,4	3,5	0,7	-1,9	2,8	-3,8	-5,0	1,2	2,9	3,1	3,2	2,1
E	7,6	2,3	1,2	0,6	0,3	3,7	1,1	-2,5	-2,3	0,9	0,1	-0,0
F	4,9	2,2	1,3	0,8	0,9	1,8	0,5	0,0	0,7	0,9	0,9	1,0
IRL	4,7	2,6	2,4	1,9	1,8	4,1	5,0	-0,0	-1,3	2,3	2,0	1,2
I	6,3	2,0	2,6	-0,5	1,5	0,2	-1,6	-1,6	-1,0	1,0	2,1	1,5
L	4,2	1,7	2,8	1,9	1,0	1,8	0,9	1,7	1,5	-0,1	1,7	1,6
NL	6,1	0,9	0,8	0,9	0,3	1,5	1,2	-0,3	1,1	-0,8	0,3	1,3
A	5,3	1,9	2,6	1,8	-0,1	1,9	1,1	0,5	2,4	-0,1	-0,3	0,0
P	6,7	1,6	4,0	3,0	2,5	6,2	-0,3	5,6	-1,7	3,3	2,4	1,8
FIN	5,2	2,4	4,1	0,2	2,1	-2,2	-3,0	2,1	4,1	2,7	2,0	1,6
S	3,5	0,4	2,5	-0,1	3,7	1,7	-1,2	1,8	0,4	6,1	3,1	2,1
UK	3,3	1,7	3,2	0,6	1,5	0,0	1,0	1,1	-0,2	0,8	1,8	2,0
EUR*	5,0	1,5	1,9	0,8	0,9	2,2	0,1	0,1	0,2	0,7	1,0	1,0
USA	2,5	0,4	0,3	1,0	1,5	2,4	1,1	-0,4	1,0	1,6	1,6	1,3
JAP	7,6	1,7	2,8	0,6	0,2	-0,6	-0,4	0,6	1,6	0,5	-0,4	0,5

¹ Deflated by the price deflator of private consumption.

TABLE 13 : Real GDP per occupied person (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	4.3	2.0	2.0	1.5	1.8	2.1	-0.3	3.1	1.4	1.3	1.9	2.2
DK	3.2	1.5	1.2	2.3	1.7	0.9	2.5	4.4	1.0	1.5	1.6	2.2
D*	4.0	1.9	1.9	2.6	2.7	4.1	0.6	3.6	2.3	2.5	3.0	2.4
EL	8.1	1.6	1.2	1.0	1.8	-0.9	-0.5	0.3	1.1	1.5	1.9	2.0
E	6.5	3.4	1.2	1.8	0.9	2.3	1.8	2.7	1.1	0.8	0.9	1.1
F	4.7	2.1	2.4	1.2	1.7	1.9	-0.2	2.9	1.0	1.5	1.9	1.8
IRL	4.3	3.7	3.5	3.9	4.0	3.8	3.2	4.2	5.6	4.4	4.0	3.7
I	5.5	1.7	2.3	2.1	1.0	1.6	1.8	3.6	3.2	0.5	1.0	1.6
L	3.0	1.3	3.2	2.7	1.6	1.9	6.8	1.6	1.3	1.3	1.6	1.8
NL	4.0	2.0	1.2	1.2	1.3	1.0	0.9	3.3	0.2	1.0	1.4	1.5
A	5.0	2.0	2.4	1.5	2.0	0.9	1.1	2.2	1.7	1.7	2.1	2.3
P	6.6	2.6	3.9	2.1	2.4	3.6	2.4	1.7	3.3	2.4	2.5	2.4
FIN	4.5	2.4	3.2	3.2	1.9	3.7	5.7	5.8	2.9	1.9	1.9	1.7
S	3.5	1.0	1.2	2.6	2.2	3.2	3.2	4.4	2.0	1.7	2.7	2.0
UK	2.9	1.6	1.5	2.2	1.5	1.6	3.7	3.4	1.3	1.4	1.7	1.5
EUR*	4.4	2.0	1.9	2.0	1.8	2.4	1.5	3.2	1.8	1.5	1.9	1.8
USA	1.9	0.5	0.6	1.1	1.2	2.6	1.6	0.1	0.5	1.0	1.4	1.3
JAP	8.2	2.7	3.6	0.6	1.4	0.0	-0.3	0.4	0.9	2.9	0.4	1.0

TABLE 14 : Unit labour costs, whole economy¹ (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	4.5	7.2	1.8	3.2	0.6	3.7	4.1	1.5	0.9	0.5	0.8	0.6
DK	7.3	8.5	3.9	1.1	1.8	2.9	-0.9	-0.6	2.5	2.0	2.0	1.5
D*	4.9	3.8	1.6	2.9	-0.3	6.2	3.7	-0.1	1.3	-0.1	-0.7	-0.1
EL	1.8	19.8	16.5	10.5	7.4	11.7	8.7	11.8	11.3	10.1	7.3	4.9
E	7.6	14.2	6.7	4.3	2.2	8.0	4.8	-0.5	1.2	3.7	1.7	1.1
F	4.9	10.6	1.8	1.9	0.9	2.3	2.9	-0.7	1.4	1.1	0.6	0.9
IRL	6.8	12.5	2.2	0.4	-0.1	2.9	3.6	-1.6	-4.7	-0.4	0.1	0.0
I	5.6	16.2	6.3	3.0	3.7	4.1	1.9	-0.6	1.6	4.9	3.8	2.3
L	4.3	7.8	2.0	1.8	1.3	3.4	-1.6	2.3	1.0	0.4	1.7	1.7
NL	7.2	4.5	0.5	2.1	1.1	3.7	2.5	-0.8	1.8	0.2	1.3	1.9
A	4.5	5.7	2.2	3.1	-0.1	4.9	3.3	1.2	2.0	0.2	-0.3	-0.2
P	4.0	20.9	12.3	8.3	2.7	11.9	3.7	8.8	-0.8	4.1	2.4	1.7
FIN	6.4	10.8	5.4	0.1	1.4	-1.8	-4.4	-2.2	1.4	2.0	1.0	1.2
S	4.7	9.6	7.8	1.9	3.1	0.8	1.2	0.3	0.8	5.5	2.0	1.8
UK	5.3	12.1	6.7	2.5	2.5	3.4	0.7	0.3	1.1	2.2	2.4	3.0
EUR*	5.2	10.2	4.2	2.8	1.5	4.5	2.6	0.1	1.3	1.9	1.3	1.3
USA	3.6	7.0	3.8	2.6	2.6	2.6	1.9	1.7	2.9	2.7	2.5	2.5
JAP	5.5	5.5	0.5	1.2	-0.5	1.3	1.0	1.0	0.2	-2.1	0.6	0.0

¹ Compensation of employees per head divided by labour productivity per head, defined as GDP in volume divided by total employment.

TABLE 15 : Real unit labour costs¹ (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	0.4	0.3	-1.2	0.3	-1.2	0.1	0.2	-1.0	-0.5	-1.4	-1.0	-1.2
DK	0.2	-0.4	0.0	-0.8	-0.4	-0.3	-1.5	-2.1	0.7	0.1	-0.4	-0.9
D*	0.5	-0.3	-0.8	-0.6	-1.6	0.7	-0.2	-2.3	-0.8	-1.1	-1.9	-1.7
EL	-2.5	1.8	0.1	-2.4	0.5	-2.4	-3.6	1.6	1.8	1.1	0.6	-0.2
E	0.5	-0.8	-0.7	-1.1	-0.5	1.0	0.5	-4.3	-3.6	-0.6	0.6	-1.4
F	-0.1	0.4	-1.6	-0.3	-0.6	0.2	0.5	-2.2	-0.3	-0.4	-0.8	-0.7
IRL	-0.4	-0.2	-1.2	-1.5	-1.5	0.8	-0.6	-2.7	-5.2	-1.2	-1.4	-2.0
I	0.1	-0.1	-0.6	-1.9	0.1	-0.5	-2.4	-4.0	-3.3	-0.1	0.9	-0.4
L	-0.2	1.1	-0.2	-0.7	-0.8	-0.9	-2.4	-2.8	-0.0	-2.2	0.5	-0.6
NL	1.1	-0.9	-0.3	0.0	-0.6	1.4	0.5	-2.7	0.3	-1.1	-0.6	-0.1
A	-0.2	0.2	-0.3	0.0	-1.8	0.5	0.7	-1.7	0.1	-1.5	-1.9	-1.9
P	0.1	0.1	-0.9	0.5	-0.3	1.2	-2.1	3.5	-5.6	0.7	-0.7	-0.9
FIN	-0.4	0.1	-0.2	-1.7	0.2	-2.5	-6.6	-3.4	-0.9	1.0	0.3	-0.6
S	-0.2	-0.1	0.8	-1.5	1.4	-0.3	-1.4	-2.1	-2.8	4.6	-0.1	-0.3
UK	0.1	-0.3	1.1	-1.1	-0.2	-1.1	-2.3	-1.6	-1.2	-0.9	-0.2	0.4
EUR*	0.0	-0.4	-0.6	-1.0	-0.7	0.0	-0.9	-2.4	-1.6	-0.7	-0.6	-0.8
USA	-0.0	-0.1	0.2	0.1	0.5	0.1	-0.0	-0.4	0.4	0.8	0.6	0.3
JAP	-0.4	-0.0	-0.8	0.3	-0.9	-0.4	0.4	0.7	0.8	-2.3	-0.3	-0.2

¹ Nominal unit labour costs divided by GDP price deflator.

TABLE 16 : Total employment (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	0,6	-0,3	1,1	-0,3	0,4	-0,4	-1,1	-0,7	0,6	0,0	0,4	0,7
DK	1,1	0,5	0,3	-0,3	1,0	-0,6	-1,0	-0,2	1,6	1,0	1,4	0,7
D*	0,3	-0,2	1,5	-0,4	-0,5	-1,8	-1,7	-0,7	-0,3	-1,2	-0,7	0,5
EL	-0,5	1,0	0,7	0,6	1,2	1,4	0,8	1,9	0,9	1,0	1,2	1,3
E	0,7	-1,4	3,3	-0,5	1,7	-1,5	-3,0	-0,5	1,7	1,4	1,9	1,9
F	0,7	0,1	0,8	-0,1	0,4	-0,7	-1,2	-0,1	1,2	-0,1	0,3	1,1
IRL	0,1	0,1	1,1	1,8	3,3	0,8	0,5	3,0	4,8	3,8	3,2	2,8
I	-0,2	0,9	0,6	-1,0	0,3	-1,0	-2,9	-1,4	-0,2	0,2	0,2	0,5
L	1,1	0,5	3,2	2,7	2,1	2,5	1,8	2,5	2,5	2,2	2,1	2,1
NL	0,9	-0,1	1,9	0,9	1,7	1,0	-0,1	0,1	1,9	1,9	1,7	1,7
A	-0,1	0,1	0,8	0,3	-0,3	0,4	-0,5	0,1	-0,3	-0,7	-0,4	0,2
P	0,3	-0,4	1,1	-0,6	0,8	-1,7	-2,0	-0,9	-1,0	0,6	0,7	1,1
FIN	0,5	0,3	0,2	-3,7	1,9	-7,0	-6,5	-1,1	1,5	1,4	2,4	1,8
S	0,6	0,8	1,0	-2,2	-0,2	-4,4	-5,2	-1,0	1,5	-0,6	-0,6	0,6
UK	0,3	-0,2	1,8	-1,0	1,0	-2,1	-1,5	0,5	1,2	0,7	1,1	1,1
EUR*	0,3	-0,0	1,3	-0,6	0,5	-1,4	-1,9	-0,4	0,6	0,1	0,5	0,9
USA	1,9	1,8	2,1	1,2	1,2	-0,2	1,8	4,0	1,5	1,4	1,3	0,9
JAP	1,3	0,7	1,0	0,7	1,1	1,1	0,4	0,1	0,1	0,6	1,1	1,5

TABLE 17 : Employment in manufacturing industries (percentage change on preceding year, 1974-98)*

	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	-2,9	-0,3	-1,9	0,1	-1,5	-3,9	-3,5	0,3	-0,2	0,1	0,3
DK	-0,5	-0,1	-1,0	0,4	-1,6	-4,6	0,6	3,2	-1,1	1,5	0,9
D*	-1,3	1,2	-4,5	-1,1	-8,5	-7,5	-5,5	-2,2	-3,9	0,3	0,3
EL	1,6	0,5	-3,5	0,6	-4,9	-6,0	-2,9	0,0	0,5	0,6	0,6
E	-2,1	2,8	-2,5	2,0	-4,4	-5,3	-3,0	1,8	2,1	2,2	1,8
F	-1,5	-0,9	-2,4	-0,1	-3,3	-4,7	-2,8	0,2	-1,0	0,0	0,7
IRL	-1,2	0,5	2,0	4,2	0,1	0,0	2,7	6,1	4,7	4,0	3,9
I	-1,0	0,3	-2,6	-0,4	-4,3	-5,7	-0,2	-0,5	-0,9	-0,2	-0,2
L	-2,2	-0,3	-2,0	-0,3	-1,4	-4,5	-2,9	-1,8	-1,2	0,3	0,0
NL	-2,3	1,4	-2,1	0,6	-0,8	-3,7	-4,2	-1,3	0,0	0,5	1,2
A	-1,0	-0,4	-2,2	-2,1	-2,6	-4,4	-3,0	-0,9	-3,1	-2,3	-1,0
P	-	0,5	-3,1	-1,3	-3,4	-3,8	-1,7	-4,2	-3,0	-1,0	0,0
FIN	-0,3	-2,3	-3,5	1,5	-9,6	-6,1	0,9	5,6	0,9	2,0	1,7
S	-0,9	-0,8	-3,6	0,3	-9,5	-7,6	2,4	4,0	0,7	-0,4	0,5
UK	-3,1	-1,1	-3,5	0,0	-5,0	-4,4	-0,4	1,4	0,1	-0,1	0,0
EUR* ¹	-1,7	0,2	-3,3	-0,2	-5,6	-5,7	-2,7	-0,3	-1,4	0,2	0,4

¹ EUR without Portugal up to 1985.

TABLE 18 : Number of unemployed (as a percentage of civilian labour force, 1964-98)¹*

	1964-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	2,0	7,7	8,7	8,5	9,4	7,3	8,9	10,0	9,9	9,8	9,5	9,0
DK	0,9	6,4	6,4	8,6	5,3	9,2	10,1	8,2	7,1	6,0	5,1	4,7
D*	0,7	4,2	5,9	7,3	9,4	6,6	7,9	8,4	8,2	9,0	9,7	9,5
EL	4,2	3,8	6,6	8,3	8,9	7,9	8,6	8,9	9,1	9,0	8,9	8,8
E	2,8	11,3	18,9	20,9	21,4	18,5	22,8	24,1	22,9	22,2	21,3	20,6
F	2,2	6,4	9,7	11,1	12,3	10,4	11,7	12,3	11,6	12,3	12,5	12,1
IRL	5,7	10,6	15,5	14,5	11,8	15,4	15,6	14,3	12,4	12,3	11,7	11,3
I	5,2	7,0	9,6	10,3	11,9	9,0	10,3	11,4	11,9	12,0	12,0	11,8
L	0,0	1,7	2,1	2,5	3,3	2,1	2,7	3,2	2,9	3,1	3,3	3,5
NL	1,3	7,1	7,4	6,4	6,0	5,6	6,6	7,1	7,0	6,6	6,0	5,4
A	1,7	2,5	3,4	3,8	4,1	3,6	4,3	3,7	3,8	4,1	4,2	4,1
P	2,5	6,9	6,1	5,6	7,0	4,2	5,7	7,0	7,3	7,3	7,0	6,7
FIN	2,3	5,4	4,7	14,5	14,2	13,0	17,5	17,9	16,6	15,7	14,0	12,9
S	2,0	2,5	2,1	7,5	9,8	5,8	9,5	9,8	9,2	10,0	9,9	9,4
UK	2,0	6,9	9,0	9,5	7,1	10,1	10,4	9,6	8,8	8,2	6,8	6,3
EUR*	2,4	6,4	8,9	10,1	10,6	9,3	10,9	11,3	10,9	11,0	10,6	10,3
USA	4,6	7,5	5,9	6,6	5,5	7,5	6,9	6,1	5,6	5,4	5,4	5,6
JAP	1,2	2,2	2,5	2,6	3,4	2,2	2,5	2,9	3,1	3,4	3,4	3,4

¹ Series following SOEC definition, based on the labour force survey.

TABLE 19 : General government total expenditure (as a percentage of GDP, 1970-98)*

	1970-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998
B	43,5	56,6	56,8	55,4	52,7	56,7	55,3	54,5	53,7	52,6	51,7
DK	42,1	53,0	56,8	60,5	58,2	62,3	62,6	59,9	60,3	57,8	56,5
D*	40,1	47,6	46,0	49,2	48,6	49,9	49,3	49,9	49,3	48,6	47,8
EL	-	-	43,7	46,8	43,8	48,5	48,0	47,0	44,7	43,6	42,9
E	23,0	32,6	41,9	47,0	44,0	49,5	47,7	46,3	44,6	43,9	43,6
F	38,2	47,2	51,0	53,5	53,6	55,1	54,6	54,3	54,5	53,4	52,9
IRL	35,5	46,7	44,7	39,6	35,7	40,3	39,8	37,6	36,5	35,7	35,0
I	34,8	43,2	51,4	54,3	50,8	57,4	54,9	52,1	52,7	50,1	49,7
L	32,7	46,9	-	-	43,5	-	-	43,9	43,6	43,7	43,3
NL	43,4	55,1	57,0	55,0	49,9	56,2	53,9	53,2	50,8	50,1	48,8
A	40,0	48,5	51,5	52,9	52,2	54,6	53,9	53,6	53,0	52,0	51,5
P	21,9	36,1	39,9	45,7	44,0	46,3	47,4	44,8	44,0	44,1	43,8
FIN	31,5	40,5	45,5	59,6	56,4	61,9	60,9	58,8	58,3	56,5	54,5
S	44,9	59,4	60,5	68,3	64,1	72,6	69,8	68,0	66,2	64,0	62,1
UK	37,7	43,7	40,3	42,9	40,8	43,7	43,3	43,2	41,9	40,7	39,7
EUR*	36,8 ¹	45,4 ¹	47,8	50,8	49,1	52,3	51,3	50,9	50,3	48,9	48,1
USA	33,6	36,5	38,9	38,9	35,2	39,9	38,7	35,6	35,5	35,2	35,0
JAP	21,2	30,7	32,0	33,7	36,4	34,2	34,8	35,7	36,2	36,2	36,7

¹ EUR without Greece.

TABLE 20 : General government total current receipts (as a percentage of GDP, 1970-98)*

	1970-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998
B	40,1	48,6	49,5	49,4	49,9	49,2	50,2	50,3	50,3	49,9	49,4
DK	46,3	50,2	57,6	57,6	57,9	58,4	59,0	58,0	58,8	58,1	56,8
D*	40,3	44,9	44,5	46,1	45,4	46,4	46,8	46,3	45,6	45,5	45,0
EL	-	27,6	31,3	34,9	38,5	34,4	35,8	37,9	37,3	38,7	39,5
E	23,2	29,8	38,3	41,4	40,6	42,7	41,4	39,6	40,1	40,9	40,9
F	38,9	45,5	49,2	49,1	50,2	49,5	49,0	49,4	50,4	50,4	50,0
IRL	31,4	36,4	39,3	37,5	34,7	37,8	38,2	35,6	35,6	34,7	33,9
I	29,4	33,6	40,5	45,1	46,2	47,4	45,2	45,1	45,9	46,9	45,8
L	35,4	48,9	-	-	44,9	-	-	45,6	45,4	44,9	44,4
NL	43,7	51,7	51,9	51,5	47,7	52,9	50,6	49,1	48,4	47,8	47,0
A	41,5	46,2	48,2	49,1	48,9	50,2	49,4	48,3	49,1	49,0	48,6
P	23,3	29,6	35,2	39,9	40,7	39,5	41,3	38,8	39,9	41,1	41,0
FIN	36,1	44,3	49,5	54,2	54,7	53,8	54,7	53,7	55,7	54,7	53,8
S	49,1	57,5	63,7	60,5	61,5	60,3	59,4	60,3	62,6	61,5	60,4
UK	37,3	40,0	39,1	37,0	37,9	35,9	36,5	37,6	37,6	37,9	38,4
EUR*	36,1 ¹	41,4	44,1	45,4	45,9	45,8	45,4	45,9	46,1	46,0	45,6
USA	32,6	34,2	36,0	35,4	33,7	35,8	35,9	33,3	33,6	33,7	33,7
JAP	22,0	27,5	33,3	33,1	32,8	32,6	32,7	32,0	31,6	33,0	33,7

¹ EUR without Greece.

TABLE 21 : General government lending (+) or borrowing (-) (as a percentage of GDP, 1970-98)*

	1970-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998
B	-3,4	-8,0	-7,2	-6,1	-2,8	-7,5	-5,0	-4,1	-3,4	-2,7	-2,3
DK	4,3	-2,8	0,9	-2,9	-0,3	-3,9	-3,6	-1,9	-1,6	0,3	0,3
D*	0,2	-2,8	-1,5	-3,1	-3,2	-3,5	-2,4	-3,5 ²	-3,8	-3,0	-2,7
EL	-	-	-12,4	-11,9	-5,2	-14,2	-12,1	-9,2	-7,4	-4,9	-3,4
E³	0,4	-2,8	-3,6	-5,5	-3,4	-6,8	-6,3	-6,6	-4,4	-3,0	-2,7
F	0,7	-1,7	-1,8	-4,4	-3,4	-5,6	-5,6	-4,8	-4,1	-3,0	-3,0
IRL	-4,1	-10,3	-5,4	-2,2	-1,0	-2,4	-1,7	-2,0	-0,9	-1,0	-1,2
I	-5,4	-9,6	-10,9	-9,2	-4,6	-10,0	-9,6	-7,0	-6,7	-3,2 ⁴	-3,9
L	2,7	1,9	-	1,8	1,3	1,7	2,9	1,7	1,8	1,1	1,0
NL	-0,5	-3,6	-5,1	-3,5	-2,2	-3,2	-3,4	-4,0 ⁵	-2,4	-2,3	-1,8
A	1,5	-2,4	-3,2	-3,8	-3,3	-4,4	-4,6	-5,3	-3,9	-3,0	-2,9
P	1,6	-5,8	-4,7	-5,9	-3,3	-6,8	-6,4	-6,0	-4,1	-3,0	-2,8
FIN	4,6	3,7	4,0	-5,3	-1,7	-8,0	-6,2	-5,1	-2,6	-1,9	-0,6
S	4,5	-1,7	3,2	-7,8	-2,6	-12,3	-10,3	-7,7	-3,6	-2,6	-1,7
UK	-0,4	-3,8	-1,2	-5,8	-2,9	-7,8	-6,8	-5,6	-4,4	-2,9	-1,4
EUR*	-0,6 ¹	-4,1 ¹	-3,7	-5,3	-3,2	-6,6	-5,5	-5,0	-4,3	-2,9	-2,5
USA	-0,8	-2,3	-2,9	-3,6	-1,5	-4,1	-2,8	-2,3	-1,9	-1,5	-1,3
JAP	0,8	-3,2	1,3	-0,6	-3,6	-1,6	-2,1	-3,7	-4,6	-3,2	-3,0

¹ EUR without Greece.

² Not including unification-related debt and asset assumptions by the federal government in 1995 (Treuhand, eastern housing companies and Deutsche Kreditbank), equal to 229 bn DM.

³ The figures up to 1996 do not take into account some of Eurostat's recommendations of February 1997 that established a common and harmonised interpretation of the rules of ESA 2nd edition.

⁴ This may become 3% of GDP, if the measures already taken have full effectiveness and, if necessary, additional measures are introduced.

⁵ Not including a net amount of 32.84 bn NLG of exceptional expenditure related to the reform of the financing of the social housing societies.

TABLE 22 : Government gross debt (as a percentage of GDP, 1980-98)*¹

	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998
B	78,2	122,1	129,7	129,4	130,6	136,8	134,8	133,5	130,0	126,7	123,2
DK ²	38,5	72,0	59,6	64,6	68,7	80,2	76,2	72,1	70,2	67,2	64,3
D	31,7	41,7	43,8	44,7	44,1	48,2	50,4	58,1	60,7	61,8	61,9
EL	23,8	51,6	90,1	92,3	99,2	111,8	110,4	111,8	111,8	108,3	104,9
E	17,5	43,7	45,1	45,8	48,3	60,5	63,0	65,7	69,6	68,1	67,2
F	20,1	31,0	35,4	35,8	39,6	45,6	48,4	52,8	56,2	57,9	58,9
IRL	69,9	101,9	95,2	95,0	92,0	94,5	87,9	81,5	72,8	68,3	64,3
I	58,1	82,3	98,0	101,4	108,5	119,1	125,1	124,4	123,7	122,4	120,7
L	12,5	13,0	4,7	4,2	5,2	6,1	5,7	5,9	6,4	6,5	6,8
NL	46,9	71,5	78,8	78,8	79,6	80,5	77,3	79,6	78,5	76,2	74,2
A	37,3	50,5	58,9	59,0	58,9	63,9	67,0	69,3	70,0	68,8	68,8
P	32,4	61,9	65,2	71,1	64,4	64,3	66,7	66,4	65,6	64,1	62,9
FIN	11,8	16,5	14,5	23,0	41,5	58,0	59,6	58,8	58,7	59,2	58,6
S	41,0	63,8	43,5	53,0	67,1	76,0	79,0	78,2	77,7	76,5	74,7
UK	54,3	53,8	35,3	35,6	41,8	48,5	50,5	54,2	54,5	54,7	53,8
EUR*	38,5	53,6	55,3	57,1	60,4	66,1	68,1	71,2	73,2	72,9	72,3

¹ As defined by the Council Regulation n° 3605/93 on the excessive deficit procedure.

² Government deposits with the central bank, government holdings of non-government bonds and public enterprise related debt amounted to some 16 % of GDP in 1996. Until 1991

TABLE 23 : Trade balance total (fob/cif) (in bn. ECU, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	-0,1	-3,6	-2,3	3,3	10,8	-1,0	4,3	10,6	9,9	10,0	10,6	12,6
DK	-0,7	-1,8	0,6	4,3	5,2	4,4	5,6	4,9	4,0	5,1	5,6	5,9
D*	3,6	16,0	55,8	29,5	56,5	17,0	32,0	38,3	50,6	51,7	59,7	63,8
EL	-0,9	-4,3	-6,9	-10,7	-13,9	-10,8	-11,6	-10,2	-11,2	-12,9	-14,7	-16,8
E	-1,9	-7,5	-13,3	-15,1	-15,2	-21,8	-11,0	-10,2	-11,2	-15,6	-15,8	-18,2
F	-0,8	-11,0	-13,2	-0,9	11,5	-6,9	4,0	4,5	9,0	9,3	12,3	15,4
IRL	-0,4	-1,0	2,2	6,2	11,4	5,0	6,7	7,3	9,2	10,0	12,3	13,8
I	-1,3	-8,8	-7,8	7,9	35,0	-8,0	18,0	18,7	20,7	36,0	40,3	42,9
L ¹	-	-	-	-	-	-	-	-	-	-	-	-
NL	-1,0	0,9	2,1	6,4	12,4	4,0	11,9	5,2	13,7	11,6	11,0	13,4
A	-	-	-	-7,5	-5,1	-7,5	-7,2	-8,6	-6,6	-5,7	-4,3	-3,8
P	-0,5	-3,1	-4,8	-8,0	-8,8	-9,2	-7,5	-7,6	-7,5	-8,6	-9,3	-9,8
FIN	-	-	-	4,3	8,0	2,1	4,7	5,4	8,4	7,6	7,5	8,2
S	-	-	-	6,9	14,3	4,7	6,2	8,0	11,4	13,8	15,1	16,9
UK	-2,7	-7,7	-31,3	-25,5	-29,2	-26,7	-25,0	-26,9	-26,7	-21,3	-30,6	-38,2
EUR*	-6,6	-31,8	-18,7	1,2	92,7	-54,7	31,0	39,3	73,9	91,1	99,8	106,2

¹ Included in the figures for Belgium.

TABLE 24 : Rates of change of demand components, EUR (1993-98)¹*

	Percentage change on preceding period at constant prices											
	1993	1994	1995	1996	1997	1998	1996-I	1996-II	1997-I	1997-II	1998-I	1998-II
Private consumption	-0,3	1,7	1,8	1,9	1,9	2,4	2,4	1,5	1,8	2,6	2,3	2,5
Government consumption	1,2	0,3	0,6	1,2	0,7	0,9	1,0	1,5	0,4	0,6	0,9	1,3
Fixed capital formation	-6,6	2,4	3,7	1,1	3,0	4,7	-0,5	3,4	1,8	4,8	4,6	4,9
— Construction	-3,7	0,9	1,6	-0,1	1,5	3,5	-3,0	4,9	-0,8	3,0	3,5	3,8
— Equipment	-11,5	4,0	6,5	2,7	4,8	6,3	2,9	1,5	5,4	7,1	6,0	6,3
Change in stocks (as % of GDP)	-0,4	0,5	0,7	0,5	0,7	0,8	0,6	0,4	0,6	0,7	0,8	0,8
Domestic demand	-1,8	2,5	2,1	1,4	2,1	2,7	1,0	1,4	2,0	2,8	2,6	2,8
Exports of goods and services	1,8	9,0	7,5	4,5	6,3	6,6	3,9	7,7	5,5	6,5	6,6	6,8
Imports of goods and services	-2,8	7,6	6,5	3,8	5,6	6,6	2,8	5,1	5,4	6,6	6,5	6,5
Gross domestic product	-0,4	2,9	2,4	1,6	2,4	2,8	1,5	2,2	2,2	2,9	2,7	2,9

¹ Half-yearly figures at annual rates, seasonally adjusted (1996-I = first half of 1996 etc.).

TABLE 25 : Cyclically adjusted lending (+) or borrowing (-) of general government (as percentage of GDP, 1970-98)*

	1970-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998
B	-4,1	-7,9	-7,0	-6,3	-2,4	-6,8	-4,7	-3,7	-2,7	-2,2	-2,3
DK	3,3	-2,4	-0,1	-1,9	-0,7	-2,0	-3,0	-1,7	-1,6	0,0	-0,5
D ³	-0,8	-2,6	-1,0	-3,9	-2,7	-3,5	-2,6	-3,5	-3,3	-2,4	-2,4
EL	-	-	-12,3	-11,6	-5,2	-13,6	-11,6	-8,7	-7,0	-4,8	-3,7
E	0,1	-2,5	-4,4	-5,7	-2,8	-5,9	-5,2	-5,8	-3,5	-2,3	-2,4
F	0,0	-1,5	-2,0	-4,3	-3,0	-4,6	-5,0	-4,5	-3,4	-2,6	-3,0
IRL	-3,9	-10,8	-4,5	-1,2	-2,5	-0,1	0,0	-2,4	-2,2	-2,6	-2,8
I	-5,7	-9,5	-11,2	-9,1	-4,4	-9,0	-9,0	-7,1	-6,4	-2,8	-3,8
L	1,7	2,5	-	-	1,4	-	-	0,6	2,1	1,2	1,0
NL	-1,5	-3,5	-5,0	-3,7	-2,1	-2,6	-3,3	-3,5	-2,0	-2,2	-1,9
A	0,7	-2,4	-2,8	-4,4	-3,0	-4,6	-4,9	-5,4	-3,6	-2,5	-2,9
P	0,9	-	-4,9	-6,1	-3,0	-6,9	-5,6	-5,1	-3,5	-2,6	-2,9
FIN	3,3	4,1	1,2	-2,2	-1,7	-2,5	-2,6	-3,2	-1,5	-2,2	-1,5
S	3,7	-1,3	1,2	-6,4	-2,3	-8,2	-7,9	-7,2	-2,7	-2,2	-2,1
UK	-0,8	-3,2	-3,2	-4,9	-2,6	-6,0	-5,9	-5,6	-3,9	-2,7	-1,4
EUR*	-1,3	-3,7 ²	-4,0	-5,3	-2,9	-5,6	-5,3	-4,7	-3,8	-2,5	-2,5

¹ EUR without Greece. ² EUR without Spain and Portugal.

³ Not including unification-related debt and asset assumptions by the federal government in 1995 (Treuhand, eastern housing companies and Deutsche Kreditbank) equal to 229 bn DM

TABLE 26 : Balance on current account (as a percentage of GDP, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	1,0	-1,5	1,4	3,2	4,8	2,0	3,8	4,0	4,5	4,5	4,6	5,3
DK	-2,0	-3,5	-2,1	1,8	0,9	2,3	3,0	1,8	0,6	0,6	0,8	1,2
D*	0,7	0,8	4,2	-1,2	-1,0	-1,1	-1,1	-1,4	-1,2	-1,2	-0,9	-1,0
EL	-2,4	-2,4	-3,5	-2,5	-3,7	-3,2	-1,7	-1,0	-2,7	-3,5	-3,7	-3,9
E	-0,7	-1,4	-1,3	-1,8	0,8	-3,6	-1,0	-1,3	0,4	0,7	1,0	0,8
F	0,4	-0,3	-0,3	0,6	2,1	0,1	1,0	1,0	1,4	1,9	2,1	2,3
IRL	-2,3	-7,6	-1,0	3,8	4,2	3,2	5,3	3,4	4,4	4,0	4,2	4,4
I	1,3	-0,8	-0,8	0,1	3,9	-2,4	1,0	1,4	2,6	3,5	4,1	4,1
L	6,3	24,4	28,1	21,3	18,2	26,1	20,1	18,2	17,1	17,6	18,3	18,6
NL	0,5	2,0	3,0	4,4	5,1	3,1	4,9	5,2	5,2	5,3	4,8	5,3
A	0,1	-1,0	0,2	-0,7	-1,5	-0,1	-0,4	-0,9	-2,0	-1,8	-1,3	-1,3
P	0,4	-5,8	-1,0	-2,3	-2,0	-3,6	-2,3	-1,9	-0,3	-2,4	-2,0	-1,5
FIN	-1,4	-2,0	-3,2	-1,2	3,6	-4,6	-1,3	1,3	4,3	3,5	3,4	4,0
S	0,2	-1,7	-1,6	-1,2	2,1	-3,1	-1,4	-0,5	1,2	1,2	2,1	2,9
UK	-0,1	-0,1	-3,7	-2,0	-0,8	-2,6	-2,5	-2,0	-0,5	-0,0	-0,9	-1,4
EUR*	0,2	-0,2	0,1	-0,1	1,0	-0,6	-0,0	0,0	0,7	1,0	1,1	1,1
USA	0,5	-0,4	-2,5	-0,3	-2,0	-1,0	-1,5	-2,2	-1,9	-2,0	-2,0	-1,9
JAP	0,6	0,9	2,8	2,7	2,1	3,2	3,1	2,8	2,2	1,5	2,2	2,8

TABLE 27 : Imports of goods, volume (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	9,3	2,2	7,3	4,3	5,3	4,3	1,4	7,2	7,0	4,9	5,3	5,6
DK	7,9	1,5	1,5	3,8	3,7	1,2	-5,0	13,3	5,5	2,0	4,7	4,4
D*	8,7	3,8	7,1	4,2	5,2	1,3	-7,8	8,3	6,7	3,4	5,2	7,0
EL	12,8	2,9	9,9	4,4	6,7	4,6	0,5	3,9	6,3	7,2	6,7	6,2
E	-	1,9	15,3	6,4	7,8	5,7	-6,5	14,4	9,9	7,0	7,5	9,0
F	11,3	2,2	7,5	2,4	4,4	0,9	-4,1	7,3	5,6	1,7	5,0	6,5
IRL	9,2	4,2	6,6	7,4	9,3	5,4	7,1	13,1	11,3	8,8	9,6	9,4
I	10,2	3,0	7,6	3,8	1,6	3,4	-8,6	11,0	9,3	-3,6	3,2	5,3
L	6,2	2,4	8,1	3,3	2,2	-5,1	1,6	10,9	-0,6	-0,9	3,5	4,0
NL	9,4	2,5	5,6	3,7	5,8	1,4	-2,7	7,6	8,3	4,5	6,4	6,4
A	-	4,4	6,1	3,2	5,7	1,4	-4,0	9,9	3,2	5,4	4,9	6,8
P	-	-	16,4	6,3	7,5	11,1	-5,0	10,0	8,8	7,9	7,2	7,5
FIN	-	2,1	5,7	1,0	6,6	0,9	-1,0	17,3	4,7	7,8	5,9	6,1
S	-	3,3	4,6	4,4	3,9	-0,6	2,0	15,4	11,5	2,3	4,3	5,1
UK	5,2	2,6	7,2	2,6	8,2	6,7	3,6	4,1	4,0	8,2	8,4	8,0
EUR*¹	9,1	2,9	7,8	3,9	5,5	3,1	-3,6	8,6	6,9	3,8	5,8	6,8
USA	9,1	5,4	4,7	8,5	7,2	9,6	10,6	13,5	8,9	6,9	7,5	7,1
JAP	-	2,1	10,1	5,1	7,1	-1,5	7,0	13,3	11,4	10,3	4,5	6,7

¹ Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 28 : Exports of goods, volume (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998
B	10,1	2,7	6,2	5,3	5,3	3,9	2,0	8,6	10,0	3,7	5,8	6,5
DK	6,8	4,9	3,7	3,9	3,6	3,3	-1,5	9,9	1,1	1,9	4,5	4,6
D*	8,0	4,7	4,8	4,3	6,5	0,4	-5,1	9,3	6,3	4,5	7,6	7,3
GR	12,0	6,5	7,8	3,9	3,7	7,3	-1,1	5,1	2,5	2,5	3,8	4,8
E	-	8,5	5,2	11,2	9,6	6,7	10,6	19,5	9,6	10,6	9,5	8,6
F	10,0	4,3	5,1	4,3	5,8	4,7	-1,0	6,5	7,5	3,8	6,3	7,3
IRL	8,1	8,7	9,0	12,6	10,4	15,6	10,1	14,8	18,2	10,4	10,7	10,1
I	11,7	5,1	6,0	7,7	2,8	4,8	9,0	13,2	10,9	-0,3	3,7	5,1
L	5,3	1,9	5,7	3,9	2,0	2,3	4,3	14,3	-1,7	-0,7	3,0	3,9
NL	9,9	3,5	5,4	4,8	5,8	2,6	1,0	7,4	8,2	4,1	6,0	7,2
A	-	6,5	6,1	4,1	7,2	2,2	-2,9	8,6	10,2	5,6	7,8	8,2
P	-	-	9,8	5,8	9,2	6,8	-2,0	11,9	12,3	10,5	8,0	9,0
FIN	-	3,7	1,6	7,9	5,2	9,3	17,0	12,9	7,6	4,4	5,4	5,9
S	-	3,1	2,5	7,5	6,1	1,3	9,9	16,0	13,9	6,0	6,0	6,2
UK	5,0	3,9	5,4	4,9	5,8	2,5	3,6	10,3	7,3	6,9	4,9	5,5
EUR*¹	8,8	4,6	5,4	5,6	5,8	3,3	1,4	10,0	8,3	4,5	6,2	6,8
USA	6,7	2,5	10,4	7,7	7,5	7,0	3,5	10,1	10,6	7,6	7,5	7,5
JAP	-	9,0	2,6	1,9	7,3	0,7	-1,0	1,5	6,0	2,1	10,0	10,0

¹ Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 29 : Export markets and export performance
(percentage change on preceding year, 1996-98)*

	Export markets			Export performance ¹		
	1996	1997	1998	1996	1997	1998
B	4,1	6,6	7,5	-0,3	-0,8	-0,9
DK	4,7	6,0	6,7	-2,7	-1,4	-2,0
D	5,1	6,6	7,2	-0,5	0,9	0,1
EL	4,3	6,3	7,1	-1,8	-2,4	-2,2
E	4,1	6,2	7,1	6,2	3,1	1,4
F	4,8	6,4	7,1	-1,0	-0,1	0,2
IRL	5,6	6,6	7,0	4,5	3,9	2,9
I	5,5	6,8	7,6	-5,5	-2,9	-2,3
L²	-	-	-	-	-	-
NL	4,0	5,7	6,5	0,1	0,3	0,7
A	3,7	6,5	7,7	1,9	1,3	0,5
P	4,7	6,5	7,4	5,5	1,4	1,5
FIN	4,7	6,7	7,3	-0,3	-1,2	-1,3
S	5,2	6,6	7,1	0,7	-0,6	-0,8
UK	5,4	6,7	7,4	1,4	-1,7	-1,7
EUR*	4,9	6,5	7,2	-0,3	-0,2	-0,4
USA	6,6	6,9	7,6	0,9	0,6	-0,1
JAP	6,8	7,9	8,1	-4,4	1,9	1,8

¹ Index of export volume growth divided by index of market growth (includes intra-community trade).

² Included in the figures for Belgium.

TABLE 30 : Trade balances (fob-fob) EUR, USA and Japan*

	1993	1994	1995	1996	1997	1998
	as a % of GDP					
EUR	0,9	1,0	1,5	1,8	1,9	1,9
USA	-2,1	-2,5	-2,4	-2,5	-2,5	-2,5
Japan	3,3	3,1	2,7	2,1	2,6	3,1
	in billions of USD					
EUR	70,9	99,1	129,8	156,1	155,5	165,3
USA	-132,6	-166,4	-175,5	-187,3	-200,5	-210,8
Japan	141,6	145,9	137,0	96,9	109,0	134,4
	in billions of ECU					
EUR	60,5	83,4	99,3	123,0	134,8	144,3
USA	-113,1	-140,1	-134,2	-147,5	-173,8	-184,1
Japan	120,8	122,9	104,8	76,4	94,5	117,3

TABLE 31 : World export prices¹
(percentage change on preceding year)*

	1993	1994	1995	1996	1997	1998
Fuels	-11,9	-7,1	7,8	21,0	-0,3	-1,7
Other primary commodities	-7,5	8,8	9,5	-4,3	-1,0	3,7
Manufactures	-3,9	2,0	8,2	-2,6	-5,8	1,4

¹ In US dollars.

Source : United Nations and forecasts by Commission services.

TABLE 32 : World GDP (at constant prices)*
(percentage change on preceding year)

	1993	1994	1995	1996	1997	1998
EUR	-0,4	2,9	2,4	1,6	2,4	2,8
USA	3,4	4,1	2,0	2,4	2,8	2,2
Japan	0,1	0,5	0,9	3,6	1,6	2,5
Canada	2,3	4,1	2,3	1,4	2,7	2,9
Rest OECD	4,4	1,2	6,2	5,0	4,3	4,8
Total OECD	1,3	2,9	2,6	2,5	2,6	2,8
CCEE	-8,4	-7,4	-0,9	-1,3	1,8	4,3
OPEC	3,1	2,6	4,6	4,5	5,0	5,1
Other developing countries	6,0	6,7	6,7	6,8	6,5	6,9
— DAE's	6,8	7,9	7,6	6,9	6,8	7,1
— Other Asia	8,2	8,9	8,3	8,2	7,7	7,9
— Latin America	5,0	5,8	3,4	3,5	4,1	4,8
— Africa	1,2	3,2	2,6	4,7	4,1	4,4
World	2,2	3,6	3,7	3,7	3,8	4,2
World excluding EUR	3,0	3,8	4,1	4,3	4,3	4,6

TABLE 33 : World imports of goods (at constant prices)*
(percentage change on preceding year)

	1993	1994	1995	1996	1997	1998
EUR	-3,6	8,6	6,9	3,8	5,8	6,8
USA	10,6	13,5	8,9	6,9	7,5	7,1
Japan	7,0	13,3	11,4	10,3	4,5	6,7
Canada	8,6	10,6	9,8	4,7	6,3	7,0
Rest OECD	6,6	9,0	11,2	10,3	7,5	7,8
Total OECD	2,1	9,6	8,8	5,8	6,3	7,0
CCEE	4,6	7,0	10,4	5,9	11,5	10,4
OPEC	-2,7	-2,4	10,5	7,2	7,8	7,0
Other developing countries	12,4	11,5	14,4	6,5	8,8	9,4
— DAE's	13,4	15,8	14,3	6,2	8,8	9,6
— Other Asia	25,0	8,9	12,6	7,2	10,5	11,1
— Latin America	20,3	19,3	19,4	7,1	7,9	7,5
— Africa	0,8	5,5	12,3	5,6	5,8	6,1
World	4,9	10,3	9,4	6,0	7,1	7,6
World excluding EUR	10,1	11,4	11,8	7,4	7,9	8,1

TABLE 34 : World balances of current account
(in billions USD)*

	1993	1994	1995	1996	1997	1998
EUR	8,9	10,5	57,4	83,3	87,9	92,8
USA	-103,9	-155,7	-136,3	-149,5	-157,4	-160,7
Japan	131,5	129,2	111,7	68,8	92,1	121,0
Canada	-23,9	-18,2	-8,2	-0,4	5,7	11,2
Rest OECD	1,5	6,6	-8,6	-27,1	-32,4	-31,9
Total OECD	-9,4	-56,2	16,1	-24,9	-4,2	32,4
CCEE	-9,3	-10,1	2,1	-3,7	-10,8	-18,1
OPEC	-15,8	-14,7	-4,7	22,3	27,1	24,5
Other developing countries	-47,7	-47,7	-53,5	-63,5	-64,6	-73,9
— DAE's	9,3	4,3	-4,1	-6,1	-5,5	-6,9
— Other Asia	-19,5	-9,2	-1,9	-6,6	-7,8	-10,3
— Latin America	-17,8	-21,1	-33,8	-35,9	-36,8	-40,9
— Africa	-4,1	-6,9	-13,6	-14,9	-14,6	-15,7
Errors and omissions	-66,4	-114,0	-40,1	-69,8	-52,5	-35,0

TABLE 35 : World trade balances
(fob-fob, in billions USD)*

	1993	1994	1995	1996	1997	1998
EUR	70,9	99,1	129,8	156,1	155,5	165,3
USA	-132,6	-166,4	-175,5	-187,3	-200,5	-210,8
Japan	141,6	145,9	137,0	96,9	109,0	134,4
Canada	7,6	12,8	20,7	27,4	31,9	35,6
Rest OECD	-2,4	4,4	-17,5	-33,7	-36,5	-42,2
Total OECD	66,2	71,5	94,5	59,6	59,4	82,2
CCEE	-3,3	-1,1	0,5	-6,8	-15,3	-23,3
OPEC	45,0	50,4	59,6	91,3	100,1	99,5
Other developing countries	3,6	8,6	-55,4	-64,6	-65,9	-75,3
— DAE's	-3,0	-10,7	-18,0	-19,6	-19,7	-22,0
— Other Asia	-28,3	-14,6	-8,6	-12,6	-13,6	-16,2
— Latin America	-1,0	-5,6	-14,6	-16,8	-17,1	-20,2
— Africa	-9,0	-10,9	-14,3	-15,7	-15,6	-16,9
Errors and omissions	66,5	79,1	99,2	79,4	78,3	83,2

* Notes : see page 27.

TABLE 36 : Demand components at constant prices ¹ and contributions to real GDP growth ², EUR countries and EUR, 1992-98*

	1992	1993	1994	1995	1996	1997	1998		1992	1993	1994	1995	1996	1997	1998
B⁷	Demand components							F³	Demand components						
Private consumption	2.3	-0.8	1.3	1.2	1.4	1.0	1.5	Private consumption	1.3	0.2	1.4	1.8	2.3	1.3	2.4
Government consumption	0.1	1.4	1.4	1.0	0.9	0.9	0.8	Government consumption	3.4	3.5	1.1	0.6	1.5	1.4	1.3
Fixed capital formation	1.8	-5.0	0.3	3.0	2.4	4.4	4.4	Fixed capital formation	-2.8	-6.7	1.3	2.8	-0.6	2.2	4.2
— Construction	5.7	0.9	1.4	1.3	1.6	3.4	3.7	— Construction	-2.0	-6.3	-0.6	0.6	-0.9	0.6	2.0
— Equipment	-3.1	-12.5	-1.4	5.5	3.3	5.7	5.3	— Equipment	-4.0	-7.4	4.1	6.2	-0.3	4.4	7.2
Exports of goods and services	3.6	1.8	9.2	5.0	4.3	5.5	6.1	Exports of goods and services	4.9	-0.4	6.0	5.9	3.6	6.0	6.8
Imports of goods and services	4.0	1.8	8.3	4.8	4.6	5.1	5.3	Imports of goods and services	1.2	-3.5	6.7	5.0	2.2	4.9	6.4
GDP	1.7	-1.4	2.3	1.9	1.4	2.3	2.9	GDP	1.2	-1.3	2.8	2.2	1.3	2.3	3.0
Contributions to growth								Contributions to growth							
Final domestic demand	1.8	-1.3	1.1	1.4	1.5	1.6	1.9	Final domestic demand	0.8	-0.7	1.3	1.8	1.5	1.5	2.5
Stockbuilding	0.1	-0.1	0.3	0.1	-0.1	0.1	0.0	Stockbuilding	-0.6	-1.5	1.7	0.1	-0.6	0.4	0.3
Foreign balance	-0.2	0.1	0.9	0.4	-0.1	0.6	1.0	Foreign balance	0.9	0.9	-0.2	0.2	0.4	0.3	0.2
DK³	Demand components							IRL⁷	Demand components						
Private consumption	1.9	2.3	6.6	2.1	2.6	2.5	2.9	Private consumption	4.4	1.7	6.8	3.7	6.7	5.8	5.3
Government consumption	0.4	3.0	2.0	0.5	1.9	1.5	1.2	Government consumption	2.4	1.1	3.4	3.0	1.8	2.2	2.3
Fixed capital formation	-4.2	-4.4	0.6	10.7	7.7	5.6	3.8	Fixed capital formation	-2.5	-2.1	8.7	10.1	10.1	8.8	8.0
— Construction	0.3	-8.7	-1.1	8.0	14.3	5.3	1.8	— Construction	0.5	-5.9	11.7	12.9	11.0	9.5	8.5
— Equipment	-8.3	-0.5	2.6	12.6	2.3	5.8	5.7	— Equipment	-7.1	4.1	4.1	5.4	8.5	7.5	7.0
Exports of goods and services	1.4	-1.4	9.0	0.7	2.3	4.4	4.7	Exports of goods and services	13.6	9.6	13.6	17.1	9.9	10.5	9.9
Imports of goods and services	0.8	-3.8	13.6	5.6	1.8	4.5	4.3	Imports of goods and services	6.9	6.1	13.2	11.7	8.7	9.5	9.2
GDP	0.2	1.5	4.2	2.7	2.4	3.0	2.9	GDP	4.6	3.7	7.3	10.7	8.4	7.2	6.6
Contributions to growth								Contributions to growth							
Final domestic demand	0.4	1.2	4.0	2.8	3.0	2.6	2.5	Final domestic demand	2.6	0.8	5.6	4.0	5.3	4.6	4.2
Stockbuilding	-0.5	-0.5	1.1	1.6	-0.9	0.1	0.0	Stockbuilding	-2.5	-0.2	-0.5	1.0	0.6	-0.1	-0.1
Foreign balance	0.3	0.8	-0.9	-1.8	0.3	0.2	0.4	Foreign balance	4.6	3.0	2.2	5.7	2.6	2.7	2.5
D^{8*}	Demand components							I⁷	Demand components						
Private consumption	3.4	0.2	1.8	2.0	1.3	1.2	2.2	Private consumption	1.3	-3.4	0.9	1.3	0.8	0.9	1.7
Government consumption	2.0	0.2	-2.2	1.0	2.4	0.7	1.2	Government consumption	1.2	0.5	-0.6	-1.3	0.4	-0.8	-0.2
Fixed capital formation	3.5	-5.6	4.2	1.5	-0.8	1.4	4.3	Fixed capital formation	-1.8	-12.8	0.5	6.9	1.2	1.9	4.3
— Construction	9.7	0.9	7.7	1.2	-2.7	-0.9	2.8	— Construction	-2.4	-6.3	-5.9	0.7	1.1	1.5	3.0
— Equipment	-3.5	-14.1	-1.2	2.0	2.4	5.0	6.5	— Equipment	-1.2	-19.5	8.2	13.4	1.3	2.2	5.5
Exports of goods and services	-0.3	-4.9	8.0	5.9	4.9	7.8	7.5	Exports of goods and services	6.8	9.8	9.9	11.9	-0.3	4.5	5.2
Imports of goods and services	2.0	-5.7	7.6	6.4	2.6	4.7	6.7	Imports of goods and services	7.4	-8.8	6.8	8.8	-2.6	3.6	5.3
GDP	2.2	-1.1	2.9	1.9	1.4	2.3	2.9	GDP	0.6	-1.2	2.2	2.9	0.7	1.2	2.0
Contributions to growth								Contributions to growth							
Final domestic demand	3.3	-1.2	1.8	1.8	1.0	1.1	2.4	Final domestic demand	0.7	-4.6	0.5	1.7	0.7	0.7	1.8
Stockbuilding	-0.4	-0.2	1.0	0.3	-0.3	0.3	0.1	Stockbuilding	0.1	-0.6	0.6	0.1	-0.5	0.1	0.1
Foreign balance	-0.6	0.2	0.1	-0.1	0.6	0.9	0.3	Foreign balance	-0.2	4.0	0.9	1.1	0.5	0.4	0.2
EL⁶	Demand components							L⁷	Demand components						
Private consumption	1.8	0.1	1.5	1.6	2.2	2.1	2.1	Private consumption	-0.9	1.7	2.4	2.4	2.5	2.5	2.5
Government consumption	-3.4	4.8	3.5	1.5	1.4	0.6	0.4	Government consumption	1.5	3.7	2.0	2.2	4.0	3.2	3.2
Fixed capital formation	-1.0	-1.8	1.2	5.9	11.8	10.8	10.3	Fixed capital formation	-9.0	28.4	-14.9	3.5	0.0	3.4	2.5
— Construction	-3.5	-5.6	-3.4	3.0	13.2	12.1	11.4	— Construction	-	-	-	-	3.9	2.7	4.4
— Equipment	7.0	1.5	6.8	11.5	10.2	9.4	8.9	— Equipment	-	-	-	-	-2.9	4.0	1.0
Exports of goods and services	8.6	0.5	7.4	2.1	-0.1	4.7	5.0	Exports of goods and services	4.8	2.8	4.4	4.4	3.7	5.5	5.8
Imports of goods and services	4.9	1.0	4.1	6.2	6.2	6.5	6.1	Imports of goods and services	-0.8	2.8	-0.1	3.8	1.1	4.5	5.0
GDP	0.5	0.2	2.2	2.0	2.6	3.1	3.3	GDP	4.5	8.7	4.2	3.8	3.6	3.7	3.9
Contributions to growth								Contributions to growth							
Final domestic demand	0.6	0.3	1.9	2.7	4.7	4.5	4.5	Final domestic demand	-3.1	8.8	-3.0	2.4	1.8	2.5	2.3
Stockbuilding	-0.1	0.2	0.2	0.9	0.1	0.1	0.0	Stockbuilding	1.5	0.5	2.5	0.5	-0.8	-0.2	0.3
Foreign balance	0.0	-0.2	0.1	-1.5	-2.2	-1.4	-1.2	Foreign balance	5.5	0.1	4.2	0.8	2.6	1.4	1.3
E⁵	Demand components							NL⁷	Demand components						
Private consumption	2.2	-2.2	0.9	1.5	1.9	2.5	2.8	Private consumption	2.5	1.0	2.2	2.1	3.1	2.2	2.2
Government consumption	4.0	2.4	-0.3	1.3	0.0	0.2	1.8	Government consumption	1.7	1.5	0.2	0.6	1.0	2.0	2.0
Fixed capital formation	-4.4	-10.6	1.8	8.2	0.7	1.9	5.2	Fixed capital formation	0.6	-2.8	1.6	6.7	4.9	4.6	3.0
— Construction	-3.9	-5.5	-0.1	6.5	-2.3	-0.7	3.3	— Construction	2.6	-2.7	2.5	1.3	1.5	4.8	3.6
— Equipment	-5.5	-20.4	6.0	12.1	6.1	6.2	8.3	— Equipment	-1.5	-2.7	-0.2	14.7	9.4	4.5	2.4
Exports of goods and services	7.4	8.5	16.7	8.2	10.3	9.9	8.9	Exports of goods and services	2.9	1.5	6.7	6.9	3.9	5.8	6.9
Imports of goods and services	6.9	-5.2	11.4	8.8	7.5	7.2	9.2	Imports of goods and services	2.1	-2.1	6.5	7.7	4.3	6.1	6.4
GDP	0.7	-1.2	2.1	2.8	2.2	2.8	3.1	GDP	2.0	0.8	3.4	2.1	2.8	3.1	3.2
Contributions to growth								Contributions to growth							
Final domestic demand	1.0	-3.6	0.9	3.0	1.4	2.0	3.2	Final domestic demand	1.9	0.3	1.7	2.6	2.9	2.5	2.2
Stockbuilding	0.1	-1.0	0.4	0.2	0.2	0.1	0.1	Stockbuilding	-0.4	-1.3	1.3	-0.5	-0.2	0.4	0.2
Foreign balance	-0.4	3.4	0.9	-0.4	0.6	0.6	-0.3	Foreign balance	0.6	1.9	0.6	0.1	0.1	0.2	0.8

TABLE 36 (continued)

	1992	1993	1994	1995	1996	1997	1998		1992	1993	1994	1995	1996	1997	1998
A⁴ Demand components								S⁸ Demand components							
Private consumption	2,9	0,7	2,4	2,1	1,5	0,7	1,7	Private consumption	-1,4	-3,1	1,8	0,8	1,5	1,7	1,8
Government consumption	2,0	2,8	2,4	0,6	0,3	0,1	1,2	Government consumption	0,0	0,2	-0,7	-1,0	-1,7	-0,3	0,0
Fixed capital formation	0,1	-2,0	7,2	3,0	1,4	2,3	3,6	Fixed capital formation	-10,8	-17,2	2,0	10,9	4,7	1,9	4,5
— Construction	2,9	2,1	4,7	2,6	-0,5	-0,1	0,5	— Construction	-7,7	-19,0	-9,6	2,8	2,8	-2,0	6,0
— Equipment	-3,7	-7,2	11,0	3,1	4,0	5,4	7,5	— Equipment	-16,0	-14,0	15,8	6,5	6,5	5,5	3,2
Exports of goods and services	1,7	-1,3	5,7	6,5	5,4	6,5	7,1	Exports of goods and services	2,3	7,6	14,0	12,6	5,6	5,7	5,9
Imports of goods and services	1,8	-0,7	8,3	7,6	5,6	4,5	6,2	Imports of goods and services	1,1	-2,5	13,2	10,3	3,5	4,2	4,7
GDP	1,3	0,6	2,3	1,4	1,0	1,6	2,5	GDP	-1,4	-2,2	3,3	3,6	1,1	2,1	2,6
Contributions to growth								Contributions to growth							
Final domestic demand	2,0	0,4	3,5	2,1	1,3	1,1	2,1	Final domestic demand	-2,9	-4,6	1,0	1,7	1,1	1,1	1,6
Stockbuilding	-0,6	0,5	0,3	-0,5	-0,1	-0,2	0,1	Stockbuilding	1,1	-0,5	1,4	0,5	-1,0	0,1	0,1
Foreign balance	0,0	-0,3	-1,2	-0,6	-0,3	0,8	0,3	Foreign balance	0,4	2,9	0,9	1,4	1,1	0,9	0,9
P⁷ Demand components								UK⁷ Demand components							
Private consumption	5,6	0,5	0,2	1,8	2,5	2,6	2,8	Private consumption	-0,1	2,5	2,6	2,0	3,0	4,2	3,3
Government consumption	0,4	0,9	1,4	2,5	1,8	1,5	1,0	Government consumption	-0,1	0,2	1,9	1,3	0,8	1,2	0,6
Fixed capital formation	4,6	-6,2	3,9	1,8	7,4	6,7	5,8	Fixed capital formation	-1,5	0,6	2,9	-0,1	1,0	5,6	6,1
— Construction	3,3	0,3	2,5	5,0	6,7	7,0	5,5	— Construction	0,3	0,9	0,0	-1,3	1,4	5,3	5,5
— Equipment	4,9	-10,6	6,7	-0,8	7,9	6,5	6,0	— Equipment	-3,8	0,2	6,9	1,5	0,5	6,0	7,0
Exports of goods and services	4,1	-0,1	10,7	11,4	7,6	7,3	8,7	Exports of goods and services	4,1	3,5	9,2	7,2	6,3	5,1	5,1
Imports of goods and services	10,5	-3,0	8,5	8,7	7,6	7,0	7,4	Imports of goods and services	6,6	3,1	5,5	3,9	7,8	8,0	7,2
GDP	1,8	0,3	0,8	2,3	3,0	3,2	3,5	GDP	-0,5	2,1	3,9	2,5	2,1	2,8	2,6
Contributions to growth								Contributions to growth							
Final domestic demand	5,0	-1,2	1,6	2,2	4,0	3,9	3,7	Final domestic demand	-0,3	1,7	2,5	1,5	2,2	3,8	3,3
Stockbuilding	0,1	0,1	0,2	0,2	-0,1	0,1	0,2	Stockbuilding	0,5	0,4	0,5	0,1	-0,2	-0,1	0,0
Foreign balance	-3,2	1,4	-1,0	-0,1	-0,9	-0,8	-0,4	Foreign balance	-0,7	0,0	0,9	0,9	-0,4	-0,9	-0,8
FIN⁷ Demand components								EUR^{7*} Demand components							
Private consumption	-4,9	-2,9	1,9	3,7	3,3	3,8	3,2	Private consumption	1,8	-0,3	1,7	1,8	1,9	1,9	2,4
Government consumption	-2,2	-5,3	-0,3	1,7	2,9	1,3	1,2	Government consumption	1,5	1,2	0,3	0,6	1,2	0,7	0,9
Fixed capital formation	-16,9	-19,2	0,2	8,5	5,5	10,5	7,5	Fixed capital formation	-0,9	-6,6	2,4	3,7	1,1	3,0	4,7
— Construction	-17,3	-18,8	-3,8	3,1	4,0	13,3	8,9	— Construction	1,1	-3,7	0,9	1,6	-0,1	1,5	3,5
— Equipment	-16,0	-20,0	8,6	18,6	8,0	6,0	5,1	— Equipment	-3,7	-11,5	4,0	6,5	2,7	4,8	6,3
Exports of goods and services	10,0	16,7	13,3	8,2	3,8	5,3	5,7	Exports of goods and services	3,7	1,8	9,0	7,5	4,5	6,3	6,6
Imports of goods and services	1,1	0,8	12,8	6,9	4,5	5,7	5,9	Imports of goods and services	3,9	-2,8	7,6	6,5	3,8	5,6	6,6
GDP	-3,6	-1,2	4,5	4,5	3,3	4,4	3,6	GDP	1,0	-0,4	2,9	2,4	1,6	2,4	2,8
Contributions to growth								Contributions to growth							
Final domestic demand	-7,1	-6,6	1,0	3,6	3,2	4,0	3,2	Final domestic demand	1,2	-1,4	1,6	1,9	1,6	1,9	2,5
Stockbuilding	0,7	0,5	2,4	-0,1	0,0	0,1	0,0	Stockbuilding	-0,1	-0,5	0,9	0,2	-0,2	0,2	0,1
Foreign balance	2,1	4,2	1,0	0,9	0,1	0,3	0,4	Foreign balance	-0,1	1,4	0,4	0,3	0,3	0,3	0,1

¹ Percentage change on preceding year.

² Change as a percentage of GDP of preceding period.

³ 1980 prices.

⁴ 1983 prices.

⁵ 1986 prices.

⁶ 1988 prices.

⁷ 1990 prices.

⁸ 1991 prices.

Source : Commission services.

* Notes : see page 27.

Notes on technicalities, concepts and sources

1. Directorate General II "Economic and Financial Affairs" regularly produces, under its own responsibility, short-term economic forecasts. These forecasts cover the principal macro-economic aggregates of the Member States and of the Community as a whole, in addition to the international environment. Although the forecasts primarily serve as a support to the internal work of the Commission and its services, they also form the subject-matter of a regular publication in the Supplement A series "Economic Trends" of "European Economy".

2. *Concepts and sources*

The sources for the tables and graphs are the Commission's services, except where otherwise indicated.

The historical part of the time series presented in the tables (in the present case, until 1995) is based on ESA national accounts (European System of Integrated Economic Accounts) which are published once a year by Eurostat. In the prospective part (1996 estimates, 1997 forecasts and 1998 scenario of unchanged economic policies) the concepts are generally in line with national economic accounting practice and, therefore, do not always follow the ESA definitions.

Since October 1989, the rates of unemployment presented in table 18, both for the historical part and the forecast, are based on the definition of the Statistical Office of the European Communities (SOEC), which relies on the labour force survey data.

3. *Community (EUR) data* are generally aggregated using Purchasing Power Standards (PPS). For aggregates at constant prices, PPS weighted national currency is used. The aggregation in the tables "Current Balance as % of GDP" and "GNP at Market Prices" is made using current exchange rates.

4. *Technical Notes*

The world *geographical zones* are defined as follows :

- Rest OECD: Norway, Switzerland, Iceland, Turkey, Korea, Mexico, Australia and New Zealand

- OECD : EU, USA, Canada, Japan, Norway, Switzerland, Iceland, Australia, Mexico, New Zealand, Korea and Turkey
- Countries in Central and Eastern Europe (CCEE) : Bulgaria, Czech Republic, Slovakia, Hungary, Poland, Romania, former USSR and Slovenia
- OPEC : Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela
- Dynamic Asian Economies (DAE) : Hong Kong, Malaysia, Singapore, Taiwan and Thailand
- Other Asia : all except DAE's, Indonesia, Iran, Iraq, Kuwait, Qatar, Saudi Arabia and UAE
- Latin America : all except Ecuador and Venezuela
- Africa : all except Algeria, Gabon, Libya and Nigeria.

However, it should be noted that the OECD grouping as defined in the forecasts does not include all the countries belonging to this organisation.

In the ESA definition of "General Government" social security is included but public enterprises are excluded.

The employment statistics refer to the number of occupied persons except in the Netherlands where they refer to man-years.

In the "imports" and "exports" tables, the EU figures include both intra- and extra-Union trade.

German data as well as EUR figures include the new German Länder from 1991 onwards; for percentage changes from 1992 onwards.

Forecasts for year 1998 should be treated as a scenario based on the "unchanged economic policies" assumption.

Principal economic policy measures – February, March and April 1997

Community (EUR-15)

12.2 The Commission adopts its 1997 Annual Economic Report. It contains an in depth analysis of growth, employment and convergence on the road to EMU.

17.2 The Ecofin Council examines the new convergence programme of Belgium.

27.2 The EMI presents a report on "The single monetary policy in Stage Three: Elements of the monetary policy strategy of the ESCB".

7.3 Eurostat presents its new harmonised index of consumer prices. It will be used for assessing the convergence performance in Member States.

12.3 The Commission adopts a proposal to expand the Community system of energy taxation to all energy products.

17.3 The Ecofin Council examines the revised convergence programmes of Germany and France.

4.-6.4 The informal Ecofin Council in Noordwijk agrees on final details of the stability and growth pact (consisting of a European Council resolution to apply the pact, and two Council regulations dealing with multilateral surveillance and procedures in the event of an excessive deficit). Furthermore, the Council advances work on the ERM 2, reaches consensus on the timetable for EMU procedures in Spring 1998 and discusses some details about euro coins.

15.4 The EMI presents its Annual Report 1996, which covers inter alia preparatory work for Stage Three.

23.4 The Commission adopts a recommendation for the Broad Guidelines of the Economic Policies of the Member States and the Community, a recommendation for an abrogation of the Council decision on the existence of an excessive deficit in the Netherlands and Finland, recommendations for Council recommendations to the 10 Member States concerned to bring the situation of an excessive deficit to an end, approves the Spring 1997 economic forecasts and examines a working document on the external aspects of EMU.

30.4 The Commission adopts a draft action plan to complete the single market by 1 January 1999.

Belgium (B)

4.3 Agreement between federal government and regions to subsidise 8 000 jobs.

22.3 Government adjusts budget for 1997.

Denmark (DK)

9.4 The government launches the "Denmark as a leading country" project aiming at measuring Denmark's economic strength and level of welfare and comparing it to the large European countries and Japan and the US. The results of the initial report are favourable for Denmark as regards public finances, infrastructure, social protection, public services and IT but negative as regards R&D in enterprises and tax pressure. In other areas (labour market, energy, environment, education, health, competition, foreign trade...), Denmark is in line with the other countries in the comparison. The government will continue to survey indicators on the development of Denmark's relative position.

23.4 The Nationalbank announces that the quota-system for commercial bank deposits with the central bank will disappear from 1 May. The system was introduced in 1992 and put a ceiling on bank deposits with the central bank in order to encourage banks to spread their funds more effectively. The growth of a more efficient money market has now rendered the system obsolete, as the banks are no longer using the quota attributed to them.

25.4 Government decides on measures to create jobs in the SMEs.

Germany (D)

None.

Greece (EL)

31.1 Bank of Greece announces its monetary policy for 1997 and 1998, targeting inflation at 4.5% and below 3% (year-end) respectively, setting M3 growth at 6-9%, and targeting a constant rate of drachma against the ECU.

14.2 The Bank of Greece cuts the Discount and the Lombard Rates by 100 basis points to 15.5% and 20%, respectively, and the intervention bid on the overnight rate by 50 basis points to 11.9%..

Spain (E)

21.2 The Government Delegate Committee on Economic Affairs approves reductions in international telephone call tariffs. The reductions range between 7% and 15%.

22.2 The Spanish government approves a liberalisation plan to be implemented by the end of this year. The plan, which aims to boost economic activity, outlines a

wide range of actions to be taken in several sectors, including telecommunications, urban areas and housing, financial systems, transport, energy and tobacco.

27.2 The Ministry of Industry approves a so-called 'Plan Renove' amounting to ESP 3 billion, aiming at subsidising the acquisition of industrial vehicles.

14.3 The Bank of Spain cuts its key money rate by 25 basis points to 5.75% at the regular ten-day repurchase tender for central bank certificates.

15.3 The government approves the freezing of highway tolls until 1 September, when they will be reduced by 7.7%.

4.4 The Spanish government approves a so-called "Plan Prever" to encourage car sales. It consists of a lump-sum reduction of the car registration duty (currently 12% of the vehicle value) of ESP 80 000 when a ten-year old car, van or industrial vehicle (under 6 tons) is replaced by a new one.

8.4 Trade Unions and Employers' Organizations reach an agreement to reform the labour market institutional framework, aiming at encouraging the creation of permanent jobs. Among the main points of the agreement are: the creation of a new permanent contract, in which dismissal compensations are reduced to 33 days per year worked up to a maximum of 24 months, and the creation of a new training contract for young people.

15.4 The Bank of Spain cuts its key money rate by 25 basis points to 5.5% at the regular ten-day repurchase tender for central bank certificates

France (F)

6.3 The Minister of Finance confirms the freezing of about FRF 10 billion (0.1% of GDP) of credits in the budget for 1997, in order to offset potential expenditure slippages or revenue shortfalls. In 1995 and 1996, credits amounting to 0.3% of GDP were frozen in the course of the year and subsequently cancelled.

Ireland (IRL)

None.

Italy (I)

27.3 The Italian government issues a decree law defining deficit-cutting measures worth ITL 15.5 trillion or 0.8% of GDP.

Luxembourg (L)

None.

Netherlands (NL)

27.2 The central bank raises its special advance rate from 2.50% to 2.70%.

10.3 The central bank raises its special advance rate from 2.70% to 2.90%.

2.4 Civil servants receive a 2.8% rise in wages for 1997 and 2.4% in 1998.

Austria (A)

16.4 The Council of Ministers agrees on the introduction of a Minimum Corporation Tax of 5%, compensating for the abrogation of a former Minimum Corporation Tax law by the Constitutional Court. The law will be effective from 1.1.1997.

Portugal (P)

6.3 The government approves the first phase of the (re)privatisation of EDP (the electricity company). The sale of shares is foreseen for the second half of 1997, up to 49% of total.

Finland (SF)

25.2 The government agrees on ceilings for central government expenditure in 1998-2001, which maintain nominal expenditure at its present level throughout the period.

Sweden (S)

15.4 The Swedish government presents its spring economic bill, in which it proposes measures to increase expenditure by 0.8% of GDP in 1998. A "five-point-programme for work and growth" in 1998-2000 is proposed in order to combat unemployment. The major part is used to ease financial pressure on the local governments. The reform is, however, to be carried out under the condition that the budgetary objectives are to be maintained and the expenditure ceilings for 1997-1999 remain unchanged (but here the "safety margins" now are markedly lower). The bill also contains a clarification of the medium-term budgetary objective: public finances should show a surplus of 2% of GDP a year on average over a business cycle. A gradual adjustment to the targeted surplus will be applied in the shorter term (+0.5% of GDP in 1999 and +1.5% in 2000).

United Kingdom (UK)

None.

Price (excluding VAT) in Luxembourg

	Ecu	
'European Economy' (2 issues and 3 reports per year)	108	The annual subscription runs from 1 January to 31 December of each year.
Supplements		
Single copy	7	Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.
Series A — 'Economic trends' (11 issues per year)	44	These are surface mail rates; for air subscription rates please apply to the agents.
Series B — 'Business and consumer survey results' (11 issues per year)	44	
Series C — 'Economic Reform Monitor' (4 issues per year)	24	Added for free to the subscriptions including Supplement Series A
Complete series of supplements	100	
Combined subscription — 'European Economy' and supplements	180	

