ISSN 0379-2056

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement A
Recent economic trends
No 2/3 - February-March 1991

In this number:
Real convergence in the Community

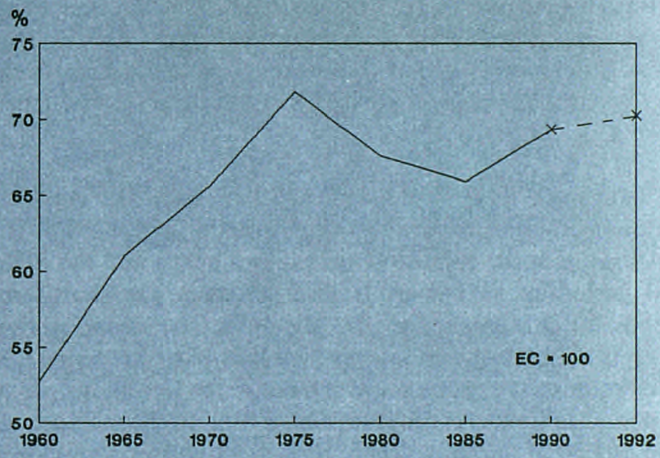
SUMMARY

- The period 1986-90 has witnessed a reduction in real income disparities in the Community. The relative position of three of the four least-favoured countries, Spain, Ireland and Portugal has improved in each year of this period. A further reduction in disparities is forecast for 1991 and 1992 for these countries. The position of Greece, however, has deteriorated over the years 1986-90 and a further disimprovement is forecast for 1991 and 1992.

- As graph 1 clearly shows, the second half of the 1980's marks the resumption of the real convergence process in the Community. The worldwide economic slowdown which followed the first oil price crisis brought about an initial standstill and subsequent reversal in the rapid process of convergence which had characterized the period 1960-1975. In 1986, the real convergence process started again following structural improvements in a number of Member States and the development of favourable growth conditions in the Community economy as a whole.

- Analysis of the period 1986-1990 suggests that the following factors are crucial to a continuation of the catching-up process in the Community over the next decade:
  - a committment on behalf of the least-favoured countries to policies which provide a firm foundation for sound and sustainable rates of growth in real GDP.
  - a dynamic growth performance in the Community as a whole.
  - national efforts being supported by the Community's structural funds resources and other financial instruments.

GRAPH 1: **Per Capita GDP in the four least-favoured economies * 1960-1992** (% of Community average)



* Greece, Spain, Ireland, Portugal.

TABLE 1: **GDP per capita as a percentage of the Community average in PPS**

	GR	E	IRL	P	EUR 4
1960	38,7	59,6	60,8	38,8	52,7
1965	45,5	70,0	59,1	43,2	61,0
1970	51,6	73,9	59,6	48,9	65,6
1975	57,4	81,1	62,8	52,3	71,8
1980	58,2	73,4	64,1	55,1	67,6
1985	56,8	71,8	65,2	52,1	65,9
1990	53,4	76,7	68,8	56,2	69,3

EUR 4: GR, E, IRL, P.

INTRODUCTION

The term 'economic convergence' encapsulates two quite distinct processes. The first is a gradual convergence towards the best results for the economic variables which, more directly, influence exchange rate stability (inflation, unit labour costs, budgetary positions, etc.). This process, crucial to a successful transition to Economic and Monetary Union, is usually referred to as 'nominal convergence'. The second form of economic convergence is the approximation of economic and social conditions (e.g. standards of living/rates of unemployment) throughout the Community. This second long-term process is usually called 'real convergence' and progress towards its objectives is commonly measured by the reduction of existing disparities in the relative levels of GDP per capita between Community regions and countries. There is no contradiction between the pursuit of nominal convergence and the longer-term process of real convergence since nominal convergence creates the conditions for sounder economic growth. The present study is only concerned with the process of real convergence.

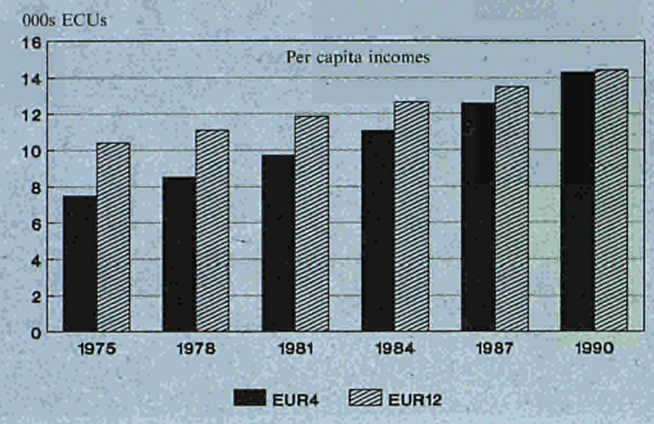
The reduction of income disparities amongst its regions and countries is one of the Community's fundamental aims. Concern about this problem has been consistently expressed at all stages of the Community's development. More recently, Article 130a of the EEC treaty as amended by the Single European Act called for a strengthening of economic and social cohesion in the Community. The accession of Greece, Spain and Portugal in the 1980s had clearly underlined the importance and necessity of greater real convergence. Furthermore, it was realized that progress towards closer levels of integration would be greatly facilitated by the narrowing of economic and social differences.

The following study is divided into two sections. The first section points out the pertinent trends with regard to convergence in the 1960-1992 period as a whole and the 1986-1990 period in particular. It also discusses the short-term outlook for convergence in 1991 and 1992. The second section attempts to isolate those factors which have played a crucial role in determining the pace of convergence in the Community over the period 1986-90. As the study limits itself to the macroeconomic aspects of the convergence process, countries, as opposed to regions, are a more appropriate level at which to conduct such an analysis.

RECENT DEVELOPMENTS & SHORT-TERM PROSPECTS

Over the period between 1960 and the mid 1970's, productivity, living standards and the very structures of the EC economies gradually converged. There was a significant reduction in regional disparities. The relative position of the group of four least-favoured countries improved by over one third despite the fact that one of the four countries, Ireland, just maintained its position. In fact, if this trend had continued over the subsequent 15 year period up to 1990, the four least-favoured countries as a group would now have a per capita income roughly equivalent to the average for EUR 12 (see graph 2). Even excluding Spain, which by its very size strongly influences the trend for the group, the three other least-favoured countries, would now have an average per capita income close to 80 % of that of the Community.

GRAPH 2: **Hypothetical catching-up of EUR 4: Assuming 1960-1975 annual growth differential is continued in the period 1976-1990**



This process of real convergence was brought to a standstill in the 1970s with a relatively more pronounced slackening of growth rates in EUR4 in the wake of the first oil price explosion. By and large, the weaker Member States reacted to the oil shock by attempting to maintain a high rate of growth through expansionary economic policies. This choice, shared also by other Member States, may have led in the short-run to the preservation of higher growth, but in the medium-term it led to an acceleration of inflation and the emergence of unsustainable internal and external imbalances. The end result was therefore that the inevitable income adjustment had been delayed and, perhaps, exacerbated.

This period of standstill, or in some cases reversal, in the catching-up process, continued unabated from the mid-1970's until the mid-1980's. The second half of the 1980's, however, witnessed a welcome resumption in the catching-up process of the least-developed countries, excluding Greece. Gains in the relative position of Spain, Ireland and Portugal have occurred in each year of the period 1986-1990. Forecasts for 1991 and 1992 suggest a continuation of these favourable developments for the latter three countries (see table 2).

TABLE 2: **Relative GDP per capita** (EUR 12 = 100)

	1960	1975	1985	1986	1987	1988	1989	1990	1991*	1992*
Greece	38,7	57,4	56,8	55,8	54,2	54,3	54,1	53,4	52,8	52,4
Spain	59,6	81,1	71,8	72,2	73,9	74,7	75,9	76,7	77,1	77,8
Ireland	60,8	62,8	65,2	63,5	64,9	65,2	67,2	68,8	69,2	70,4
Portugal	38,8	52,3	52,1	52,7	53,8	54,0	55,2	56,2	56,9	57,7
EUR 4	52,7	71,8	65,9	66,0	67,1	67,6	68,7	69,3	69,6	70,2

* forecasts (nov. 1990)

Following the dismal performance of the post oil crisis period, the improvement in the catching-up process in the Community in the five year period up to 1990 was a welcome development. Overall, the relative position of Spain, Ireland and Portugal, improved from 67.7 percent of the Community average in 1985 to an estimated 72.3 percent last year. This amelioration in the convergence position in the Community was achieved at a time of comparatively strong economic growth in the overall EC economy (see table 3). The strength of economic activity undoubtedly helped the least-favoured countries to sustain a rate of increase in per capita incomes of close to 4 percent over the period. This rate of increase was 1 1/4 percentage points in excess of the growth rate for the rest of the Community (i.e. EUR 8).

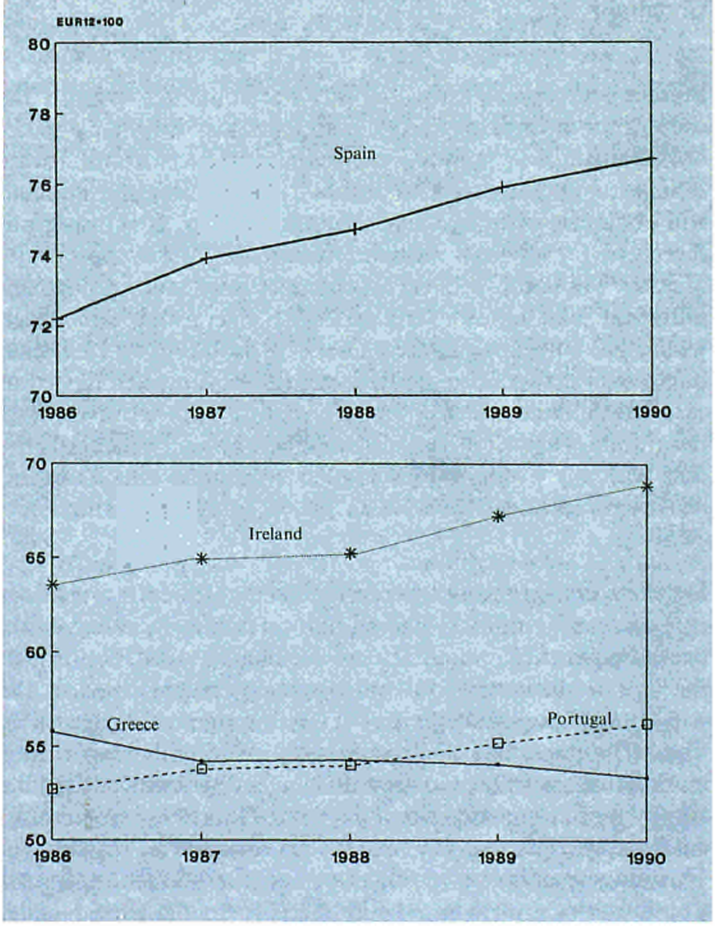
TABLE 3: **Average percentage change in real GDP per capita** *

	GR	E	IRL	P	EUR 4	EUR 8	EUR 12
1986-1990	1,4	4,0	3,8	4,2	3,7	2,5	2,7

Spain, Ireland, and Portugal showed steady progress over the period (see graph 3). All three managed to consistently improve their position in the Community's income table. Portugal's rate of increase was 1 3/4 percentage points higher than that of EUR 8, Spain's was 1 1/2 points higher and Ireland managed to grow at a rate which was 1 1/4 percentage points higher than that of its Community's partners.

The Commission's latest economic forecasts (Nov 1990) point to a continuation in 1991 and 1992 of this favourable trend in convergence for these three countries. Notwithstanding a marked slowdown in the Community's overall growth rate, these least-developed Member States should continue to grow at rates which are well in excess of the average for the rest of the Community. However, it should be pointed out that the pace of the convergence process is forecast to slow down relative to 1989 and 1990 and this may be a reflection both of the expected slowdown in the Community's overall rate of growth and of the need for some of the least-favoured countries to correct internal imbalances which could jeopardise a continuation of the catching-up process.

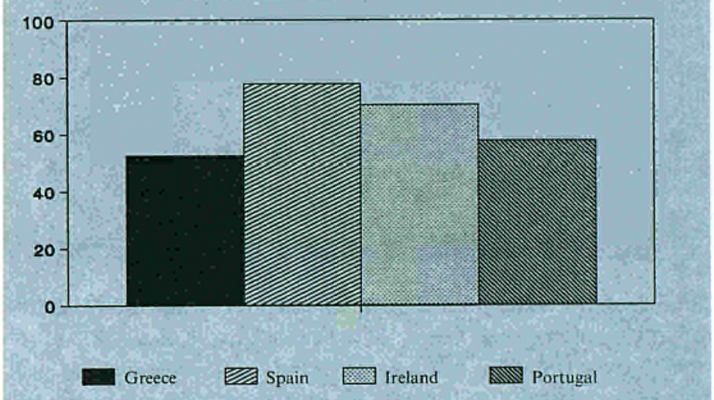
GRAPH 3: **Relative per capita incomes in the four least-favoured Member States: 1986-1990**



The consistent improvement in the Spanish, Portuguese and Irish positions since 1986 was unfortunately not mirrored by the performance of Greece. Ongoing structural problems in the Greek economy have until now prevented a resumption in the catching-up process. Per capita incomes grew at rates which were substantially below the average for EUR 8 and its relative position deteriorated as a result. This trend is unfortunately expected to continue in the period covered by the short-term forecasts (1991-1992).

Despite the resumption in recent years of real convergence in three of the least-favoured countries and its forecast continuation in 1991 and 1992, a sense of complacency is not justified. If the present forecasts are realised, average GDP per capita in 1992 will still be around 45 percent below the Community average in Greece and Portugal, 30 percent below in Ireland, and 22 percent below in Spain. Overall, for the four countries combined, per capita incomes will still be 30 percent below the average of the Community as a whole. (See Graph 4).

GRAPH 4: **Expected GDP per capita in Greece, Spain, Ireland and Portugal in 1992**
(percentage of Community average)

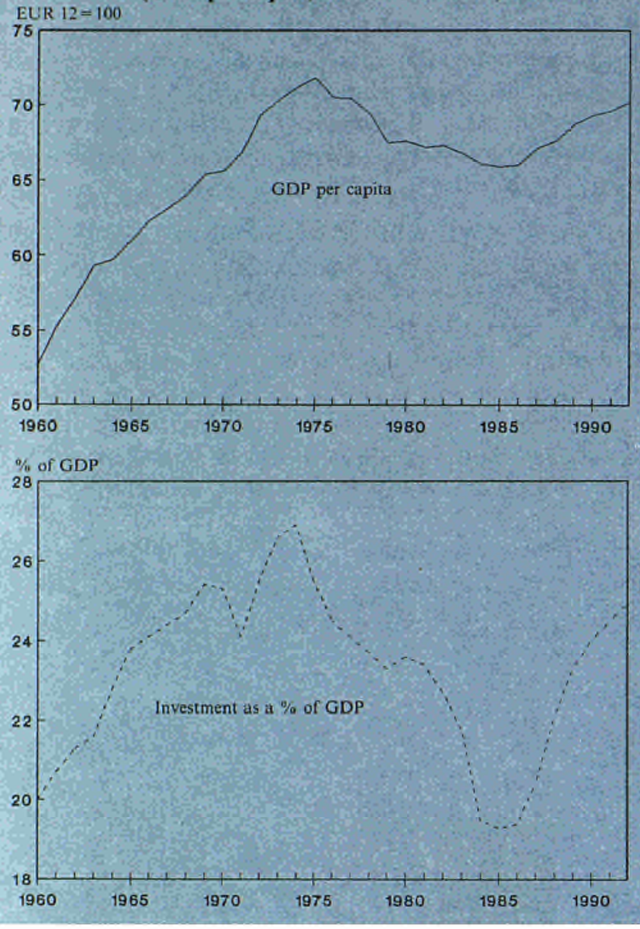


UNDERLYING FACTORS DETERMINING DEVELOPMENTS IN THE REVIEW PERIOD

Investment is the single most important factor in determining the medium to long-term growth path of any economy. The period 1986-90 is encouraging in this regard as gross fixed capital formation in GDP in EUR4 as a whole increased steadily from 19 1/2 % in 1986 to 24 % in 1990.

Given the importance of investment to growth prospects, it is to be expected that patterns of convergence or divergence would be closely correlated with developments in investment shares not only in the period 1986-90 but also over a longer term perspective (see graph 5). This is indeed the case when one looks at the individual countries. For example, over the period 1960-1975 Ireland, unlike Spain, Portugal and Greece, did not succeed in improving its relative income position in the Community. Over the same period Ireland had the lowest share of gross fixed capital formation in GDP of any of the least-favoured countries. On the other hand, over the years 1976-1985 Ireland witnessed an increase in its average investment ratio of nearly five percentage points to close to 26 % of GDP from an average of 21 % of GDP over the previous period. As a result of this significant increase in its investment performance Ireland managed to improve its income position relative to the rest of the Community by over 5 percentage points over the period.

GRAPH 5: Convergence & investment shares EUR 4 (GDP per capita, inv as % of GDP)

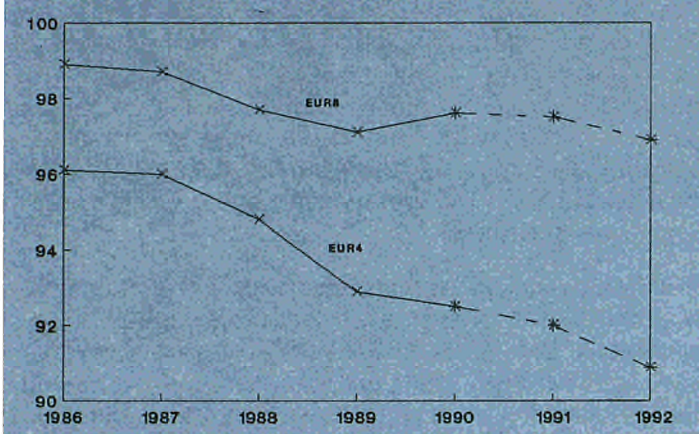


Spain, on the other hand, showed a marked decline in its relative position between the years 1976-1985 and was also the country which over the same period witnessed the largest decline in its investment ratio. Continuing adverse income trends in relation to Greece can also be traced to investment trends. Over the period since the first oil crisis there has been a steady decline in investment trends in Greece and the average investment rate in the years 1986-1990 was nearly four and a half percentage points lower than that of the sixties which was a period of marked improvement in the relative position of the Greek economy.

Expectations of favourable trends in both profitability and demand developments are two of the most significant determinants of levels of investment in any economy.

Given the difficulties involved in estimating robust indicators of rates of return in some of the least-developed countries, attention will instead be focussed on assessing trends in real unit labour costs (unit labour costs deflated by deflator of GDP, RULC) because of their significant contribution in determining profitability developments. The period 1986-90 has witnessed a significant and necessary wage adjustment in each of the four least-favoured countries. More importantly, the rate of adjustment in EUR4 as a group is significantly greater than that which occurred in the other Member States. While real compensation per employee (increase in the compensation per employee deflated by the deflator of private consumption) showed an annual average rate of increase of 1.2 percent in EUR4 over the years 1986-1990, real unit labour costs (RULC) nevertheless declined by 1.3 percent on average over the same period (see Graph 6). This compares with a decline of 0.4 percent in RULC in the rest of the Community. During the period as a whole therefore, the profitability of investment in the four least-favoured countries has benefitted from more appropriate wage developments relative to that in the other Member States. The resultant improvement in investment has helped initiate and sustain the resumption in the catching-up process. Over the longer-term, high levels of investment would sustain productivity improvements in the least-developed countries that could ensure a catching-up of real wage levels.

GRAPH 6: Real unit labour costs 1986-1992 (1960=100)

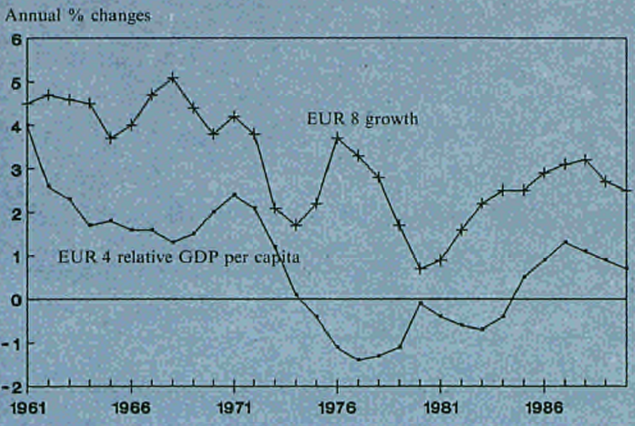


The short-term outlook for RULC is for a continuation of the trend of the most recent period. A further substantial wage adjustment is forecast for the catching-up countries with an average percentage fall in RULC of nearly one per cent being presently forecast for 1991 and 1992. These rates of decline are double the rates of decline forecast for the rest of the Community.

Present and expected profitability developments are not the only factor influencing investment behaviour. Another significant determinant is entrepreneurs expectations about future *demand developments*. Expectations about domestic demand will obviously influence investment intentions. It is important therefore for internal demand to evolve in an appropriate manner. Maintaining high rates of investment and employment must not lead to unsustainable rises in consumption which would have negative consequences for inflation and external balances. Furthermore, pessimism or optimism with regard to external demand will also be reflected in shifts in investment programmes in the individual economies. This is particularly the case with the Community's smaller economies which depend heavily on intra-EC markets as outlets for their production.

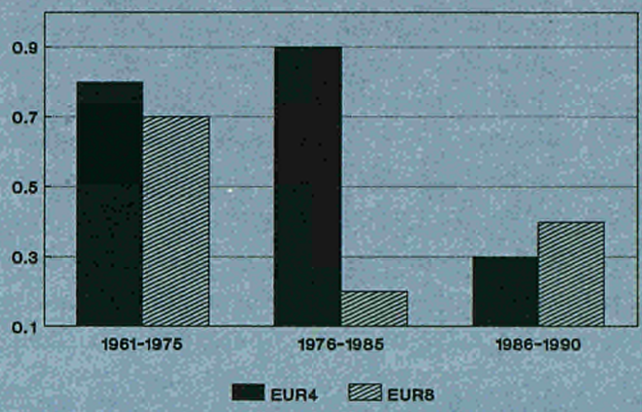
Dependence on the markets of their richer partners is one factor explaining the empirical finding that rates of economic growth, prevailing in the Community, have played a significant role in the initial convergent and subsequent divergent trend in the reduction of income disparities in the Community (see graph 7). The resumption in convergence since 1986 coincided with a marked upturn in the Community's overall growth rate. While the favourable convergence trend from 1986-1990 is forecast to continue in 1991 and 1992 its pace is expected to slow down. This may partly be a reflection of the reduction in the Community's growth rate being forecast for the period.

GRAPH 7: **EC growth & real convergence: Rates of growth of EUR 8 & improvement in relative position of EUR 4** (3-year moving averages)



Growth differential.

GRAPH 8: **Population growth (annual % changes)**



Community rates of growth appear to have also influenced the catching-up process in the past. For example in the years 1960-1975, when inequalities in per capita income levels were cut by one third, the Community economy as a whole was in a very buoyant state. Real GDP grew at an annual average rate of 4 1/4 percent, a remarkable achievement in sustained economic growth. On the other hand, the reversal in the real convergence process over the next decade, 1975-1985, occurred at a time of marked slowdown in the economy of the Twelve resulting from the worldwide turmoil which followed in the wake of the energy crisis of the early 1970's. The Community's growth rate over the decade was an average of 2 percentage points lower than in the previous fifteen year period.

Maintaining high rates of economic growth in unfavourable international circumstances would require a substantial improvement in competitiveness in order to avoid the development of unsustainable balance of payments positions for the countries concerned. Balance of payments difficulties arising from failure to improve competitiveness in these circumstances normally lead to more restrictive domestic policy measures and ultimately to a period of slower economic growth.

Real convergence has been measured as the reduction of existing disparities in GDP levels per capita between Community countries. Since it is per capita GDP levels that we are interested in, we are therefore obviously concerned with demographic developments. As with the period 1960-75, *demographic developments* did not significantly influence the good convergence performance of the period 1986-1990 (see Graph 8). Population growth in the least-developed Member States was similar to the rates of increase in the rest of the Community. This contrasts with developments in the period 1976-1985 when the negative convergence pattern was exacerbated by an average rate of population growth which was more than four times faster in Greece, Spain, Ireland, and Portugal (EUR4) than in EUR8. Over this ten year period, the population of EUR4 increased at an annual average rate of 0.9 percent compared with 0.2 percent in the rest of the Community. These relatively large population increases in EUR4 in the period 1976-1985 were strongly influenced by reverse migratory flows. Over the most recent period 1986-1990, as mentioned above, changes in population have played only a minor role in the convergence of per capita incomes. Unlike the previous decade, however, population changes have actually helped the convergence process. Large migration into Germany is the single most important factor explaining this development.

CONCLUDING COMMENTS

The period 1986-1990 provides interesting material in furthering our understanding of the factors which influence the catching-up process in the least-developed countries. This review principally demonstrates that a significant improvement in real convergence is possible if appropriate policies are consistently adhered to. This realisation is a strong source of encouragement to present efforts to speed up the cohesion process in the Community.

The review also indicates that the major responsibility for adjustment lies with the individual Member States themselves. They still retain control of the principal micro and macro economic policy measures on which the attainment of the convergence objective principally rests. National governments will have to ensure that the determinants of investment are protected and strengthened. Real wage moderation relative to labour productivity, combined with the maintenance of favourable demand conditions, are essential to protect investment profitability.

The Community's role is to complement national efforts in a synergetic manner. It exercises this role through two main avenues. Firstly it promotes policies which ensure a continuation of the successful growth oriented economic strategy which has been a feature of the Community's economy since the mid-1980's. Secondly, the Community is helping to strengthen the underlying growth performance of the least-favoured countries. This was the principal aim of the 1988 decision to double the structural funds and is a clear example of the Community's desire to promote a more rapid convergence of the least-favoured countries.

An effective partnership of Community and national policies, in the manner described above, is one of the keys to a successful conclusion to the Community's convergence process. Such a partnership has been a feature of policy making in the Community in recent years with beneficial results in terms of growth and convergence. The successful resumption in the catching-up process in that period and its forecasted continuance in 1991 and 1992 is strong evidence of the benefits to be gained from such synergy.

15 March 1991

TABLE A.1: **Industrial production** (a) — Percentage change on preceding period (s.a.)

	1986	1987	1988	1989	1990	1989 IV	1990 I	II	III	IV	1990 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Change over 12 months (%) (b)
B	0,8	2,1	5,8	3,4	(4,1)	0,8	5,4	−2,4	−0,3	:	4,4	−2,6	−3,2	5,5	:	:	:	5,6
DK	6,5	−3,4	1,9	2,3	0,2	1,7	3,7	−5,8	1,8	−0,5	−7,2	7,4	1,2	−6,9	6,7	−0,3	−7,1	−4,8
D	2,2	0,2	3,7	5,2	5,5	1,1	2,0	0,1	2,2	1,9	−2,3	1,7	0,3	0,6	2,1	−0,8	−0,3	5,1
GR	−0,2	−1,7	5,7	1,6	(−4,2)	1,2	−0,7	−1,3	−3,7	:	−2,4	2,9	−3,7	−10,9	:	:	:	−13,1
E	3,1	4,6	3,1	4,5	(0,0)	−0,7	2,9	−2,3	−1,0	:	0,1	−2,8	1,0	−2,8	1,0	2,1	:	−0,6
F	0,9	1,9	4,6	4,1	0,5	0,9	−0,6	0,8	0,7	−1,0	−0,1	−0,2	2,0	−1,6	0,6	−1,5	−0,6	−0,4
IRL	2,2	8,9	10,7	11,6	(4,5)	1,5	−0,1	−0,6	5,1	:	2,7	1,0	2,6	1,3	−4,5	1,3	:	1,8
I	4,1	2,6	6,9	3,9	−0,8	2,7	−2,5	−0,5	0,4	−2,2	0,0	0,0	1,0	1,0	−3,1	−0,9	1,7	−5,3
L	2,1	−0,9	8,7	7,8	(−0,6)	−2,8	−1,7	2,5	1,4	:	8,4	−2,3	−2,4	2,7	−5,8	0,9	:	−2,3
NL	0,2	0,9	0,2	5,0	2,6	3,7	−5,5	3,1	2,0	2,0	2,6	−1,7	1,2	4,5	−3,7	1,2	5,1	4,0
P	5,7	2,4	6,2	5,2	(8,1)	2,9	2,6	2,6	0,9	:	2,1	0,3	−1,1	1,3	:	:	:	7,4
UK	2,4	3,3	3,6	0,4	−0,6	−0,2	−0,3	1,8	−3,2	−1,6	2,3	−3,8	−0,8	0,0	−0,2	−1,5	−0,4	−4,0
EUR 12	2,3	2,0	4,3	3,7	(1,5)	1,2	0,0	0,1	0,4	(−0,4)	−0,1	−0,5	0,7	−0,2	(−0,1)	(−0,6)	(0,1)	(−0,3)
USA	2,9	6,1	5,8	2,9	0,9	−0,2	0,4	0,9	0,8	−2,1	0,5	0,2	0,0	0,1	−0,7	−1,7	−0,9	−1,0
JAP	−0,2	3,0	9,8	6,1	4,7	0,8	0,8	1,9	2,4	1,7	−0,2	1,8	0,3	−1,0	3,1	−0,8	−0,5	6,3

TABLE A.2: **Unemployment rate** — Number of unemployed as percentage of civilian labour force (s.a.)

	1986	1987	1988	1989	1990	1989 IV	1990 I	II	III	IV	1990 July	Aug.	Sept.	Oct.	Nov.	Dec.	1991 Jan.	Change over 12 months (c)
B	11,6	11,4	10,0	8,5	8,1	8,2	8,1	8,0	8,2	8,3	8,2	8,2	8,2	8,2	8,3	8,3	8,3	0,2
DK	5,6	5,7	6,5	7,7	7,9	7,7	7,6	7,9	8,2	8,1	8,3	8,2	8,2	8,4	8,0	7,9	7,8	0,2
D	6,3	6,2	6,1	5,5	5,1	5,5	5,3	5,2	5,1	4,8	5,2	5,1	5,0	4,9	4,8	4,8	4,6	−0,7
GR	7,4	7,4	7,6	7,5	7,5	:	:	:	:	:	:	:	:	:	:	:	:	:
E	21,1	20,4	19,3	17,1	16,1	16,8	16,3	16,1	15,9	16,2	15,8	15,9	15,8	16,3	16,2	16,1	15,9	−0,5
F	10,3	10,4	9,9	9,4	9,0	9,1	9,0	8,9	9,0	9,0	9,0	9,0	9,0	9,0	9,0	9,1	9,1	0,1
IRL	18,2	18,0	17,4	16,0	15,6	15,6	15,5	15,4	15,6	15,7	15,7	15,6	15,6	15,6	15,7	15,8	16,1	0,5
I	10,5	10,2	10,8	10,7	9,8	10,3	10,0	9,8	9,7	9,6	9,7	9,6	9,6	9,6	9,6	9,7	9,6	−0,5
L	2,6	2,6	2,1	1,8	1,6	1,8	1,6	1,6	1,6	1,7	1,6	1,6	1,6	1,7	1,7	1,7	1,8	0,0
NL	10,2	10,0	9,3	8,7	8,1	8,5	8,3	8,2	:	:	:	:	:	:	:	:	:	−0,6
P	8,2	6,8	5,6	4,8	4,6	4,5	4,6	4,6	4,6	4,5	4,6	4,6	4,5	4,5	4,4	4,5	4,4	−0,1
UK	11,4	10,4	8,5	7,0	6,4	6,4	6,3	6,2	6,3	6,7	6,3	6,3	6,4	6,5	6,7	7,0	7,2	0,9
EUR 12	10,7	10,3	9,7	8,9	8,3	8,6	8,4	8,3	8,3	8,3	8,3	8,3	8,3	8,3	8,3	8,4	8,4	−0,1
USA (g)	7,0	6,2	5,5	5,3	5,5	5,3	5,3	5,3	5,6	5,9	5,5	5,6	5,7	5,7	5,9	6,1	6,2	9,0
JAP (g)	2,8	2,8	2,5	2,3	2,1	2,2	2,1	2,1	2,1	2,1	2,1	2,1	2,2	2,2	2,1	2,1	:	0,0

TABLE A.3: **Consumer price index** — Percentage change on preceding period

	1986	1987	1988	1989	1990	1989 IV	1990 I	II	III	IV	1990 July	Aug.	Sept.	Oct.	Nov.	Dec.	1991 Jan.	Change over 12 months (%) (b)
B	1,3	1,6	1,2	3,1	3,4	0,6	0,8	0,7	1,1	1,2	0,4	0,6	0,9	0,7	−0,4	−0,1	0,8	3,9
DK	3,7	4,0	4,5	4,8	2,6	1,3	−0,2	0,8	0,7	0,9	−0,3	1,0	0,8	0,2	−0,1	−0,3	0,0	2,5
D	−0,1	0,2	1,3	2,8	2,7	0,6	1,1	0,5	0,4	0,9	0,0	0,3	0,4	0,7	−0,2	0,1	0,6	2,8
GR	23,0	16,4	13,5	13,7	20,4	5,8	3,5	7,1	3,8	6,6	−0,2	0,6	3,5	2,4	1,4	1,7	−0,2	21,7
E	8,8	5,3	4,8	6,8	6,7	1,4	1,8	0,8	2,2	1,8	1,3	0,5	1,0	0,9	−0,1	0,2	1,2	6,8
F	2,7	3,1	2,7	3,6	3,3	0,8	0,6	0,9	1,0	1,0	0,3	0,6	0,5	0,5	−0,2	−0,1	(0,4)	(3,5)
IRL (h)	3,8	3,1	2,2	4,1	3,3	0,7	1,0	0,3	0,8	0,6	(0,3)	(0,3)	(0,2)	(0,2)	(0,2)	:	:	(2,7)
I	5,8	4,7	5,1	6,2	6,5	1,7	2,1	1,3	1,4	1,9	0,3	0,7	0,5	0,8	0,6	0,2	(0,7)	(6,3)
L	0,3	−0,1	1,4	3,4	3,7	1,0	1,0	0,6	0,7	2,0	0,2	0,5	0,6	1,0	0,5	0,0	(0,4)	(4,0)
NL	0,2	−0,4	0,9	1,1	2,4	0,5	0,3	0,8	0,8	0,9	0,3	0,4	0,9	0,3	0,0	−0,2	0,0	2,8
P	11,7	9,4	9,6	12,6	13,4	2,3	4,6	3,2	2,5	3,0	0,7	1,3	1,1	1,1	0,7	0,8	1,0	12,9
UK	3,4	4,1	4,9	7,8	9,5	2,0	1,8	4,7	1,6	1,6	0,1	1,0	0,9	0,8	−0,2	−0,1	0,2	9,0
EUR 12	3,5	3,2	3,6	5,2	5,6	1,3	1,4	1,7	1,2	1,4	0,3	0,6	0,7	0,7	0,0	(0,1)	(0,5)	(5,6)
USA	1,9	3,7	4,1	4,8	5,4	1,0	1,7	1,0	1,7	1,6	0,4	0,9	0,8	0,6	0,2	0,0	0,6	5,7
JAP	0,6	0,1	0,7	2,3	3,1	0,6	0,2	1,4	0,4	1,7	−0,1	0,5	0,9	1,3	−0,4	−0,3	(0,8)	(4,5)

TABLE A.4: **Visible trade balance** — fob/cif, million ECU (s.a.)

	1986	1987	1988	1989	1990	1989 IV	1990 I	II	III	IV	1990 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Change over 12 months (%) (b)
B/L	146	−580	−2543	−2108	:	−789	−880	−1532	−1253	:	−342	−534	−553	−166	−733	−470	:	−663
DK	−1714	96	926	1226	1954	548	441	507	455	528	254	140	116	199	101	78	350	14
D	53044	56960	60936	64056	:	13426	18267	13682	10134	:	3654	4032	3686	2416	3214	479	:	−4277
GR	−5809	−5694	−5824	−7783	:	−2242	−2478	−2806	−2545	:	−884	−857	−789	−900	−584	:	:	−64
E	−6306	−8749	−11974	−19803	−19233	−4281	−5588	−5044	−4240	−4659	−1809	−1679	−1165	−1396	−1765	−1632	−1262	129
F	−9699	−12473	−11856	−13987	−17275	−4346	−3862	−3786	−4839	−4824	−881	−1428	−1594	−1816	−1485	−1409	−1930	−1039
IRL	983	2047	4740	3049	:	799	901	730	420	:	289	197	64	159	102	98	:	−165
I	−2459	−7427	−8390	−11098	−9274	−2116	−3329	−1430	−1548	−2652	526	−180	−750	−618	−1078	−2049	476	694
NL	4161	1088	1296	2893	:	996	726	22	−435	:	123	217	−330	−322	−218	:	:	−363
P	−1297	−2955	−3474	−5035	−6240	−1517	−1434	−1527	−1482	−1825	−428	−500	−439	−543	−654	−595	−576	−91
UK	−19868	−20890	−42385	−41827	−30905	−8289	−9377	−7950	−7350	−5654	−2700	−2989	−1961	2401	−2077	−1498	−2079	90
EUR 12 (i)	11161	1424	−20549	−30415	:	−3785	−6637	−8941	−12937	:	−2121	−3620	−3884	−5434	−5198	(−8010)	:	(−4746)
USA	−157829	−132116	−100208	−99420	−78877	−23886	−21298	−16701	−21726	−19152	−4366	−7228	−7396	−7102	−8125	−6453	−4573	1250
JAP	84010	69636	65441	58691	41287	11128	12899	10944	11302	6142	5563	3776	3588	3938	1872	2403	1867	−1649

TABLE A.5: **Money stock** (j) — Percentage change on preceding period (s.a.)

	1986	1987	1988	1989	1990	1989 IV	1990 I	II	III	IV	1990 July	Aug.	Sept.	Oct.	Nov.	Dec.	1991 Jan.	Change over 12 months (%) (e)
B (M2)	12,7	10,2	7,6	13,1	:	4,0	2,8	−1,5	1,2	:	:	:	:	:	:	:	:	6,6
DK (M2)	8,4	4,1	3,5	6,3	5,3	2,5	4,4	−0,2	2,2	−1,1	0,6	0,5	1,2	0,2	0,3	−1,6	:	5,4
D (M3)	7,2	6,4	7,0	4,5	5,1	1,3	1,0	0,8	1,6	(1,7)	0,1	0,6	0,9	0,9	0,3	(0,4)	:	(5,1)
GR (M3)	19,0	25,2	22,6	23,7	14,2	7,3	2,6	3,9	3,9	(2,9)	1,5	−0,8	3,3	−0,2	0,6	(2,5)	:	(14,1)
E (ALP)	12,1	14,6	12,1	10,4	11,7	0,9	1,5	4,0	2,1	3,3	0,7	0,7	0,7	0,6	1,0	1,6	:	11,3
F (M2)	4,1	4,4	3,7	4,6	−0,1	0,5	−0,7	1,1	0,0	−0,5	−0,5	−0,6	1,2	−1,3	−0,5	1,3	:	−0,1
IRL (M3)	−1,0	10,9	6,3	5,0	15,4	1,5	4,9	0,7	7,5	2,1	1,8	4,0	1,6	0,2	1,3	0,5	1,3	17,7
I (M2)	9,4	8,1	8,9	11,2	9,5	3,3	1,7	2,0	2,6	(3,0)	0,7	0,4	1,5	1,0	(0,3)	(1,6)	:	(9,6)
NL (M2)	5,1	3,9	13,7	14,2	:	4,0	2,1	2,1	1,8	:	−1,1	1,4	1,6	0,0	0,5	:	:	8,7
P (L)	26,3	17,5	15,0	7,5	:	0,8	4,4	5,4	4,9	:	1,7	3,6	−0,5	(0,9)	(1,0)	:	:	(18,1)
UK (LM3)	15,9	16,3	17,6	19,1	12,1	4,1	3,9	3,6	2,3	1,7	0,8	0,9	0,6	0,3	1,6	−0,2	:	12,0
EUR 12 (k)	9,6	9,4	9,8	10,1	7,5	2,3	1,7	2,0	1,8	(1,6)	0,3	0,5	1,0	0,3	0,5	(0,8)	:	(7,5)
USA (M2)	9,6	3,5	5,5	4,9	3,1	1,8	1,5	0,4	1,1	0,0	0,2	0,5	0,4	0,0	−0,1	0,1	:	3,1
JAP (M2)	9,2	10,8	10,2	12,0	:	3,7	3,3	2,2	3,3	:	−0,2	0,9	2,6	−1,7	−0,1	:	:	9,3

TABLE A.6: **Short-term interest rates** (l)

	1986	1987	1988	1989	1990	1989 IV	1990 I	1990 II	1990 III	1990 IV	1990 Aug.	1990 Sept.	1990 Oct.	1990 Nov.	1990 Dec.	1991 Jan.	1991 Feb.	Change over 12 months % (c)
B	8,1	7,1	6,7	8,7	9,8	10,3	10,3	9,4	9,0	10,1	9,2	9,0	8,9	9,0	10,1	9,8	9,3	–1,1
DK	9,1	9,9	8,3	9,4	10,8	12,1	11,8	10,8	10,2	9,9	10,0	10,2	9,9	9,6	9,9	9,9	10,1	–1,8
D	4,6	4,0	4,3	7,1	8,4	8,1	8,3	8,2	8,5	9,2	8,3	8,5	8,5	9,0	9,2	9,1	9,0	0,6
GR	19,8	14,9	15,9	18,7	(19,6)	19,3	17,1	22,2	19,1	:	13,8	19,1	19,4	16,7	:	:	:	–2,1
E	11,7	15,8	11,6	15,0	15,2	16,2	15,3	15,0	15,1	15,3	15,1	15,1	15,0	15,0	15,3	15,0	14,4	–1,2
F	7,7	8,3	7,9	9,4	10,3	11,3	10,3	10,0	10,3	10,1	10,3	10,3	9,9	10,0	10,1	10,1	9,4	–1,3
IRL	12,4	11,1	8,1	9,8	11,4	12,1	12,3	10,3	11,0	11,5	11,3	11,0	10,4	10,8	11,5	11,2	11,1	–1,2
I	12,8	11,4	11,3	12,7	12,3	13,0	12,8	11,3	10,7	13,8	11,4	10,7	11,6	13,4	13,8	13,4	13,4	0,0
NL	5,7	5,4	4,8	7,4	8,7	8,6	8,4	8,3	8,5	9,5	8,5	8,5	8,5	9,0	9,5	9,1	9,0	0,0
P	15,6	13,9	13,0	14,8	16,9	17,2	17,3	16,4	17,0	17,2	17,1	17,0	16,6	17,3	17,2	17,2	17,6	0,3
UK	10,9	9,7	10,3	13,9	14,8	15,1	15,2	14,9	14,9	14,1	15,0	14,9	13,8	13,6	14,1	13,9	12,8	–2,4
EUR 12 (m)	9,2	8,9	8,6	10,9	11,7	12,1	11,8	11,4	11,4	12,0	11,4	11,4	11,2	11,6	12,0	11,8	11,4	–0,7
USA	6,0	5,9	6,9	8,4	7,8	7,9	8,1	8,0	7,4	6,6	7,6	7,4	7,4	7,3	6,6	6,4	6,3	–1,8
JAP	5,0	3,9	4,0	5,4	7,7	7,0	7,6	7,5	8,5	8,2	8,3	8,5	8,3	8,4	8,2	8,2	8,1	0,8

TABLE A.7: **Long-term interest rates** (n)

	1986	1987	1988	1989	1990	1989 IV	1990 I	1990 II	1990 III	1990 IV	1990 Aug.	1990 Sept.	1990 Oct.	1990 Nov.	1990 Dec.	1991 Jan.	1991 Feb.	Change over 12 months % (c)
B	7,9	7,8	7,9	8,7	10,1	9,7	9,9	9,8	10,4	10,0	10,1	10,4	10,0	10,0	10,0	9,7	9,2	–1,5
DK	10,5	11,9	10,6	10,2	11,0	10,8	11,0	10,7	11,3	11,0	10,9	11,3	11,0	11,0	11,0	10,7	10,3	–1,4
D	5,9	5,8	6,1	7,0	8,9	7,6	8,9	9,0	9,1	9,0	9,0	9,1	9,1	9,0	9,0	9,1	8,6	–0,1
GR	15,8	17,4	16,6	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
E	11,4	12,8	11,8	13,8	14,7	14,6	14,9	14,5	15,1	14,5	14,7	15,1	14,9	14,6	14,5	14,5	14,3	–0,5
F	8,4	9,4	9,0	8,8	9,9	9,3	9,6	9,7	10,6	10,0	10,3	10,6	10,3	10,1	10,0	9,6	9,0	–1,1
IRL	11,1	11,3	9,4	9,0	10,1	9,3	10,4	9,7	10,5	9,7	10,2	10,5	10,3	10,1	9,7	9,7	9,2	–1,5
I	11,7	11,3	12,1	12,9	13,4	13,3	13,6	13,4	13,3	13,6	13,3	13,3	13,2	13,4	13,6	13,7	13,7	0,4
L	8,7	8,0	7,1	7,7	8,6	8,4	8,5	8,6	8,6	8,5	8,4	8,6	8,8	8,6	8,5	8,4	8,3	–1,1
NL	6,4	6,4	6,3	7,2	9,0	7,8	9,0	9,0	9,4	9,3	9,2	9,4	9,4	9,3	9,3	9,4	8,9	0,1
P	:	:	:	16,7	16,8	17,0	16,9	16,7	17,1	17,7	16,2	17,1	16,9	16,7	17,7	16,7	16,6	0,6
UK	9,8	9,5	9,3	9,6	11,1	9,9	11,6	10,9	11,4	10,6	11,3	11,4	11,0	10,5	10,6	10,0	10,0	–1,1
EUR 12 (m)	9,2	9,4	9,4	10,0	11,2	10,4	11,3	11,1	11,5	11,2	11,3	11,5	11,3	11,1	11,2	11,0	10,7	–0,5
USA	8,1	8,7	9,0	8,5	8,6	7,9	8,6	8,5	9,0	8,2	8,9	9,0	8,9	8,5	8,2	8,3	8,0	–0,5
JAP	5,2	4,7	4,7	5,2	7,5	5,6	7,5	7,2	8,4	7,2	8,0	8,4	8,0	7,8	7,2	6,9	6,7	–0,3

TABLE A.8: **Value of ECU** = ... units of national currency or SDR

	1986	1987	1988	1989	1990	1989 IV	1990 I	1990 II	1990 III	1990 IV	1990 Aug.	1990 Sept.	1990 Oct.	1990 Nov.	1990 Dec.	1991 Jan.	1991 Feb.	Change over 12 months % (c)
BFR/LFR	43,80	43,04	43,43	43,38	42,42	42,96	42,55	42,30	42,49	42,35	42,51	42,39	42,44	42,34	42,27	42,21	42,17	–1,1
DKR	7,94	7,88	7,95	8,05	7,86	7,95	7,86	7,82	7,88	7,87	7,91	7,87	7,87	7,87	7,87	7,89	7,88	0,1
DM	2,13	2,07	2,07	2,07	2,05	2,05	2,04	2,05	2,07	2,05	2,07	2,06	2,06	2,05	2,04	2,05	2,05	0,3
DR	137,4	156,1	167,5	178,8	201,3	184,7	192,3	200,5	203,0	209,9	203,8	202,5	206,9	210,3	212,6	216,8	219,5	14,1
PTA	137,5	142,2	137,6	130,4	129,4	130,8	131,6	128,3	127,9	129,9	127,7	129,3	129,3	129,9	130,5	129,1	128,1	–2,9
FF	6,80	6,93	7,04	7,02	6,91	6,96	6,92	6,90	6,93	6,92	6,94	6,90	6,90	6,91	6,94	6,96	6,97	0.6
IRL	0,733	0,775	0,776	0,777	0,768	0,772	0,768	0,765	0,770	0,768	0,771	0,768	0,769	0,767	0,767	0,768	0,770	0,0
LIT	1462	1495	1537	1511	1522	1507	1512	1506	1526	1542	1524	1539	1544	1543	1540	1540	1538	1,5
HFL	2,40	2,33	2,34	2,34	2,31	2,31	2,30	2,31	2,33	2,31	2,33	2,32	2,32	2,32	2,31	2,31	2,31	0,3
ESC	146,9	162,5	170,1	173,4	181,1	176,6	179,8	181,0	182,4	181,2	182,7	182,9	181,8	180,7	181,1	182,5	180,2	0,2
UKL	0,670	0,705	0,664	0,673	0,714	0,712	0,728	0,730	0,696	0,702	0,693	0,698	0,695	0,703	0,709	0,702	0,704	–2,0
USD	0,983	1,154	1,183	1,102	1,271	1,129	1,206	1,222	1,297	1,367	1,316	1,313	1,352	1,381	1,367	1,357	1,384	13,6
YEN	165,0	166,5	151,5	151,8	183,6	161,6	178,3	189,8	188,0	178,7	194,0	182,2	175,5	178,1	182,7	181,4	180,4	1,7
DTS	0,838	0,892	0,880	0,860	0,937	0,880	0,917	0,932	0,946	0,954	0,955	0,944	0,947	0,956	0,958	0,954	0,960	4,6

TABLE A.9: **Effective exchange rates: export aspect** (o) — Percentage change on preceding period

	1986	1987	1988	1989	1990	1989 IV	1990 I	1990 II	1990 III	1990 IV	1990 Aug.	1990 Sept.	1990 Oct.	1990 Nov.	1990 Dec.	1991 Jan.	1991 Feb.	Change over 12 months % (c)
B/L	5,5	4,1	–1,3	–0,9	5,3	2,0	2,4	1,1	0,2	0,7	0,8	–0,1	0,1	0,6	0,2	0,0	0,4	2,9
DK	6,3	4,2	–1,9	–2,7	7,6	3,1	3,6	1,4	–0,1	0,8	0,5	–0,1	0,3	0,6	0,0	–0,5	0,4	2,3
D	10,7	6,9	–0,8	–1,3	5,7	3,2	2,7	–0,1	0,1	1,5	1,0	–0,2	0,4	1,1	0,6	–0,6	0,5	2,2
GR	–21,3	–9,9	–7,2	–7,5	–8,0	–1,9	–2,2	–3,5	–0,4	–2,8	0,1	0,2	–1,9	–1,2	–1,1	–2,1	–0,9	–10,6
E	–1,5	0,2	3,1	4,1	5,1	0,8	1,5	3,3	1,2	–0,9	0,2	–1,7	0,3	0,1	–0,4	0,9	1,1	5,5
F	4,5	1,1	–2,3	–1,3	6,1	2,3	2,9	0,9	0,4	0,8	0,9	0,1	0,3	0,4	–0,4	–0,6	0,1	1,6
IRL	3,7	–2,1	–1,4	–1,3	5,8	2,7	2,6	1,0	–0,6	1,1	0,7	0,1	0,2	0,9	0,1	–0,4	0,1	1,7
I	3,7	1,1	–3,5	0,4	3,7	0,5	1,9	1,1	–0,4	–0,4	0,4	–1,6	0,0	0,7	0,3	–0,2	0,6	1,0
NL	7,7	5,1	–0,4	–1,0	3,9	2,2	1,9	0,0	–0,3	1,0	0,6	–0,1	0,2	0,7	0,5	–0,4	0,3	1,2
P	–7,8	–7,1	–5,1	–3,2	–1,3	–0,5	–0,3	–0,3	–0,3	1,3	0,1	–0,4	0,9	1,1	–0,1	–1,0	1,6	1,4
UK	–7,3	–1,0	5,7	–3,4	–0,8	–3,9	0,5	0,6	6,5	0,1	2,1	–1,6	1,0	–0,4	–0,9	0,8	0,1	5,6
EUR 12	9,6	7,0	–1,6	–3,0	11,5	3,3	5,7	1,7	2,5	1,5	2,5	–1,8	0,8	1,5	0,2	–0,7	0.9	6,1
USA	–19,1	–12,1	–6,1	4,9	–6,2	–2,3	–2,2	0,2	–5,3	–4,9	–2,8	–1,2	–3,0	–1,0	1,4	0,2	–1,6	–9,8
JAP	27,2	8,2	10,4	–4,4	–10,2	–2,5	–5,7	–5,4	3,9	8,6	–0,8	6,3	5,7	–0,1	–3,0	0.2	1.7	5.3

Sources: For Community countries: Eurostat, unless otherwise specified; for the USA and Japan: national sources.
(a) They do not include building. Data are adjusted for working days.
(b) % change over 12 months on the basis of the non-adjusted series of the most recent figure given.
(c) Change with respect to the corresponding month of the previous year.
(d) Change on corresponding month in previous year; seasonally adjusted.
(e) Change over 12 months in the s.a. figure of the most recent figure given for each country.
(f) Number of unemployed estimated on the basis of the results of Community labour force surveys; annual average and quarterly average.
(g) Number of registered unemployed according to national legislation, as % of total labour force.
(h) Monthly series calculated by linear interpolation.
(i) The deseasonalized series for EUR 12 is the result of a deseasonalization of the gross export and import figures of the Community.
(j) National sources for Belgium, Denmark, Germany, Spain, France, Portugal and the United Kingdom; seasonal adjustment by Eurostat for Greece, Ireland, Italy and the Netherlands.
(k) Average of monthly changes s.a. weighted by 1985 GDP prices and purchasing power parities. The monthly change in Belgium is obtained by linear interpolation of quarterly data.
(l) National sources; three-month interbank rate except: Belgium, yield on issue of four-month *Fonds des Rentes* certificates; Denmark, daily money market rate (monthly average); Greece, monthly average; Portugal, rate on 6 month deposits; from 8/85, 3 month Treasury Bills (months average). Annual average, end quarter and end month.
(m) Average weighted by 1985 GDP prices and purchasing power parities.
(n) Yield on public sector bonds, annual average. Average of last month of quarter and annual average for Germany, Spain, Italy, Luxembourg, the Netherlands and Portugal. End of quarter and end of month for other Member States.
(o) Weighting coefficients are calculated so as to allow not only for bilateral trade but also for competition on third markets and on the domestic market of the exporting country.

Notes: (s.a.) = seasonally adjusted : = data not available ( ) = estimated.

Principal Economic Policy Measures - January 1991

Community (EUR 12)

7.1 Council decides to abolish all customs documentation for intra-Community exchanges on 1 January 1993.

15.1 Work of intergovernmental conference on EMU begins at level of ministerial representatives.

28.1 Ecofin Council carries out the first exercise of multilateral monitoring of economic developments and economic policies of the Twelve.

Belgium (B)

21.1 In three stages, the National Bank cuts the rates for one-, two- and three-month Treasury bills. As a result, the rate for three-month bills, the main instrument for guiding monetary policy, comes down from 10.05% to 9.85%.

29.1 Entry into force of a money market reform which consists of a change in the method of issuing Treasury bills, the development of a secondary market for Treasury bills and long-term OLO (Obligations Linéaires: Lineaire Obligatie) tap issues, and the introduction of new monetary policy techniques (e.g. the rate at which the National Bank will make end-of-day advances and the rate at which the banks will be able to redeposit their end-of-day surplus with the Rediscount and Guarantee Institute will be fixed, and the National Bank will be able to conduct open market operations). In order to guarantee the effectiveness of the new instruments, Treasury borrowing from the bank will be restricted.

Denmark (DK)

2.1 National bank increases discount rate by 1/2% to 9 1/2%.

24.1.1991 Finance Bill passes through Parliament implying unchanged fiscal policy; DKR 1,1 billion allocated to indirect tax cuts.

Germany (D)

31.1 The Bundesbank raises key interest rates by 0,5 percentage points each. The discount rate stands now at 6,5% and the Lombard rate at 9%.

Greece (GR)

21.12.1990 According to a decision by the Bank of Greece, Greek firms are allowed freely to dispose of foreign exchange earned through exporting activity in order to meet their obligations in foreign currency abroad.

31.12.1990 Increase of 0,25 of a point in interest rates on 2-year Treasury bonds to 24,50% p.a.

2.1 Increase in the unit prices for tax purposes of real estate (the so-called objective values) in greater Athens. The increase is 85% on average but for some areas increases go up to 220%.

2.1 Wages and salaries in the public sector are increased by 4% on 1 January and by another 4% with effect from 1 July 1991.

16.1 New issue of ECU-linked Treasury bonds with a duration of 1 to 4 years all bearing interest of 11% p.a.

22.1 According to a decision by the Bank of Greece, the percentage of deposits which the commercial banks are obliged to invest in Treasury bills and bonds is reduced from 40% to 35%, effective by 31 January; by 31 July it will be further reduced to 30%.

Spain (E)

11.1 Investment abroad in securities not quoted on the stock exchange is liberalized. As a result, securities may be purchased on all markets and in all currencies.

11.1 The Government approves a 6.5% rise in the statutory minimum wage.

France (F)

20.12.1990 The Governor of the Bank of France announces the targets for French monetary policy. The target range for money supply growth in 1991, based on the new aggregate M3, is 5%-7%.

31.12.1990 Under the Finance Law for 1991, the establishment of a new social security levy, the Contribution sociale généralisée (CSG), is published in the official gazette. Its purpose is to finance the social security system more fairly and by uniform deductions. From 1 January, it will be levied on 95% of gross wages, incomes and allowances, at the rate of 1.1% which can be amended each year.

1.1 The minimum statutory wage (SMIC) is uprated on 1 January, as are various social security benefits and contributions. The SMIC goes up from FF 31,28 to FF 31,94 an hour, or, for 169 hours' work a month, to FF 5 397,86 gross (compared with FF 5 286,32 previously) and to FF 4 431,10 net. The guaranteed wage of young people with less than six months' experience is increased from FF 25,02 to FF 25,55 an hour.

1.1 The domestic duty on petroleum products is raised by approximately 1.6%.

Ireland (IRL)

30.1 Government presents Budget 1991 to Parliament. Macroeconomic impact is broadly neutral, with only marginal reduction in net borrowing in terms of GDP. Main features relate to taxation policy with income tax rates reduced and VAT rates adjusted in advance of the Single Market.

Italy (I)

None.

Luxembourg (L)

21.1 Minimum wages are increased by 7.5% from 1 May 1991.

Netherlands (NL)

31.1 The Nederlandsche Bank raises its discount rate from 7.25% to 7.75% and its secured loans rate from 8% to 8.50%. The rate for its special advances, which had been cut by 0.1 percentage point on 7 January, remains unchanged at 8,80%.

Portugal (P)

24.1 The Government approves new legislation introducing the radical reform of stock markets.

United Kingdom (UK)

None.

Prices (excluding VAT) in Luxembourg

	Ecu	
'European Economy' (4 issues per year)	70	The annual subscription runs from 1 January to 31 December of each year.
Supplements		
Single copy	4	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)	28,50	
Series B — 'Business and consumer survey results' (11 issues per year)	28,50	These are surface mail rates; for air subscription rates please apply to the agents.
Complete series of supplements	57	
Combined subscription — 'European Economy' and supplements	105	

OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES

L—2985 — Luxembourg

CM-AS-91-003-EN-C