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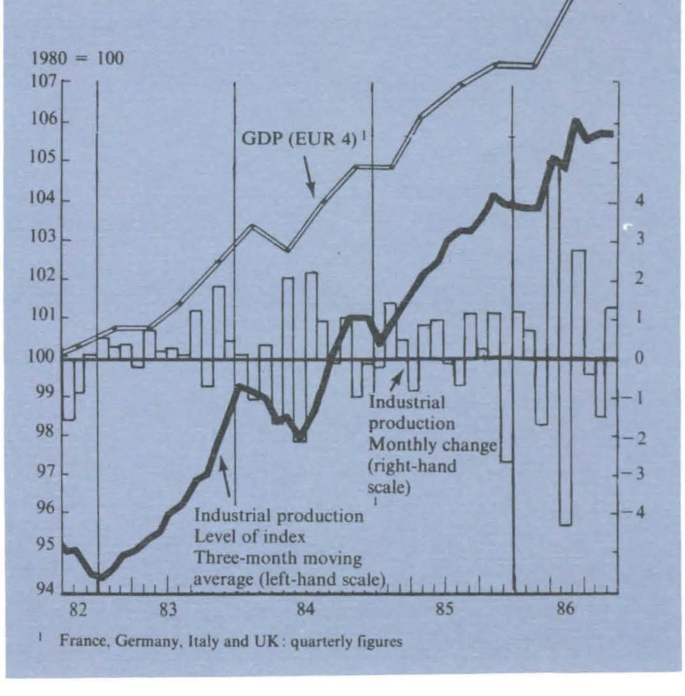
Recent economic trends

Output growth rebounds in second quarter[1,2]. — According to estimates based on data for four of the Member States, the gross domestic product of the Commmnity grew in the second quarter of 1986 by 7,7 % in real terms — seasonally adjusted annual rate — on the previous quarter. This represents a sharp recovery from the poor performance in the fourth quarter of 1985 (−0,2 %) and the first quarter of 1986 (−0,3 %) and reflects a marked increase in domestic demand, which was up by 8 % over the first quarter, while the foreign balance continued to exert a negative effect on GDP for the fourth successive quarter. All components of domestic demand were buoyant, with investment up by 15,1 %, the highest quarterly rate of increase in the eighties, and private consumption also showing continued record growth (6,7 %).

In the *Federal Republic of Germany*, after falls in the previous two periods to a large extent due to cold weather, GNP advanced by 14,3 % in the second quarter. This increase was recorded despite a marked recovery in imports (45 %) the overall contribution of the foreign balance being substantially negative. All components of domestic demand were buoyant with investment recovering strongly from a poor first quarter and private consumption up by as much as 11 %. (According to preliminary official estimates, third quarter GNP rose by 2,9 %. Domestic demand components, except investment in equipment, were buoyant, and a fall in import volumes of oil and primary commodities further boosted GNP.)

The shift from foreign to domestic demand was also evident in *France* with the sharp rise in imports (31,6 %) substantially outstripping the growth in exports (1,9 %) resulting in a large negative contribution of the foreign balance to GDP (6,7 percentage points). Domestic demand was however buoyant, a major contribution coming from a renewal in stockbuilding. Investment also recovered sharply from the first quarter and private consumption continued to advance strongly (4,3 %). GDP consequently was up by 4,3 % over the first quarter.

GRAPH 1: **Industrial production and gross domestic product (s.a.) — EUR total**



1 France, Germany, Italy and UK: quarterly figures

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1 In the quarterly national accounts commentary, growth rates are expressed at an annual rate, seasonally adjusted.

2 Data for EUR 4 for the third quarter will not be available for some months due to expected delays in the compilation of the French national quarterly series which will be calculated on a new base.

TABLE 1 : **Major supply and demand components at constant prices**
(Percentage change on preceding period, annual rates: seasonally adjusted)

		GIP (a)	Imports (b)	Exports (b)	Foreign balance (a)(b)	Domestic demand	Change in stock (c)	Final domestic demand	Gross fixed investment	Government consumption	Private consumption
EUR 4											
1982	Q4	2,3	-8,4	3,1	3,1	-0,8	-3,4	2,6	3,0	1,9	2,7
1983	Q1	3,2	8,3	0,9	-1,8	5,2	4,5	0,6	-3,4	2,5	1,4
	Q2	1,6	4,9	8,4	0,9	0,7	-0,8	1,5	0,8	1,7	1,7
	Q3	1,0	1,8	1,2	-0,1	1,2	0,2	1,0	1,2	0,0	1,2
	Q4	3,7	10,8	12,7	0,5	3,2	-0,9	4,1	10,0	3,2	2,5
1984	Q1	4,8	3,6	9,3	1,5	3,3	2,1	1,1	-1,2	0,0	2,3
	Q2	-2,4	9,6	-2,3	-3,1	0,7	-0,5	1,3	0,0	3,4	1,1
	Q3	4,8	4,2	14,0	2,6	2,2	0,3	2,0	7,8	1,9	0,2
	Q4	2,2	15,3	13,5	-0,4	2,6	0,4	2,3	5,1	2,4	1,3
1985	Q1	1,3	2,9	4,1	0,3	1,0	0,3	0,7	-4,0	-1,7	3,1
	Q2	4,5	-2,2	6,0	2,3	2,1	0,1	2,1	-0,3	2,9	2,6
	Q3	3,6	5,9	-0,5	-1,7	5,5	-0,3	5,8	9,3	3,6	5,4
	Q4	-0,2	8,4	2,1	-1,7	1,6	-0,1	1,7	0,4	2,2	2,0
1986	Q1	-0,3	-2,3	-7,2	-1,5	1,2	1,4	-0,3	-6,8	-1,7	2,4
	Q2	7,7	16,8	15,6	-0,3	8,0	0,4	7,7	15,1	3,4	6,7
Federal Republic of Germany											
1983	Q4	6,0	19,2	20,6	0,9	5,3	0,9	4,4	10,0	3,2	2,7
1984	Q1	6,7	4,1	16,6	3,9	2,9	2,4	0,3	-7,7	0,5	3,5
	Q2	-5,0	2,6	-2,5	-1,5	-3,6	-1,9	-1,7	-13,9	5,9	0,4
	Q3	7,5	-2,1	10,0	3,8	3,6	-1,2	4,9	19,2	1,6	1,3
	Q4	2,6	8,6	21,0	4,1	-1,5	-3,6	2,3	8,3	5,3	-0,9
	Q1	-2,3	11,4	3,0	-2,1	-0,2	7,9	-8,0	-28,5	-6,0	0
	Q2	7,3	-1,4	9,9	3,8	3,6	-4,0	8,1	21,4	5,8	4,6
	Q3	6,9	3,5	3,5	0,2	7,0	-1,7	9,0	11,8	8,4	8,2
	Q4	-2,7	4,2	-7,6	-3,8	1,3	1,2	0	3,5	1,0	-1,6
1986	Q1	-4,2	-12,6	-10,7	0,1	-4,4	1,4	-5,9	-24,1	-6,8	2,0
	Q2	14,3	45,0	26,9	-3,0	18,6	2,3	16,1	41,8	7,8	11,0
France											
1983	Q4	2,7	15,6	11,3	-0,9	3,6	0,1	3,6	4,6	1,5	3,7
1984	Q1	3,9	3,4	13,0	2,3	1,6	1,7	-0,1	-5,9	3,4	1,0
	Q2	-1,5	4,0	-4,4	-2,1	0,6	1,0	-0,4	1,7	-1,3	-0,9
	Q3	3,3	1,3	11,4	2,4	0,9	0,3	0,5	-3,7	2,4	1,5
	Q4	0,1	9,6	2,6	-1,6	1,8	0,9	0,9	4,5	-0,7	0,1
	Q1	-0,7	3,2	2,7	-0,1	-0,6	-4,1	3,7	-2,1	1,5	6,0
	Q2	3,5	1,2	3,1	0,5	3,0	1,2	1,8	7,9	0,9	0,2
	Q3	3,7	19,9	-4,8	-5,9	10,0	4,3	5,5	12,5	3,4	3,8
	Q4	2,6	-5,0	2,9	2,1	0,5	-3,9	4,6	4,7	4,1	4,7
1986	Q1	-0,8	-0,5	-4,3	-1,0	0,2	-0,8	1,0	-4,4	-1,2	3,2
	Q2	4,3	31,6	1,9	-6,7	11,5	5,1	6,2	15,5	2,3	4,3
Italy											
1983	Q4	2,9	-8,7	2,3	2,5	0,3	-3,1	3,7	6,7	3,4	3,0
1984	Q1	3,7	11,7	-2,0	-2,8	7,1	3,1	3,7	6,9	-0,7	4,0
	Q2	1,5	15,2	-1,4	-3,4	5,2	2,1	3,0	8,1	5,0	1,2
	Q3	5,4	15,1	29,1	3,6	1,9	0,2	1,6	9,6	2,3	-0,5
	Q4	0,2	24,5	4,4	-3,8	4,3	1,3	3,0	8,9	3,8	1,2
1985	Q1	1,1	4,5	9,2	1,3	-0,3	-3,0	2,9	5,4	1,3	2,7
	Q2	5,4	-3,3	-0,7	0,6	5,0	2,5	2,3	0,4	1,1	3,2
	Q3	2,4	3,3	11,4	2,2	0,3	-1,3	1,7	-3,7	3,2	2,8
	Q4	-0,7	24,9	10,3	-2,6	2,0	0,8	1,1	-2,4	4,2	1,4
1986	Q1	-1,2	12,2	-1,3	-3,2	2,1	2,0	0,0	-6,4	1,6	1,4
	Q2	11,6	-13,2	17,7	8,5	3,0	-1,8	5,0	13,2	2,8	3,5
United Kingdom (d)											
1983	Q4	2,5	14,4	12,1	-0,5	3,0	-1,6	4,8	20,8	4,5	0,6
1984	Q1	4,3	-3,5	5,9	2,6	1,7	0,5	1,2	8,1	-3,0	0,7
	Q2	-3,3	20,8	-0,9	-5,3	2,1	-3,2	5,5	12,8	3,0	4,1
	Q3	2,7	6,1	10,7	1,2	1,5	1,3	0,2	5,8	1,6	-2,0
	Q4	6,0	22,0	21,0	-0,2	6,3	3,2	3,0	2,0	0,5	5,4
1985	Q1	8,7	-8,8	2,6	3,5	5,1	-1,7	6,9	27,6	-1,2	3,8
	Q2	1,3	-5,2	8,7	4,0	-2,6	2,1	-4,6	-30,5	2,4	2,7
	Q3	0,6	-0,9	-11,5	-3,2	4,0	-2,1	6,3	15,5	-1,6	6,5
	Q4	0,6	13,8	10,5	-0,8	1,4	0,2	1,1	-6,1	0,3	3,7
1986	Q1	6,2	-3,5	-9,4	-1,8	8,2	2,7	5,4	19,3	1,9	2,7
	Q2	-0,1	4,1	10,2	1,7	-1,7	-3,6	1,9	-12,7	-0,5	7,6

(a) F.R. of Germany: GNP.
(b) Goods and services including intra-Community Trade. F.R. of Germany: including factor incomes.
(c) Change on previous period as a percentage of previous period's GDP.
(d) The GDP series for the United Kingdom present the estimates from the expenditure side at market prices. The estimates from the expenditure, output and income sides at factor cost give, for the period considered, substantially different results:

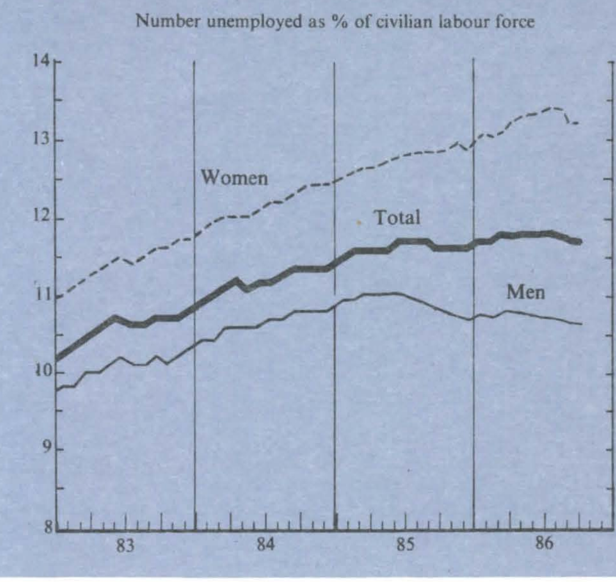
	1984				1985				1986	
GDP change estimated from the side of	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Expenditure	4,3	-4,5	3,5	5,4	9,3	2,2	-0,4	0,0	7,1	0,7
Output	2,7	0,0	4,2	3,8	6,1	4,1	0,7	2,9	2,2	2,2
Income	4,2	-0,4	8,9	1,1	1,8	9,1	-1,8	0,0	4,0	0,7
Average	3,5	-1,5	5,4	3,4	6,1	4,8	-0,4	0,7	4,4	0,7

Sources: Federal Republic of Germany (Bundesbank), France (INSEE), Italy (ISTAT), and United Kingdom (CSO). Figures for Germany do not include the adjustment for calendar irregularities.

After exerting a negative effect on growth in the preceding two quarters, the foreign balance, on the other hand, boosted GDP by 8,5 percentage points in *Italy*. This resulted from sharp swings in imports, which fell by 13,2 %, and exports, up 17,7 %. Domestic demand was sustained, apart from stocks, with investment progressing rapidly (13,2 %) and private consumption buoyant (3,5 %). Overall, GDP, thus, showed a rise of 11,6 %.

In the *United Kingdom* GDP (expenditure-based measure) fell marginally in the second quarter after the strong increase recorded at the beginning of the year. The foreign balance had a positive effect on growth as exports recovered more rapidly than imports from their low levels in the first quarter. Domestic demand, in contrast to other Community countries, declined (−1,7 %) with a fall in stocks together with a sharp turnaround in fixed investment, down 12,7 % after 19,3 % growth in the first quarter, being the contributory factors. The erratic movement in investment between the two quarters reflects the phased withdrawal of capital tax allowances introduced in the 1984 Budget which led to a bunching of fixed investment in the first quarters of both 1985 and 1986. The output-based measure of growth, considered by the authorities as the best indicator of short term changes, grew by 3,2 % in the second quarter with a fall in output of production industries being outweighed by a sharp increase in the distribution sector. Preliminary output-based estimates for the third quarter show an increase of 3,9 %, with manufactured output picking up and continued buoyancy in the distribution sector.

GRAPH 2: **Unemployment (s.a.), EUR 12**



Industrial output erratic. — Industrial production in the Community rose by 1,7 % (s.a.) in September after declining in July and August. The third quarter as a whole was slightly down (−0,3 %) on a dynamic second quarter, with unchanged output in Germany and a decline in Italy (−3,5 %) contrasting with growth of 2,2 % in France and 1,6 % in the United Kingdom. In September industrial production was lower than in the previous month in France and Germany. In the latter country a sharp drop in mining output and a weak performance in manufacturing industry were the main contributory factors. Provisional results for October suggest an unchanged level, with a continuation of the decline in mining. In the remaining countries for which data are available, September results were more buoyant. In the United Kingdom the increase of 0,7 % was the third successive monthly rise and reflected a more dynamic performance in manufacturing (1,2 %), while elsewhere September results generally represented ground made up for losses in July and August. The level of industrial production in September was, on average for the Community, 2,4 % higher than a year earlier.

Unemployment falls for third successive month. — In October the number of registered unemployed, seasonally adjusted, in the Community (EUR 12) fell by 12 000 to 16 million (11,6 % of the civilian labour force). This represented the third successive fall in absolute levels of unemployment in the Community. However the pattern across Member States was uneven with unemployment higher than a month earlier in Belgium, Spain, Ireland, Portugal and France. The increase in registered unemployment in France is partly due to a change in accounting procedures since 1 October. In the remaining countries consecutive monthly falls have only been registered in Germany (since June), the United Kingdom (July) and Denmark and Greece (August). In the Netherlands some pause in the longer term downward trend occurred in September. On a year-to-year basis, unemployment in the Community was 1,1 % lower than October 1985. Unemployment rates fell in six Member States on a year earlier, the most pronounced declines being recorded in Luxembourg and Denmark, while increases ranged up to 14,8 % in Greece.

Trade surplus falls since July. — The Community trade (EUR 10) in August registered a decline from the record surplus position of July (3 273 million ECU) and fell further in September bringing the surplus down to 852 million ECU. Given the deficit of 751 million ECU registered in Spain and an average deficit over the latest three months for which data are available of 86 million ECU in Portugal, the outturn for the Community of Twelve as a whole in September is likely to be close to balance. Although the German surplus picked up a little after its fall in August, a larger deficit in France and a return to a negative trade position in Italy in September have been the major factors behind this deterioration in the trade account. On the basis of incomplete figures for October, some increase in the surplus can be expected in that month. For the third quarter as a whole, the strong July trade performance will result in a Community (EUR 10) surplus of 6 542 million ECU, 1 514 million ECU up on the second quarter.

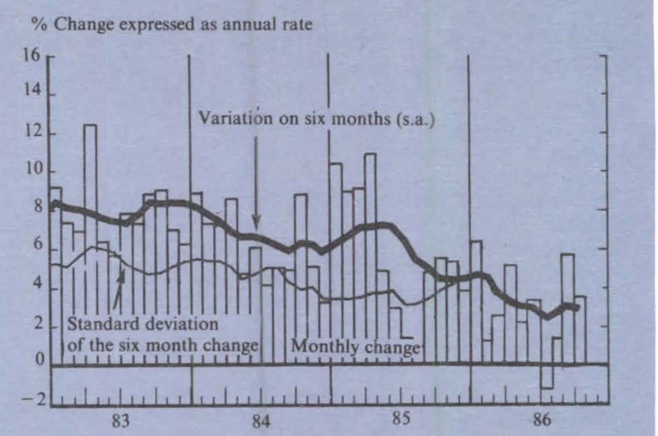
Monetary growth evens out. — In September the rate of increase in the money supply in the Community remained unchanged at 0,8 % after picking up in August from the slower growth registered in July (0,4 %). In Denmark, the sharp rebound from the August decline in September, evened out in October, to end that month 11,7 % up on a year earlier. German money stock growth speeded up again in October with lending to the private sector, inflows of funds from abroad and public sector cash transactions all exerting an expansionary influence. Provisional figures for October in Spain suggest that the average accumulated growth rate of liquid assets in the hands of the public (ALP) over the first ten months of 1986 stood at 11,3 %, just above the central reference rate for the year. After strong increases in the previous two months, French money supply fell by 0,2 % in September. The quarterly increase centered on August was 5,2 % in annual terms, just above the upper limit of the target range of 3 to 5 % fixed for 1986. For 1987 monetary objectives include, in addition to an M_3 target, again fixed at from 3 to 5 %, an objective for M_2 of 4 to 6 % to limit the growth of cash balances. In Ireland, some acceleration in money supply was registered in August and September. This was after significant declines experienced earlier in the year in interest-bearing deposits reflecting the impact of speculation, financed by a drawdown of bank balances, and the introduction of a retention tax on deposit interest. Italian money stock (M_2) grew sharply (1,2 %) in August, principally due to a shift in preference from Treasury instruments (included in M_3) to bank deposits. In the United Kingdom the increase in sterling M_3 continued to remain outside its 11-15 % target range.

Interest rates firmer. — Short-term interest rates continued to pick up in November from their low point of August. While rates were unchanged in Belgium, Denmark and Germany they rose elsewhere. The increases were moderate in most countries and reflected a continuation of the firmer trend in evidence since September. In Greece a steep rise in three-month interbank rates occurred to take the level back close to that recorded in the early summer. In Ireland, following a sharp increase in October, rates levelled off somewhat in November as bank liquidity improved, and in Spain the significant decline in rates registered in September was not repeated in later months, despite the rather fast expansion of the monetary aggregates. In all countries except Greece, Spain and Ireland, short-term interest rates were lower than the previous year, the Community average being down 0,8 percentage points. Movements in long-term rates have exhibited similar trends.

ECU strengthens through November. — After weakening further in the first week of November, the ECU recovered ground against the dollar later in the month. This change in trend was not sufficient, however, to prevent some fall from being recorded in monthly average terms. The strength of the dollar at the beginning of the month reflected a greater optimism on US economic performance. However later in the month sentiment changed and, despite an upward revision of third quarter GDP estimates, less favourable figures for industrial production and retail sales, together with a more negative view on other indicators, pushed the dollar down against the ECU. The cut in the Japanese discount rate to its lowest level since 1945 had little short term impact on the currency markets although the ECU did continue to strengthen progressively against the yen through November.

Within the exchange rate mechanism of the EMS the band narrowed in the early part of the month. However the weakness of the dollar later in November caused the band to widen and some currencies were reported to have been supported. The French franc passed to third place in the narrow band behind the guilder and the Danish krone lost ground to replace the Belgian franc as the weakest currency. Outside the exchange rate mechanism the pound sterling tracked movements of the dollar quite closely. The drachma depreciated against the ECU by 1,8 %, while the peseta and the escudo fell back less markedly (1,1 % and 0,7 % respectively).

GRAPH 3: **Consumer prices EUR12**



Inflation rate significantly down in 1986. — The 12 month-inflation rate for the Community was 3,1 % in October, down from 5,6 % at end of 1985. The deceleration was principally due to the weakness in oil prices and the effective exchange rate appreciation of most Community currencies. Price developments during 1986 are reviewed below on the basis of the quarterly national accounts and including an analysis of the principal components of price increases.

Community inflation eases to 4,1 % in the second quarter of 1986. — According to estimates based on quarterly national accounts for four Member States, the price deflator of GDP in the Community, rose at a seasonally adjusted annual rate of 4,1 % in the second quarter of the year, well down on the 4,8 % figure recorded in the first quarter. The terms of trade continued to improve substantially and the annual rate of increase of the deflator of final domestic demand was more than halved to 1 % after the earlier steep deceleration registered in the first quarter. All domestic deflators decelerated markedly, with the prices of stocks exerting a strong negative contribution. The private consumption deflator has now been decelerating noticeably since the second quarter of 1985, falling from the seasonally adjusted annual rate of 6,5 % in the first quarter of 1985 progessively to 1,1 % in the second quarter of 1986. A deceleration in the GDP deflator was registered for three of the four countries for which data are available. In France some acceleration was recorded as an increase in the price of stocks and a slight pick-up in the consumption deflator to 1,9 % (s.a.a.r.) outweighted the deceleration in prices of fixed investment and government consumption. Elsewhere the rate of increase of the deflator of private consumption continued to fall (to zero in the United Kingdom and to 4,9 % in Italy) or remained significantly negative (Germany − 1,6 %).

Trend rate of inflation decelerates. — The index of consumer prices in the Community in October rose by 0,2 % on a month earlier compared to 0,5 % in September. When adjusted for seasonal factors the rate of deceleration was similar (from 0,4 to 0,1 %). The seasonally adjusted increase in October was thus, along with July 1986, the lowest figure recorded for the Community since aggregate figures have been produced. Particularly sharp decelerations in monthly rates were registered in Germany (due to a further reduction of oil and petrol prices), Denmark (the September figure reflecting the end of the August sales) and Spain (where specific government anti-inflation measures have worked through into the index). The easing of prices in other countries was principally due to some reversal

TABLE 2: **Principal price deflators of components of GDP: EUR 4**
(Percentage change on previous period, annual rates: seasonally adjusted)

		GDP	Imports (a)	Exports (b)	Final Domestic demand (b)	Gross fixed investment	Government consumption	Private consumption
EUR 4								
1983	Q1	8,5	− 1,9	2,5	7,3	5,0	13,8	8,1
	Q2	5,7	3,9	6,7	5,0	7,3	4,0	7,0
	Q3	8,6	9,6	8,6	8,9	7,1	9,0	7,2
	Q4	7,7	7,5	8,1	7,5	5,1	7,9	6,6
1984	Q1	4,8	12,0	8,6	5,6	5,1	5,8	5,9
	Q2	3,6	3,9	4,5	3,5	2,1	4,8	5,5
	Q3	5,2	7,9	4,5	6,2	7,6	4,0	4,9
	Q4	4,5	8,9	8,0	4,8	3,8	8,1	5,2
1985	Q1	5,7	11,7	9,8	6,2	3,2	7,5	6,5
	Q2	5,6	− 2,1	3,1	4,0	4,7	2,8	5,0
	Q3	6,9	− 11,0	− 2,2	4,2	3,2	2,3	4,2
	Q4	5,1	− 7,2	− 4,3	4,2	5,3	2,5	3,4
1986	Q1	4,8	− 12,7	− 4,0	2,3	2,2	8,4	2,0
	Q2	4,1	− 17,4	− 7,2	1,0	0,6	5,0	1,1

(a) Goods and services including intra Community Trade. F.R. Germany: including factor incomes.
(b) Including stock building.
Sources: Estimates by the Commission Services based on national accounts data for the Federal Republic Germany, France, the United Kingdom and Italy.

GRAPH 4: **Deflators**

[1] Annual rates, seasonally adjusted.
Source: Estimates by the Commission services based on national accounts data for the four major EC Member States

in the energy component. The underlying trend rate of inflation, measured as the seasonally adjusted rate of change over six months at an annual rate, thus fell back again to 2,9 % after the upward movement in August and September. The divergence of price trends within the Community, measured as the weighted standard deviation of inflation trends in each country, widened somewhat in October as the trend in Germany weakened while some continued increase was in evidence for Greece. Annual inflation rates ranged from a fall of 1,0 % in Luxembourg to a 21,9 % increase in Greece with the Community average falling back to 3,1 %.

Community inflation rates in the international context. — The slowdown in the Community prices has not yet brought inflation down to a level comparable to that in the United States or Japan (see Table 3). The more detailed analysis of the origin of prices increases in Table 4 does, however, show a progressive narrowing of the gap with respect to the United States. Compared with the relative price stability in Japan on the other hand, progress is less marked. In 1986 the fall in import prices exerted a very strong negative effect (3 percentage points) on the price of total final expenditure in the Community, approximately half through an appreciation in the nominal effective exchange rate. In Japan the exchange rate played an even more significant part reducing the deflator by as much as 3 percentage points while in the United States the dollar's depreciation more or less wiped out the restraining influence exerted by the fall in prices of suppliers. On the basis of present forecasts, domestic factors will contribute significantly less (1,9 percentage points) to inflation in the Community in 1987 than in the United States (3,4 points). In Japan, however, domestic factors in total will have a neutral effect on inflation while import prices will continue to depress prices.

TABLE 3: **Consumer price developments — Summary**
(% change in consumer price index)

	1982	1983	1984	1985	October 1985/ October 1986
EUR	10,7	8,6	7,4	6,1	3,1
USA	6,2	3,2	4,3	3,6	1,5
Japan	2,7	1,9	2,2	2,1	−0,4

15 December 1986

TABLE 4: **Origin of price increases** (final expenditure)

	Imports (c) Total	Imports (c) of which (d): export prices of suppliers	Imports (c) of which (d): nominal effective exchange rate	Imports (c) of which: real exchange rate	Unit labour costs	Indirect taxes	Other factors	Total (d)	of which Domestic factors (e)
EUR 12									
1983	0,3	−0,6	0,9	0,6	1,9	0,6	1,7	4,6	4,7
1984	1,0	−0,1	1,1	0,9	1,7	0,5	2,6	5,7	5,1
1985(a)	0,2	−0,1	0,2	0,2	1,8	0,4	2,0	4,5	4,3
1986(b)	−3,0	−1,7	−1,4	−1,4	1,0	0,5	1,8	0,3	3,4
1987(b)	−0,4	−0,2	−0,2	−0,0	0,8	0,3	0,9	1,5	1,9
USA									
1983	−0,4	−0,2	−0,2	−0,3	1,9	0,2	1,9	3,5	4,1
1984	−0,3	0,2	−0,5	−0,5	1,1	0,1	2,1	2,4	3,4
1985(a)	−0,3	0,1	−0,3	−0,4	2,1	0,2	0,9	2,9	3,4
1986(b)	−0,2	−1,9	1,7	1,7	1,9	0,2	0,5	2,1	2,6
1987(b)	0,3	−0,2	0,5	0,3	2,7	0,2	0,2	3,3	3,4
Japan									
1983	−0,7	0,3	−1,0	−0,8	1,1	−0,1	−0,5	0,0	0,3
1984	−0,5	−0,1	−0,4	0,0	−0,2	0,2	0,6	0,0	0,2
1985(a)	−0,6	−0,1	−0,5	−0,1	0,1	0,1	1,5	1,0	1,3
1986(b)	−5,0	−1,9	−3,1	−3,0	1,2	0,1	−0,4	−3,2	0,8
1987(b)	−0,6	−0,0	−0,6	−0,4	0,8	0,0	−0,6	−1,0	0,0

(a) Estimate.
(b) Forecast.
(c) Excluding intra-Community trade.
(d) The breakdown of prices into its components is based on geometric rather than arithmetic weights.
(e) Total, excluding the effect of export prices of suppliers and real exchange rate changes.
Source: Eurostat and Commission services. For methods used, see technical annex of European Economy, No. 18, November 1983.

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 March	April	May	June	July	Aug.	Sept.	Change over 12 months % (b)
B	-2,7	0	2,0	2,5	2,4	0,9	1,8	0,9	-0,3	:	4,1	-3,9	0,1	1,6	3,0	-0,6	:	6,7
DK	0	2,7	3,2	9,7	4,2	5,0	1,8	-1,9	4,6	-3,7	-5,8	15,2	-7,0	0	-0,7	-2,4	3,2	0
D	-1,9	-2,9	0,6	3,0	5,7	1,6	0,8	-0,3	0,8	0	-0,7	3,2	-3,7	2,8	0,8	-1,0	-2,0	2,9
GR	-0,6	-4,2	-0,7	3,5	2,6	5,7	-1,1	-2,9	4,0	:	-5,5	10,3	-5,5	4,6	0,8	:	:	1,0
E	-1,0	-1,1	2,7	0,8	2,2	1,9	2,9	-3,1	5,1	:	-5,3	13,2	-7,6	5,3	:	:	:	10,2
F	-2,3	-1,5	0,8	2,3	0,8	1,8	0	-1,2	1,5	2,2	-1,5	4,5	-5,8	4,6	1,5	0	-0,7	4,5
IRL	5,4	-0,9	6,6	12,4	2,3	-3,7	3,3	1,1	-0,4	:	3,1	0,3	-5,7	2,7	-4,6	6,9	:	8,1
I	-1,6	-3,0	-3,2	3,4	1,2	-1,1	0,2	3,7	0,6	-3,5	3,1	1,5	-6,6	4,8	-2,8	4,5	4,7	5,4
L	-5,7	0,9	5,4	13,3	6,9	-2,2	4,3	1,5	-0,8	:	-2,1	-1,0	3,3	-2,1	:	:	:	0,8
NL	-2,0	-4,1	3,2	4,1	4,0	-2,2	2,6	1,9	-2,8	1,6	-2,8	1,9	-7,4	4,0	1,0	0	1,9	5,2
P	0,5	4,6	1,6	-0,1	10,9	-0,6	1,3	-2,7	:	:	0,2	5,2	-2,3	:	:	:	:	3,2
UK	-3,4	1,9	3,6	1,3	4,8	-0,6	0	0,8	-0,4	1,6	-0,4	1,2	-2,1	-0,9	2,2	0,5	0,7	1,3
EUR 12	-2,1	-1,4	1,1	2,6	3,4	0,6	0,8	-0,3	(2,0)	(-0,4)	-1,7	4,9	-4,3	(3,0)	(-0,3)	(-1,5)	(1,3)	(2,1)
USA	2,1	-7,4	7,8	11,9	2,5	0,5	0,5	0,8	(0)	(0,8)	-1,1	1,1	-0,3	0,1	(0,8)	(0,1)	(0,3)	(2,2)
JAP	1,0	0,3	3,6	11,1	4,6	-0,2	-0,9	0,2	0,2	:	-0,2	0	0,3	0,3	-0,2	-2,7	:	(-3,1)

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 April	May	June	July	Aug.	Sept.	Oct.	Change over 12 months % (b)
B (f)	11,1	13,0	14,3	14,4	13,6	13,1	12,8	12,7	12,6	12,3	12,6	12,6	12,7	12,5	12,3	12,3	12,5	-2,3
DK	8,7	9,3	10,1	9,9	8,7	8,6	7,9	7,8	7,4	(7,5)	7,3	7,5	7,5	7,7	(7,4)	(7,3)	(6,8)	-15,5
D	4,8	6,9	8,4	8,4	8,4	8,5	8,4	8,4	8,2	8,0	8,2	8,2	8,1	8,1	8,0	8,0	7,9	-5,7
GR	1,2	1,4	1,6	1,8	2,2	2,2	2,3	2,7	2,8	2,8	2,7	2,8	2,8	2,9	2,8	2,8	2,7	14,8
E	12,1	14,3	16,6	18,6	19,7	19,7	19,9	20,1	20,1	20,1	20,2	20,1	20,0	20,1	20,0	20,2	20,4	4,7
F	7,7	8,7	8,8	9,9	10,3	10,4	10,2	10,2	10,3	10,5	10,3	10,4	10,3	10,4	10,5	10,5	10,7	6,5
IRL	10,2	12,3	14,9	16,6	18,0	18,4	18,2	18,2	18,3	18,6	18,2	18,4	18,5	18,5	18,7	18,6	18,7	3,1
I	8,0	9,7	10,9	11,9	12,9	13,0	13,2	13,5	13,8	13,9	13,7	13,8	13,9	13,9	13,9	13,9	13,7	3,5
L	1,0	1,3	1,6	1,8	1,7	1,7	1,6	1,5	1,5	1,4	1,5	1,5	1,5	1,4	1,4	1,4	1,3	-16,3
NL (f)	(8,8)	(11,8)	(14,3)	14,5	13,3	13,1	12,8	12,7	12,5	12,3	12,6	12,5	12,3	12,5	12,2	12,2	12,2	-6,4
P	5,8	5,7	5,6	6,7	7,7	7,9	8,0	8,1	8,3	8,3	8,3	8,3	8,4	8,3	8,2	8,3	8,4	5,6
UK	(9,2)	(10,6)	(11,6)	11,8	12,0	12,1	12,0	12,0	12,1	12,0	12,1	12,1	12,1	12,1	12,1	11,8	11,7	-1,2
EUR 12	(7,8)	(9,4)	(10,6)	11,2	11,6	11,6	11,5	11,6	11,7	(11,6)	11,7	11,7	11,7	11,7	(11,6)	(11,6)	(11,6)	(1,1)
USA	7,6	9,7	9,6	7,5	7,2	7,1	7,0	7,1	7,2	6,9	7,1	7,3	7,1	6,9	6,8	7,0	:	0,4
JAP (g)	2,2	2,4	2,7	2,7	2,6	2,6	2,8	2,6	2,8	:	2,9	2,7	2,7	2,9	2,9	:	:	12,3

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 April	May	June	July	Aug.	Sept.	Oct.	Change over 12 months % (b)
B	7,6	8,7	7,7	6,3	4,9	0,7	0,3	0,2	0,1	0,2	0,3	-0,2	0,1	0	0,1	0,3	-0,1	0,9
DK	11,7	10,1	6,9	6,3	4,7	-0,1	0,8	-0,1	3,3	0,1	2,6	0,7	-0,1	-0,7	0,5	0,8	(0,2)	(4,6)
D	6,3	5,3	3,3	2,4	2,2	-0,2	0,3	0	0,3	-0,5	-0,1	0	0,2	-0,5	-0,2	0,2	-0,3	-0,9
GR	24,5	21,0	20,5	18,3	19,4	2,6	9,7	6,0	4,3	2,0	1,5	0,5	1,7	-0,5	0	3,8	2,6	21,9
E	14,6	14,4	12,2	11,2	8,8	1,0	1,9	3,9	1,1	2,3	0,2	0,2	0,9	1,0	0,3	1,1	0,4	9,4
F	13,4	11,8	9,6	7,3	5,9	0,9	0,6	0,1	0,7	0,6	0,4	0,2	0,3	0,1	0,1	0,4	0,2	2,1
IRL (h)	20,4	17,2	10,4	8,6	5,4	1,5	0,2	1,6	1,2	0,2	(0,4)	(0,4)	(0,1)	(0,1)	(0,1)	:	:	3,1
I	17,8	16,5	14,7	10,8	9,2	1,2	2,2	1,6	1,0	0,5	0,2	0,5	0,1	0	0,2	0,3	(0,6)	(4,7)
L	8,1	9,4	8,7	5,6	4,2	0,5	0,9	-0,4	-0,6	-0,3	-0,1	0	-0,1	-0,2	-0,3	0,3	0,1	-1,0
NL	6,7	5,7	2,7	3,2	2,3	-0,1	0,6	-0,4	0,4	-0,9	0,4	0	-0,4	-0,8	0,1	0,5	0,6	-0,1
P	20,0	22,7	25,1	28,9	19,6	1,1	3,0	4,9	2,3	0,8	1,2	-0,5	0,3	0	1,0	0,4	0,7	11,4
UK	11,9	8,6	4,6	5,0	6,1	0,3	0,5	0,7	1,3	0,1	1,0	0,2	-0,1	-0,3	0,3	0,5	0,2	3,0
EUR 12	12,1	10,7	8,6	7,4	6,1	0,6	1,1	1,0	0,8	0,4	0,4	0,2	0,2	-0,1	0,1	0,5	(0,2)	(3,1)
USA	10,3	6,2	3,2	4,3	3,6	0,7	0,9	0,2	-0,2	0,7	-0,2	0,3	0,5	0	0,2	0,5	0,1	1,5
JAP	4,9	2,7	1,9	2,2	2,1	0,2	0,4	0	0,3	-0,5	0,3	0,3	-0,5	-0,3	-0,2	0,4	0	(-0,4)

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 March	April	May	June	July	Aug.	Sept.	Change over 12 months % (b)
B/L	-5418	-3082	-2435	-4897	-3514	-714	-811	-304	-312	61	33	196	-159	-349	640	-297	-282	-6
DK	-1475	-1866	-740	-1108	-1538	-279	-473	-450	-576	-579	-46	-309	-136	-131	-284	-130	-164	-146
D	11239	21599	18501	24136	32963	8742	9403	10809	13308	14705	3516	4813	3609	4886	5263	4679	4764	1718
GR	-3951	-5826	-5800	-6048	-7266	-1621	-1590	-1938	-1452	-1631	-659	-628	-504	-321	-515	-553	-563	2
E (i)	:	:	:	-6773	-5582	-1054	-1004	-993	-1503	-1783	-363	-310	-496	-697	-568	464	751	-161
F	17283	-24457	-15628	-13130	-13428	-3535	-3040	-2259	-3563	-2583	-1059	-1576	-1090	-897	-838	-645	1100	-30
IRL	-2467	-1574	-621	81	430	138	28	318	134	242	192	-14	158	-10	36	173	34	6
I	-13554	-12513	-8516	-13849	16130	-1589	-4105	-2849	-149	502	-764	95	-196	-48	-284	1000	214	27
NL	1320	3500	4499	4740	3874	944	1085	1185	1531	1554	33	464	535	532	658	483	413	158
P (i)	:	:	:	-3465	-2585	-600	-548	-344	-360	:	-54	-91	-174	-95	-63	-99	:	112
UK	-445	-3295	-9681	-14005	-11540	-2493	-2493	-3385	-3904	-5756	-1863	-1121	-1295	-1488	-1445	-2268	-2043	-1270
EUR 10 (j)	-32033	-27515	-20422	-24080	-16127	-509	-2078	1012	5028	6542	-596	1901	890	2237	3273	2417	852	458
USA	35538	-43435	-77911	-154992	-194856	-84864	-47815	-47146	-42163	-43476	-15215	-12695	-14731	-14736	-18216	-13042	12218	7941
JAP	7832	7034	23072	42599	60497	15243	17299	16828	20300	:	5873	6785	8133	6244	7504	8241	:	3019

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 April	May	June	July	Aug.	Sept.	Oct.	Change over 12 months % (b)
B (M2)	5,8	5,8	8,7	5,9	7,6	1,7	1,8	2,1	2,4	:	:	:	:	:	:	:	:	8,1
DK (M2)	9,6	11,5	25,5	17,8	15,8	4,0	7,0	3,0	1,9	-0,3	0,5	1,0	0,3	0,1	-2,0	1,6	0,2	11,7
D (M3)	5,0	7,1	5,3	4,7	5,0	0,6	2,0	1,4	1,2	1,9	0	0,2	1,0	0,5	1,0	0,5	0,9	7,1
GR (M3)	34,7	29,0	20,3	29,4	26,8	6,1	5,8	3,9	4,4	4,0	1,7	0,4	2,2	1,0	1,5	:	:	19,6
E (ALP)	17,0	16,6	15,9	13,2	12,8	1,7	2,8	4,0	3,3	0,8	0,8	0,8	1,7	-0,2	0	1,0	:	11,4
F (M3)	11,0	11,4	11,5	9,4	5,0	1,9	0,9	2,8	-0,1	1,4	-0,9	0,4	0,4	0,7	0,9	0,2	:	5,0
IRL (M3)	17,4	13,0	5,6	10,1	5,3	1,6	1,3	-1,7	-2,0	1,4	-1,3	-1,0	0,3	1,0	-1,0	1,5	1,0	0,3
I (M2)	9,9	16,9	13,3	12,1	10,8	3,2	2,0	1,3	1,9	2,2	0,7	1,0	0,3	0,4	0,6	1,2	:	8,3
NL (M2)	(5,3)	(7,6)	(10,7)	(6,8)	(10,5)	1,9	4,3	-0,7	1,8	:	0,5	1,6	-0,2	-0,1	:	:	:	7,1
P (L)	23,8	23,9	16,1	23,9	(28,8)	(8,6)	(5,6)	(6,1)	(4,7)	:	(1,1)	(2,1)	(1,5)	(2,1)	:	:	:	(27,9)
UK (LM3)	13,7	8,9	10,3	9,8	15,6	2,9	3,4	3,3	7,5	3,0	3,2	2,9	1,3	0,2	1,2	1,6	:	18,2
EUR 12 (i)	10,6	11,5	10,8	9,7	(9,8)	2,2	2,3	2,3	2,5	(2,0)	0,6	1,0	0,8	(0,4)	(0,8)	(0,8)	:	(9,7)
USA (M2)	10,0	9,4	11,7	8,2	8,1	2,3	1,4	1,0	3,1	2,6	1,1	1,0	0,8	1,1	0,9	0,6	0,9	8,9
JAP (M2)	11,0	7,9	7,3	7,8	8,7	1,0	2,6	2,3	1,6	:	-0,2	0,7	1,2	0,6	2,0	:	:	10,1

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 May	June	July	Aug.	Sept.	Oct.	Nov.	Change over 12 months % (e)
B	15,6	14,1	10,5	11,5	9,6	9,4	9,8	9,3	7,3	7,3	7,6	7,3	7,3	7,3	7,3	7,4	7,4	-1,2
DK	14,9	16,4	12,1	11,5	10,0	9,4	9,5	9,1	9,1	9,2	9,0	9,1	9,3	9,1	9,2	9,2	9,2	-0,8
D	12,3	8,8	5,8	6,0	5,4	4,7	4,8	4,6	4,6	4,6	4,6	4,6	4,7	4,5	4,6	4,7	4,7	-0,1
GR	16,8	20,2	19,4	15,7	17,1	16,5	17,9	21,8	22,1	15,8	21,9	22,1	21,4	17,4	15,8	17,0	20,8	-1,3
E	16,2	16,3	20,1	14,9	12,2	11,5	10,5	11,6	12,1	11,6	11,6	12,1	12,5	12,2	11,5	11,4	11,5	1,0
F	15,6	14,6	12,5	11,7	9,9	9,5	9,1	8,3	7,2	7,3	7,3	7,2	7,3	7,1	7,3	7,4	7,6	-1,2
IRL	16,6	17,5	14,1	13,3	11,9	10,1	11,7	14,5	9,0	11,0	10,3	9,0	10,8	10,6	11,0	13,9	14,4	3,8
I	20,0	20,1	18,1	17,2	15,1	14,1	14,9	14,8	12,1	10,9	11,9	12,1	11,6	11,3	10,9	11,3	11,6	-3,0
NL	11,8	8,3	5,7	6,1	6,4	5,8	5,8	5,4	6,1	5,4	5,7	6,1	5,5	5,2	5,4	5,4	5,8	0,1
P	16,0	16,8	20,9	22,5	21,0	22,2	18,6	16,9	15,2	15,1	15,8	15,2	15,1	15,3	15,1	14,1	:	-6,7
UK	14,2	12,2	10,1	10,1	12,3	11,5	11,9	11,4	9,8	10,9	9,9	9,8	10,0	9,8	10,9	11,2	11,4	-0,2
EUR 12 (n)	15,2	13,8	12,0	11,2	10,5	9,8	9,9	9,7	8,7	8,5	8,6	8,7	8,7	8,4	8,5	8,7	8,9	-0,8
USA	14,0	10.6	8,7	9,5	7,5	7,3	7,2	6,6	6,2	5,2	6,2	6,2	5,8	5,5	5,2	5,2	5,4	-2,0
JAP	7,4	6,8	6,5	6,3	6,5	6,3	7,4	5,5	4,6	4,7	4,6	4.6	4,6	4,7	4,7	4,7	4,7	-2,6

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 April	May	June	July	Aug.	Sept.	Oct.	Change over 12 months % (e)
B	13,8	13,5	11,8	12,0	10,6	10,4	9,6	8,4	7,9	7,4	7,5	7,9	7,9	7,5	7,2	7,4	7,3	-2,3
DK	19,3	20,5	14,4	14,0	11,6	11,1	9,9	9,5	10,2	11,1	9,2	10,1	10,2	11,0	11,4	11,1	11,0	0,3
D	10,4	9,0	7,9	7,8	6,9	6,3	6,5	5,9	5,9	5,8	5,5	5,8	5,9	5,9	5,7	5,8	6,0	-0,5
GR	17,7	15,4	18,2	18,5	15,8	14,2	15,1	15,1	17,1	13.6	16,7	17,2	17,1	17,9	18,2	13,6	14,7	0,7
E	15,8	16,0	16,9	16,5	13,4	13,9	12,3	12,2	11,0	11,2	12,1	11,5	11,0	11,5	11,5	11,1	10,2	-2,4
F	16,3	16,0	14,4	13,4	11,9	12,0	11,3	9,3	8,7	8,5	8,6	8,6	8,7	8.5	8,1	8,5	9,0	-2,7
IRL	17,2	17,0	13,9	14,6	12,7	11,9	11,8	9,4	9,3	12,5	8.6	9,2	9,3	10,7	10,8	12,5	13,7	-0,6
I	20,6	20.9	18,0	14.9	13,0	13,0	13,1	12,4	9,7	9,3	11,9	10,3	9,7	9,8	9,9	9,3	9,2	-3,7
L	8,6	10,4	9,8	10,3	9,5	9,3	9,3	9,1	8,7	8,5	9,0	8,9	8,7	8,4	8,1	8,5	:	-0,8
NL	12,2	10,5	8,8	8,6	7,8	7,4	7,5	6,9	6,9	6,5	6,5	6,6	6,9	6,8	6,5	6,5	6,7	-1,0
P	22,6	25,3	30,4	32,5	25,4	25,1	22,1	20,3	19,4	15,6	19,3	19,8	19,4	16,4	16,0	15,6	14,9	-15,1
UK	14,8	12,7	10,8	10,7	10,6	10,3	10,5	8,9	9,3	10,6	8,8	9,2	9,3	9,5	9,4	10,6	10,6	0,3
EUR 12 (n)	15,2	14,5	13,0	12,3	10,9	10,7	10,5	9,3	8,7	8,7	8,9	8,8	8,7	8,8	8,6	8,7	8,8	1,8
USA	12.9	12,2	10,8	12,0	10,8	10,7	9,6	8,0	8,2	8,1	7,6	8,0	8,2	7,9	7,7	8,1	:	-2,9
JAP	8,4	8,3	7,8	7,3	6,5	5,8	5,8	4,7	5,1	5,7	4,8	5,6	5,1	5,0	5,0	5,7	:	-1,2

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 May	June	July	Aug.	Sept.	Oct.	Nov.	Change over 12 months % (e)
BFR/LFR	41,29	44,68	45,44	45,44	44,91	45,13	44,74	44,35	43,93	43,65	43,93	43,91	43,88	43,61	43,45	43,25	43,33	-3,0
DKR	7,92	8,15	8,13	8,15	8,02	8,07	7,99	7,98	7,96	7,94	7,96	7,96	7,97	7,93	7,93	7,85	7,87	-1,6
DM	2,51	2,38	2,27	2,24	2,23	2,23	2,20	2,17	2,15	2,11	2,15	2,15	2.13	2,11	2,10	2,08	2,09	-5,6
DR	61,62	65,30	78,09	88,44	105,7	104,5	127,7	133,2	135,0	137,9	134,7	135,3	137,1	137,7	138,9	140,7	143,3	10,2
PTA	102,7	107,6	127,5	126,6	129,1	131,0	135,8	136,2	136,9	137,0	136,8	137,4	136,2	137,0	137,7	138,6	140,1	3,1
FF	6,04	6,43	6,77	6,87	6,80	6,81	6,73	6,66	6,85	6,87	6,86	6,85	6,86	6,87	6,87	6,82	6,82	1,3
IRL	0,691	0,690	0,715	0,726	0,715	0,716	0,714	0,715	0,708	0,745	0,707	0,709	0,712	0,758	0,763	0,765	0,765	7,2
LIT	1263	1324	1350	1381	1447	1484	1494	1476	1476	1454	1476	1475	1464	1450	1448	1442	1,443	-3,3
HFL	2,78	2,62	2,54	2,52	2,51	2,51	2,48	2,45	2,42	2,38	2,42	2,42	2,40	2,37	2,37	2,35	2,36	-5,3
ESC	68,5	78,0	98,7	116,3	130,2	132,8	138,4	141,3	143,8	149,0	143,9	145,2	147,0	149,2	150,8	152,8	153,8	11,4
UKL	0,553	0,561	0,587	0,591	0,589	0,570	0,595	0,642	0,636	0,681	0,635	0,638	0,656	0,687	0,698	0,729	0,723	22,3
USD	1,116	0,981	0,890	0,789	0,762	0,785	0,853	0,924	0,959	1,013	0,964	0,962	0,990	1,021	1,028	1,040	1,029	20,9
YEN	245,4	243,5	211,4	187,0	180,5	187,0	176,8	173,3	162,8	157,8	161,0	161,3	157,1	157,4	159,0	162,5	167,7	-3,9
DTS	0,946	0,888	0,833	0,767	0,749	0,764	0,791	0,821	0,828	0,842	0,826	0,826	0,833	0,845	0,849	0,858	0,858	8,9

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

	1981	1982	1983	1984	1985	1985 III	1985 IV	1986 I	1986 II	1986 III	1986 May	June	July	Aug.	Sept.	Oct.	Nov.	Change over 12 months % (e)
B/L	-5,8	-9,2	-2,8	-2,2	0,9	1,3	1,9	2,0	1,3	1,5	0,1	0,1	0,4	1,2	0,6	0,9	-0,1	6,5
DK	-7,5	-4,4	-0,6	-3,7	1,2	1,6	2,7	2,3	0,6	1,9	0,2	0,2	0,5	1,6	0,3	1,9	-0,1	7,7
D	-5,6	5.0	4,0	-1,5	0,4	2,4	3,2	3,7	1,2	3,4	0,3	0,2	1,4	2,2	0,8	1,3	0	11,8
GR	-10,2	-8,0	-18,1	-14,2	-15,7	-3,9	-17,2	-3,1	-1,1	-1,4	0,1	-0,4	-1,0	0,1	-0,7	-0,9	-1,7	-6,4
E	-9,6	-6,0	-17,2	-2,3	-2,2	-1,6	-1,9	1,5	-0,1	1,4	0	0,5	1,6	0,3	-0,2	-0,1	-1,0	2,0
F	-8,8	-8,3	-7,1	-4,7	1,1	2.6	3,0	2,9	-2,9	0,7	-0,3	0,1	0,2	0,7	0,2	1,4	0,2	2,8
IRL	-8,7	-1,1	-4,1	-4,2	1,1	1,4	2,5	2,7	1,2	-2,6	0,5	-0,1	0,6	-4,7	-0,2	1,0	-0,2	0,6
I	-12,4	-6,9	-3,8	-5,7	-5,1	-1,9	1,0	3,1	0,4	2,8	0,1	0,2	1,3	1,8	0,5	1,0	0	8,4
NL	-4,3	5,1	2,0	-1,5	0,3	1,9	2,2	2,6	1,1	2,5	0,4	0,2	1,0	1,6	0,4	0,9	0	8,5
P	-3,8	-12,9	-21,1	-17,3	-11,4	-2,8	-2,6	-0,4	-1,3	-2,1	-0,8	-0,8	-0,7	-0,6	-0,7	-0,7	-0,6	-5,8
UK	0,2	-4,4	-7,0	-4,7	-0,2	3,9	-2,5	-6,0	1,6	-5,5	0,1	-0,4	-2,3	-3,8	-1,4	-4,0	0,9	-14,7
ECU	16,1	-7,0	-8,5	-9,1	-1,8	4,0	2,8	3,4	0,4	2,0	0,1	0,1	0,9	1,3	0,4	0,8	0,3	8,3
USA	12,8	12,0	5,7	7,8	4,0	-5,3	-6,9	-5,7	-4,6	-4,1	-2,0	0,7	-2,6	-1,9	-0,2	-0,2	1,6	-13,0
JAP	13,6	-5,0	10,9	5,5	3,0	1,7	11,7	7,3	8,7	7,6	4,1	0	5,0	2,0	-0,6	-1,4	-3,7	17,3

Sources: for Community countries: Eurostat, unless otherwise specified; for the USA and Japan: national sources.

(a) National sources, except for the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in methods of seasonal adjustment, the change in the EUR index, adjusted by Eurostat and given in Table 1 may differ from the change in the EUR index obtained by aggregating national indices. Data are adjusted for working days. They do not include building; data for France do not include food products and drinks.
(b) % change over 12 months on the basis of the non-adjusted nominal series of the most recent figure given.
(c) Change on corresponding month in previous year; seasonally adjusted.
(d) Change over 12 months in seasonally adjusted figures of the most recent figure given for each country.
(e) Difference in relation to the same month of the previous year.
(f) Changes in the coverage of these series occurred in 1984 for the Netherlands and in 1985 for Belgium.
(g) As % of total labour force.
(h) Monthly series calculated by linear interpolation.
(i) Unadjusted figures.
(j) The seasonally adjusted position for the Community does not correspond to the sum of other Member States; it is obtained by seasonal adjustment of the sum of gross figures for the various countries' exports and imports.
(k) National sources for Belgium, Denmark, Germany, Spain, France, Portugal and the United Kingdom; seasonal adjustment by Eurostat for Greece, Ireland, Italy and the Netherlands.
(l) Average of monthly changes, seasonally adjusted, weighted by GDP at 1980 prices and purchasing power parities. The monthly change in Belgium is obtained by linear interpolation of quarterly data.
(m) 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); Portugal, 6 month deposits; from 8/85, 3 month Treasury Bills. Annual average, end quarter and end month.
(n) Average weighted by GDP at 1980 prices and purchasing power parities.
(o) Yield on public sector bonds. Annual average. Average for the last month of quarter and monthly average for Germany, Italy, Luxembourg and the Netherlands. End quarter and end month for the other Member States.
(p) 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.

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

Principal economic policy measures - November 1986

Community (EUR)

6.11 The social partners confirm their agreement on the basic principles of the cooperative growth strategy for more employment and their support for the general thrust of policy proposed by the Commission for 1986/87 (See *European Economy*, No. 30).

26.11 The Commission proposed an extension of the validity of the machinery of medium-term financial assistance for two years until 31 December 1988, or until the definitive phase of the European Monetary System is set up, whichever is the earlier (COM(86) 663 final).

Belgium (B)

14.11 The Cabinet adopts a plan to promote employment, based essentially on a reduction in employers' social security contributions in the period 1987/92 for young unemployed persons or the long-term unemployed recruited in 1987. The reduction may amount to BFR 140 000 a year in the case of a full-time worker.

14.11 The Government agrees in principle to the proposed tax incentives to encourage saving (pension-provision saving, high-risk capital saving and saving in listed shares) and employee profit-sharing.

Denmark (DK)

None.

Federal Republic of Germany (D)

None.

Greece (GR)

4.11 Consumer prices are frozen until 31 January 1987. The aim is to keep prices under control in connection with the introduction of value added tax on 1 January 1987.

6.11 The Minister for Economic Affairs announces the three rates of value added tax, which are 6 %, 18 % and 36 % applying, respectively, to 47 %, 47 % and 6 % of products. The Minister stated that VAT would be neutral in its effect on tax revenue.

27.11 The Government tables before Parliament the draft central government budget for 1987. Total revenue is to increase by 24,8 % and total expenditure by 18,6 % compared with the expected outturn for 1986. The gross financial deficit is expected to amount to DR 668 000 million, equivalent to 11,0 % of GDP, as compared with DR 634 000 million, or 11,7 % of GDP, in 1986. The yield from direct taxes is up by 23,4 % despite provisions designed to eliminate fiscal drag on wages and pensions. Those provisions are offset by measures designed to increase the tax burden on other incomes and to speed up the payment of arrears. Revenue from indirect taxes, including for the first time VAT, which replaces some 25 former taxes, is to increase by 25,4 %. Current expenditure (ordinary budget) is to rise by 19,6 %, 14,0 % of the increase being for pay and pensions, 25,5 % for other operating expenditure, 31,3 % for interest charges and 16,3 % for other expenditure, among which export subsidies and interest subsidies show a fall of 32,1 %. Capital expenditure (investment budget) is up by 17,3 %.

Spain (E)

7.11 The Cabinet decides to reduce fuel prices (petrol by 5 %, industrial oil, oil for power stations and gas by 15 % and heating oil by 19 %). This will produce an estimated reduction in tax revenue of PTA 90 000 million in 1987.

7.11 The Cabinet approves the temporary suspension of import taxes (amounting to 30 %) on fish and shellfish as part of the measures to reduce inflation.

7.11 The Cabinet decrees the liberalization of direct or portfolio foreign investment by residents except investment in foreign portfolio and property investment companies. Individuals and firms can invest on foreign stock exchanges amounts of up to PTA 5 million or 30 % of their assets, of their capital and reserves in the case of companies or of their capital resources in the case of financial institutions.

14.11 The Government promulgates a decree extending unemployment benefit to a new group of 200 000 persons having particular difficulties (the long-term unemployed and first-time job-seekers with family responsibilities), which will bring the coverage up from 36,3 % to 45,3 %.

28.11 In a bid to reduce tax evasion, the Cabinet increases, by decree, withholding tax in respect of entrepreneurs, the self-employed, artists and investment incomes.

France (F)

18.11 At the end of the meeting of the Conseil National du Crédit, the Minister for Economic Affairs and Finance presents the new monetary policy to be implemented as from 1987 and announces the new provisions governing credit and foreign exchange:

Monetary policy

The Government has adopted a target range of 3-5 % for the growth of the money supply in 1987, the same as in 1986; the main monetary policy instrument will be action on interest rates. The Banque de France will intervene more actively in the money markets, so as to increase or restrict the liquidity of the economy as necessary. The system of compulsory reserves which banks must lodge with the Banque de France is to be amended. Compulsory reserves based on uses are to be abolished. Those based on deposits by contrast are to be increased and will have to be lodged at the end of each quarter, as in the past.

Credit

— *Modification of mortgage loans to individuals.* The rules applicable to discounted property loans are to be amended so as to make it easier to modify their terms. In particular, the period for which loans may be extended is to be increased from 20 to 25 years. Credit institutions have agreed to the concerted introduction of special arrangements for lower-income households experiencing the most serious difficulties. Lastly, the Government has decided to authorize the refinancing of existing loans using the resources of the '1 % for housing' (employers' contribution to housebuilding).
— *Restructuring corporate debt.* The Government has asked the specialized financial institutions (Crédit National, CEPME) to take a number of measures allowing greater flexibility in the management of subsidized debt contracted by firms since the beginning of the decade. The measures relate to early repayment of loans and the refinancing.
— *Exchange control.* All the exchange control ceilings restricting the use of credit cards by individuals are to be abolished. In future, individuals will be able to use their cards without restriction to pay for purchases of goods to be imported, for expenses incurred in stays abroad and for unlimited cash withdrawals. The ceilings on bank transfers whose nature is proved by supporting documents are to be abolished. The system of domiciliation of imports and exports of goods by firms, introduced in 1968, is to be abolished, which will considerably reduce the costs borne by firms. Banks are to be authorized to grant loans in French francs to non-residents up to the amount of the resources which the banks receive from abroad. Such authorization will in particular help to encourage the development of international saving in French francs.

28.11 The Minister for Economic Affairs, Finance and Privatization announces the total liberalization of prices still under control as from 1 January 1987. The prices in question are essentially those charged in certain branches of the service sector (hotels, restaurants and garages) and of the distributive trades (bakers).

Ireland (IRL)

None

Italy (I)

1.11 The surtax on electricity charges is to be reduced again, giving an average reduction of 17,2 % this year. The forthcoming reduction will amount to 2,9 % for domestic users (a total reduction of 6,1 %), 2,5 % for the service sector (total 9,5 %), 3,4 % for small and medium-sized businesses (total 12,2 %) and 3,8 % for large companies (total 14,9 %).

8.11 Parliament approves 'the multiannual law' for investment in agriculture, which forms the basis of the Agricultural Plan. Public sector investment decided on by Parliament for the period 1986 to 1990 amounts to LIT 16 500 000 million; to this must be added some LIT 2 500 000 million from other budget funds and LIT 2 500 000 million from the EAGGF Guidance Section. This total represents investment of the order of more than 1 % of GDP a year and an annual increase above that in nominal GDP, which must be regarded as an exception to the principle that the growth rate of public-sector investment should be held down to that of nominal GDP.

Luxembourg (L)

11.11 Tabling of a draft Law amending the operation of the Unemployment Fund and the procedures for granting unemployment benefits. The draft Law also provides for various work schemes for young people and the setting up of a National Employment Commission.

Netherlands (NL)

None.

Portugal (P)

None.

Royaume-Uni (UK)

6.11 In the Autumn Statement, the Chancellor of the Exchequer presents public expenditure plans for the financial years 1987/88 to 1989/90. The public expenditure planning total for 1987/88 is raised (over previous plans) by UKL 4 750 million to UKL 148 500 million and the total for 1988/89 is increased by UKL 5 500 million to UKL 154 250 million. Proceeds from privatisation in each year are now expected to amount to UKL 5 000 million, as compared with the earlier estimate of UKL 4 750 million. The reserve for unforeseen expenditure in 1987/88 is reduced from the previous figure of UKL 6 000 million to UKL 3 500 million. The largest increases over earlier plans in departmental spending are on education and social security, but most major departments receive increased allocations. The Chancellor states that of the addition to planned spending in 1987/88 some UKL 1 000 million represents capital expenditure. The Chancellor also announces that the standard rates of employers' and employees' national insurance contributions will remain unchanged in 1987/88. The lower and upper earnings limits for the payment of contributions are to be raised in line with inflation.

Prices (excluding VAT) in Luxembourg

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