EUROPEAN ECONOMY

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement A
Economic trends
No 4/5 – April/May 1995

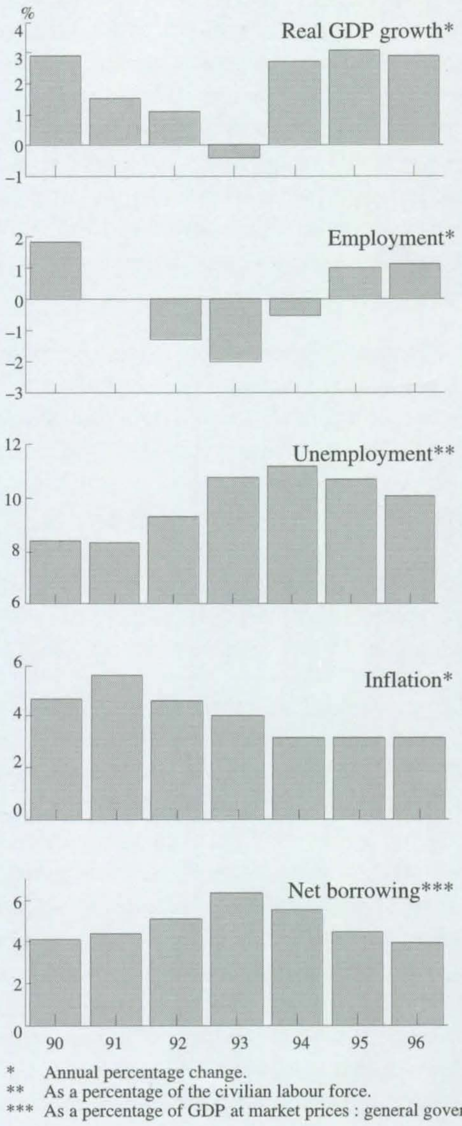
In this number :
Economic Forecasts for 1995–1996[1]

THE COMMUNITY ECONOMIC OUTLOOK : 1995–1996[1]

The main features of the Commission Services' Spring 1995 Economic Forecasts are as follows:

- *The recovery of the Community economy remains on track but the momentum is curbed by the recent exchange rate turbulence. Following a surprisingly strong 2¾ % growth last year, output is expected to expand at a stable rate of 3 % both this year and next.*
- *Reflecting* inter alia *the impact of the currency turmoil, GDP growth for the appreciating member countries has on average been revised down by ½ percentage point in 1996; conversely, in the group of countries whose currencies have so far depreciated in 1995, GDP growth has on average been scaled up by about ¼ percentage point per year in both 1995 and 1996.*
- *Reflecting robust output growth, employment is forecast to grow by around 1 % per year in 1995/96, corresponding to a net creation of 3 million jobs. Unemployment has peaked and is forecast to decline from the March 1995 level of 10.8 % of the labour force to around 9½ % in late 1996.*
- *Community–wide inflation is expected to remain stable at 3¼ % per year over the forecasting period, but inflation performances across member countries are likely to become more divergent this year as depreciating countries face upward pressure. However, a renewed convergence in inflation is projected in 1996.*
- *On present fiscal policies, the average budget deficit is forecast to decline only moderately from last year's 5½ % of GDP to just below 4 % of GDP in 1996, with half of the improvement attibutable to the recovery. This reduction is barely sufficient to stabilise the government debt–to–GDP ratio in the Community which is expected to exceed 70 per cent of GDP in 1995/96.*
- *The Community's external balances are expected to improve slightly this year and next. The current account surplus should grow from ¼ % of GDP this year to ½ % of GDP in 1996.*

EC economy : General outlook



* Annual percentage change.
** As a percentage of the civilian labour force.
*** As a percentage of GDP at market prices : general government.

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1 This is a summary of the Commission Services' Spring 1995 Economic Forecasts, based on available data up to 2 May 1995. The previous forecasts for 1995–1996 are those of Autumn 1994 and were published in Supplement A, N° 11/12 of November/December 1994.

OVERVIEW

Despite the dollar's slide against the European currencies since the beginning of this year, which triggered substantial changes in intra–EC exchange rates, short–term economic prospects in the Community remain broadly favourable. However, the uncertainties surrounding the outlook have increased due to several factors: the latest currency turbulence, the halt – albeit at a high level – of the improvement in economic sentiment, signs of heightened inflationary pressures in some countries and insufficient progress towards sounder public finances. Taking account of these new elements, the Commission services' Spring 1995 forecasts mark a move towards a slightly less sanguine assessment of economic prospects in the Community over the next eighteen months.

Following surprisingly strong GDP growth at 2¾ per cent last year, expectations are for stable output growth of around 3 per cent in both 1995 and 1996 in the Community as a whole. The economic expansion is expected to continue to be driven by buoyant exports, despite some loss of international market shares in coming years. The role of exports as the major engine of growth will, however, be gradually taken over by investment, which is projected to expand at a healthy annual rate of 6 per cent this year and next. Although the household savings ratio is not expected to fall much further, private consumption will be bolstered by a clear pick–up in employment and a certain acceleration in wage increases. Reflecting inter alia the impact of the currency turmoil, GDP growth in the appreciating member countries has been revised down by about ½ a percentage point on average in 1996; conversely, in the group of countries whose currencies depreciated in 1995, GDP growth has on average been scaled up by about ¼ of a point per year in 1995/96.

With the recovery increasingly well established, the labour market situation is expected to improve visibly and employment growth is expected to be distinctly stronger than in previous upswings. Following three years of net job losses, 1995–96 should see an annual increase in employment of about 1 per cent, meaning a net creation of about 3 million jobs over the two years. Given a steady increase in the labour force, unemployment will fall less, by 1.6 million, and the rate of unemployment, which peaked at 11¼ per cent in 1994, may not fall below 10 per cent in 1996 on average.

Having declined from its peak in 1991, Community–wide inflation appears to have reached a cyclical low at 3 per cent in late 1994/early 1995. No generalised acceleration is expected in the near future. This results from moderate increases in unit labour costs, an effective appreciation of the EC's currencies on average and increased competition following the creation of one single market within the Community. While stable inflation rates of 3¼ per cent in both 1995 and 1996 are forecast for the Community as a whole, inflation performances across member countries are likely to become more diverse this year. Depreciating countries are expected to face upward pressures whereas eight traditionally low–inflation member countries are expected to achieve inflation in the range of 2 to 3 per cent in both years.

Main features of Spring 1995 Economic Forecasts
Annual percentage change, unless otherwise stated

	1986–90	1991	1992	1993	1994	1995	1996
Real GDP growth							
EUR[1]	3.3	1.5	1.0	–0.5	2.7	3.1	2.9
Germany[1]	3.4	5.0	2.2	–1.1	2.9	3.0	2.6
France	3.2	0.8	1.3	–1.5	2.7	3.1	2.9
Italy	3.0	1.2	0.7	–0.7	2.2	3.3	3.4
United Kingdom	3.3	–2.0	–0.5	2.0	3.8	3.1	2.8
Inflation[2]							
EUR[1]	4.2	5.6	4.6	4.0	3.2	3.2	3.2
Germany[1]	1.5	4.0	4.7	3.8	2.7	2.3	2.5
France	2.9	3.2	2.4	2.2	1.8	1.9	2.1
Italy	5.9	6.9	5.2	5.1	4.7	5.2	4.5
United Kingdom	5.0	7.4	4.7	3.4	2.5	3.0	3.0
Unemployment (%)[3]							
EUR[1]	9.1	8.3	9.3	10.8	11.2	10.7	10.1
Germany[1]	5.9	5.6	6.6	7.9	8.4	7.8	7.3
France	9.8	9.5	10.4	11.7	12.5	12.1	11.5
Italy	10.1	9.3	9.5	10.5	11.4	11.4	10.9
United Kingdom	8.9	8.9	10.0	10.3	9.5	8.3	7.8
General government net borrowing (% of GDP)							
EUR[1]	–3.7	–4.4	–5.1	–6.3	–5.5	–4.5	–3.9
Germany[1]	–1.5	–3.3	–2.9	–3.3	–2.5	–2.1	–2.4
France	–1.8	–2.2	–3.9	–6.1	–6.0	–4.9	–3.9
Italy	–10.8	–10.2	–9.5	–9.6	–9.0	–7.9	–8.1
United Kingdom	–1.1	–2.6	–6.1	–7.8	–6.9	–4.8	–2.9
Current account balance (% of GDP)							
EUR[1]	0.1	–1.3	–1.2	–0.1	0.2	0.3	0.5
Germany[1]	4.2	–1.1	–1.2	–1.4	–1.8	–1.8	–1.8
France	–0.3	–0.5	0.1	1.0	1.0	0.9	0.8
Italy	–0.6	–1.8	–2.2	1.1	1.5	2.7	3.4
United Kingdom	–3.8	–2.7	–2.6	–2.3	– 0.0	–0.2	0.4
International economic environment							
GDP growth US	2.8	–0.6	2.3	3.2	4.1	3.2	2.3
GDP growth JAP	4.5	4.3	1.1	0.1	0.6	1.6	2.9
World imports excl. EUR	6.7	1.8	6.3	10.2	11.6	9.6	8.7
Extra–EC export market growth	6.4	0.2	4.4	6.8	10.7	8.7	8.2

1 EUR and Germany including the new German Länder from 1991 onwards; for percentage changes from 1992 onwards.
2 Deflator of private consumption.
3 Eurostat definition.

General government net borrowing is expected to decline from last year's 5½ per cent of GDP to just below 4 per cent of GDP in 1996, with half of the reduction attributable to the recovery. The cyclically–adjusted budget deficit is forecast to remain high at some 3½ to 4 per cent of GDP in 1995/96. The projected reduction in the Community–wide budget deficit is barely sufficient to stabilise the government debt–to–GDP ratio which is expected to exceed 70 per cent of GDP in 1995/96. On the other hand, the Community's current account surplus is expected to rise to around ½ per cent of GDP in 1996.

THE COMMUNITY ECONOMY

1. Recovery on track, but momentum curbed by currency turbulence

Recent developments – The recovery of the Community economy, which took off under the combined influence of a favourable international environment, a more accommodating monetary stance and successful restructuring efforts on the part of European enterprises, became firmly established during 1994. Following the surprisingly strong growth of economic activity in the first half of the year, driven mainly by buoyant exports and a strong rebound in stockbuilding, the expansion continued at a rapid pace in the third quarter of the year (3¾ per cent growth at an annualised rate, see Table 1) before decelerating somewhat towards the end of the year (2¼ per cent annualised growth), as growth of consumer spending slowed.

TABLE 1 : **Recent evolution of economic activity – EUR**
(Real percentage change from previous quarter at annual rate)

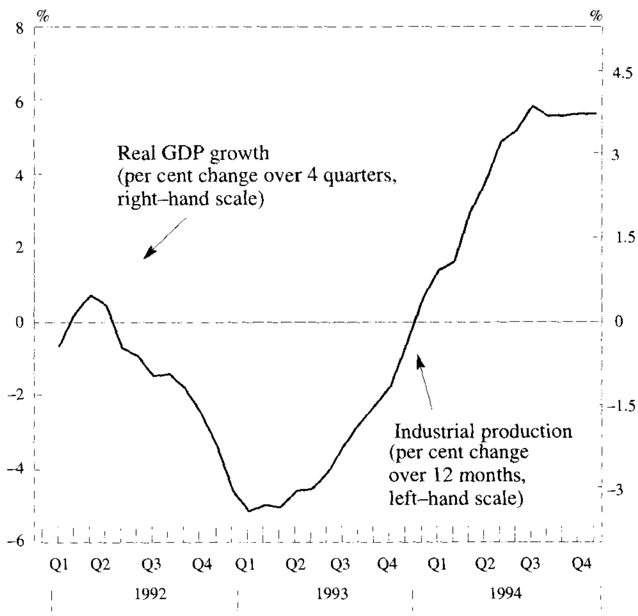
	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4
Private consumption	3.0	1.6	1.1	0.8	2.5	0.9
Government consumption	1.9	0.4	0.1	0.7	1.5	1.8
Gross fixed capital formation	–1.0	–2.2	7.6	0.4	2.9	6.9
Change in stocks[1]	–1.9	–1.9	–0.1	0.3	1.0	1.3
Exports[2]	11.3	4.6	9.6	12.7	5.5	11.7
Imports[2]	7.1	4.2	12.7	7.2	8.1	15.4
GDP	1.5	1.3	2.8	4.4	3.7	2.3

[1] As a percentage of GDP.
[2] Goods and services including intra–EC trade.

For the year as a whole, economic activity is now estimated to have expanded at about 2¾ per cent. Partly due to the export–led nature of the recovery, the pick–up in activity was particularly marked in the manufacturing sector and industrial production expanded rapidly at a trend rate of around 6 per cent throughout 1994 and into 1995 (graph 1).

Buoyant market growth in non–EC countries as well as a strong rebound in intra–Community trade resulted in growth of exports of goods at a rate of 9 to 10 per cent throughout 1994, making it one of the best export years on record in Community history. Whereas the growth contribution of exports remained roughly constant, the effects of stock–building diminished somewhat in the second half of the year. However, this was compensated by a stronger contribution from fixed capital formation and – to a lesser extent – private consumption. Investment in equipment, which grew at a 4 per cent annualised growth rate already in the first half of 1994, accelerated to 6¼ per cent in the second half. The investment upturn was noticeable in nearly all member states. Consumer spending accelerated more modestly from a pace of around 1½ per cent in the first half of the year to some 2 per cent in the second half, supported by a further gentle decline in the savings ratio in most member countries, but generally restrained by only modest gains in households' disposable income.

GRAPH 1 : **Industrial production and real GDP – EUR**



As a result of the vigorous increase in economic activity, the *unemployment* rate in the Community, which peaked in mid–1994 at a level of 11.3 per cent of the labour force, has trended slowly downwards and by March 1995 the jobless rate had declined to 10.8 per cent of the labour force. *Consumer price inflation* in the Community abated slightly further throughout 1994 reaching 3.0 per cent at the end of the year, before edging up slightly in early 1995.

In the wake of the Mexican Peso crisis and, *inter alia*, as a reaction to the continued large macroeconomic imbalances in the US economy, the persistent Japanese trade surplus as well as insufficient credibility of fiscal policies and political uncertainties in parts of Europe, significant shifts have occurred in *exchange rate* relations between the world's major currencies. During the latest bout of dollar weakness, the US currency fell by around 12 per cent vis–à–vis the D–Mark between December 1994 and March 1995. The fall of the dollar led to significant pressures on intra–European exchange rates, which were reinforced in a number of EC member countries by financial market perceptions of insufficient fiscal consolidation efforts, heightened inflationary risks as well as political uncertainties. Outside the exchange rate mechanism of the EMS, the Italian Lira depreciated significantly vis–à–vis the DM, and the Pound Sterling and the Swedish Krona also weakened. Within the exchange rate mechanism, the central rates of the Spanish Peseta and the Portuguese Escudo were devalued by 7 per cent and 3½ per cent, respectively, in March 1995. The technical exchange rate assumptions[1]

[1] The forecasts are based on a set of technical exchange rate assumptions which take as their starting point the exchange rates prevailing in March 1995. This implies an assumption of $1 = DM 1.40 in the remainder of 1995 and 1996 (see section on Main assumptions).

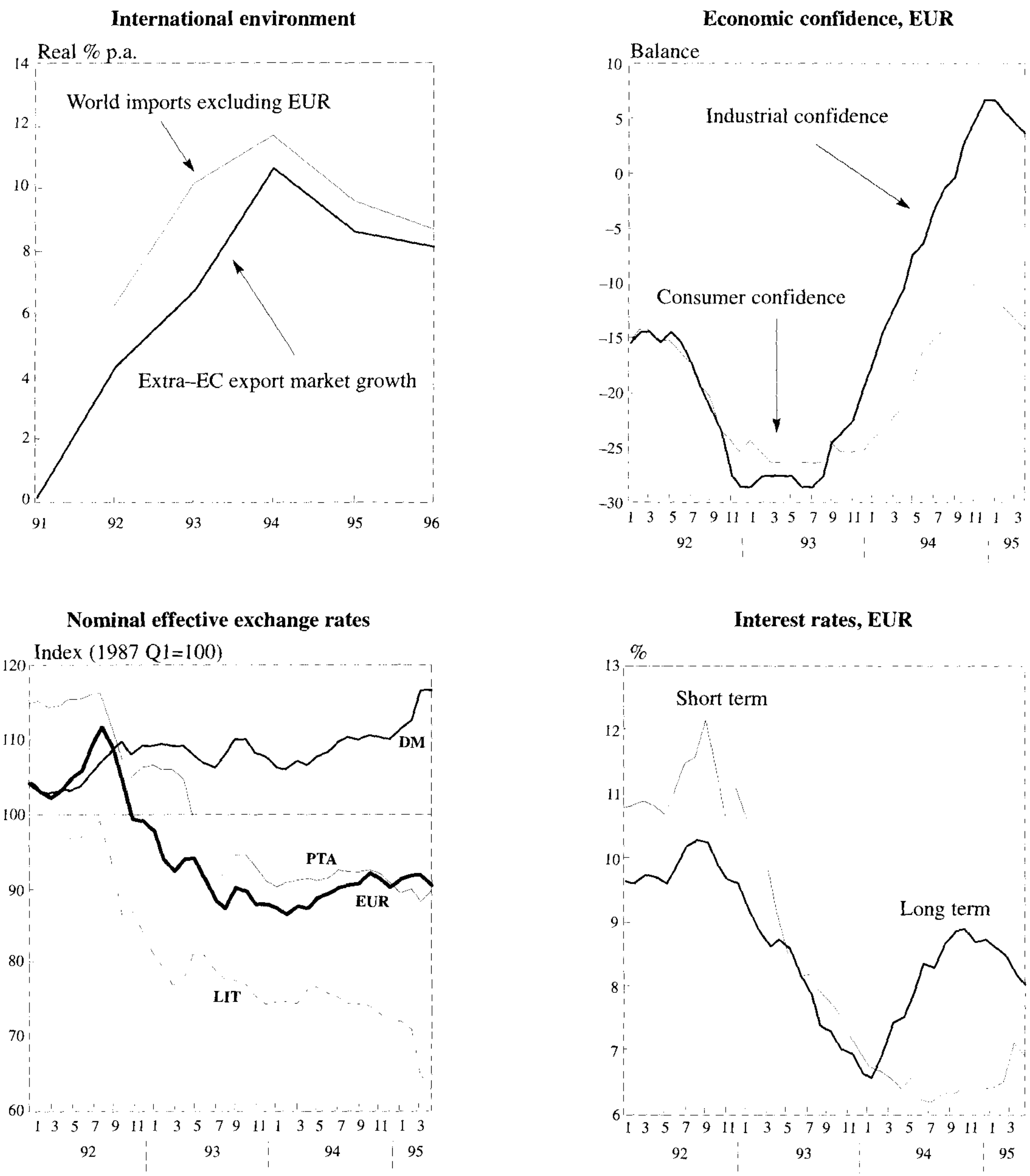
underlying the forecast indicate a nominal appreciation of the DM of some 7 per cent in 1995 in trade–weighted terms; a slightly smaller appreciation of the currencies which maintain a tight link to the DM; and depreciations of around 3 per cent of the Pound Sterling as well as the Spanish Peseta and more than 11 per cent for the Italian Lira.

Main forces shaping activity – The principal factors which supported the recovery in 1994 are expected to continue to exert a positive influence on the Community economy this year and next. However, the strength of the recovery will be moderated by the recent exchange market developments. Among the factors shaping the growth outlook, the following in particular stand out (graph 2):

- *Continued strong international demand* – The buoyancy of international export markets, resulting from the sustained strengthening of the world economy outside the Community since 1991, is expected to continue throughout the forecasting period, although the rate of expansion should slow down somewhat from its breathtaking pace in 1994 (see the section on the Community's external environment). While EC export performance will suffer from the (modest) overall loss of price competitiveness in the wake of the recent currency turmoil, the strong market growth should ensure that exports to third countries continue to provide a significant stimulus to economic activity in the Community.

- *Strongly improved confidence* – The economic sentiment in the Community improved strongly during 1994, but peaked towards the very end of the year and slightly declined in early 1995. While the impact of the recent currency turmoil has not yet been fully digested, the latest survey results (April) point towards a mild drop in industrial confidence in hard–currency Europe as well as

GRAPH 2 : **Main forces shaping activity**



a certain decline in consumer confidence in Italy and Spain. However, given that the *level* of industrial confidence remains very high throughout the Community andis only slightly lower than at the cyclical peak reached during the 1988–90 boom, this nevertheless points to continued strong growth of industrial production as well as GDP in the first half of 1995.

- *Exchange market turmoil* – The weakening of the US-dollar on foreign exchange markets since the beginning of the year will dampen European growth prospects. If sustained, abrupt currency misalignments of the kind experienced in recent months are likely to entail adverse consequences for growth, both in the Community and in the world at large. In the appreciating European countries, growth prospects are dampened by reduced competitiveness and increased uncertainty. In the depreciating countries, the beneficial impact of higher exports is partly off–set by higher inflationary pressures and reduced consumer confidence. In addition, some of these countries are not expected to reap the full benefits of their more competitive exchange rate due to tightening capacity constraints in their export sectors. However, the recent developments must be put in perspective. For the Community as a whole, the nominal appreciation of the DM–linked currencies is largely offset by the currency weakness of a number of other member countries, and the overall nominal appreciation vis–à–vis the rest of the world amounts to only some 3 per cent in trade–weighted terms in 1995 for the Community as a whole. This follows a much more substantial effective depreciation of the Community currencies of some 15 per cent from 1992 to 1994. Therefore, while there is no doubt that the exchange rate turmoil will exert a dampening influence on the growth outlook for the Community, and in particular for those countries whose currencies have appreciated significantly, it is not likely to put the recovery at risk.

- *Interest rate developments* – The impact of the recent currency turmoil on appreciating versus depreciating countries is partly compensated by opposite changes in the monetary policy stance. Given the low growth of money supply and abating inflationary pressures (aided by the dampening impact of the DM strength) official rates were lowered in Germany in March 1995 and the prospects of monetary tightening have become less acute in hard–currency Europe. While short–term interest–rate differentials with the DM have generally risen, especially in those countries whose currencies have depreciated, the worryingly strong rise in long–term interest rates in 1994 has on the other hand been partially reversed. Since the beginning of the year, long–term interest rates declined in virtually all member countries (as in the US), with the drop ranging from 50 to 100 basis points with few exceptions. However, differentials with German rates remain high, particularly in depreciating EC countries.

Growth outlook for 1995 and 1996 – The negative impact of the exchange rate turmoil means that, instead of a continued acceleration of output growth, the Spring 1995 forecasts point to a consolidation of growth at around 3 per cent this year (broadly unchanged from the Autumn 1994 forecast) as well as next year (¼ of a percentage point down on the previous forecast). The nature of the recovery process remains in line with what had been anticipated in the Autumn 1994 forecast. The strong impulse from buoyant Community exports has already led to a pick–up in investment in equipment and capital spending is set to become the main engine of output growth in 1995/96. The resulting expansion of capacity in combination with only a moderate acceleration of private consumption growth implies that capacity constraints are less likely to be encountered at an early stage of the recovery (notwithstanding possible risks in certain depreciating countries). This bodes well for the medium–term sustainability of the growth process.

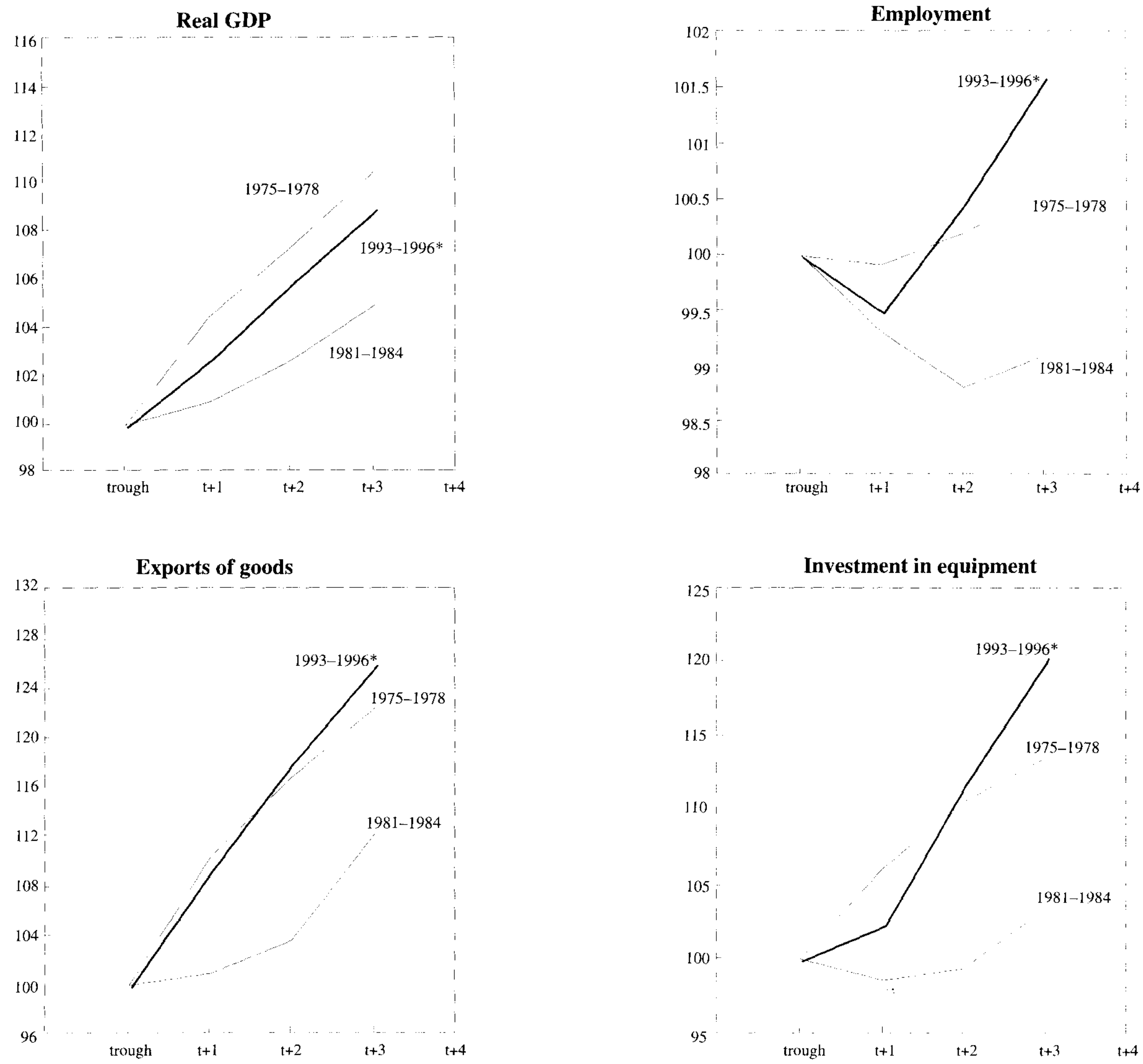
TABLE 2 : **Composition of growth – EUR**

	1992	1993	1994	1995	1996
	Real annual percentage change				
Private consumption	1.8	–0.3	1.6	2.1	2.5
Government consumption	1.7	1.0	0.9	1.1	1.0
Gross fixed capital formation	–0.7	–5.9	2.4	6.3	5.8
– *of which : Equipment*	–3.0	–9.5	2.5	9.2	7.5
Exports of goods and services[1]	3.6	1.5	8.6	7.5	6.7
Imports of goods and services[1]	4.0	–2.6	7.3	6.7	6.6
GDP	1.0	–0.5	2.7	3.1	2.9
	Contribution to changes in GDP				
Domestic demand (excl. stocks)	1.2	–1.3	1.7	2.8	2.9
– *of which : GFCF*	–0.2	–1.3	0.5	1.3	1.2
Stocks	–0.1	–0.7	0.8	0.1	0.0
Foreign balance	–0.2	1.4	0.3	0.1	–0.1

[1] Including intra–EC trade.

Following last year's exceptional pace, **export** growth is expected to slow down somewhat but to remain healthy over the forecasting period. The expected deceleration is due to the (modest) overall loss of competitiveness for European producers as well as a slowing down of market growth outside the Community (8¾ and 8¼ per cent in 1995 and 1996, respectively), following the extraordinary expansion achieved last year (10¾ per cent). Due to the positive effects of the internal market as well as the recent enlargement, intra–EC trade is expected to continue expanding at a healthy pace, despite the disruptive impact of the large, currency–driven shifts in intra–European competitive positions as well as the increased competitive edge of dollar–based producers. The large shifts in competitive positions are expected to have a significant impact on the relative export performance of individual member countries. Germany, and the countries whose currencies are firmly linked to the DM, are expected to lose considerable export market shares over the forecasting period, causing exports to grow by 2 to 3 percentage points less than export markets over the two years. By contrast, several depreciating countries, and in particular Italy and Spain, are expected to gain considerable export market shares.

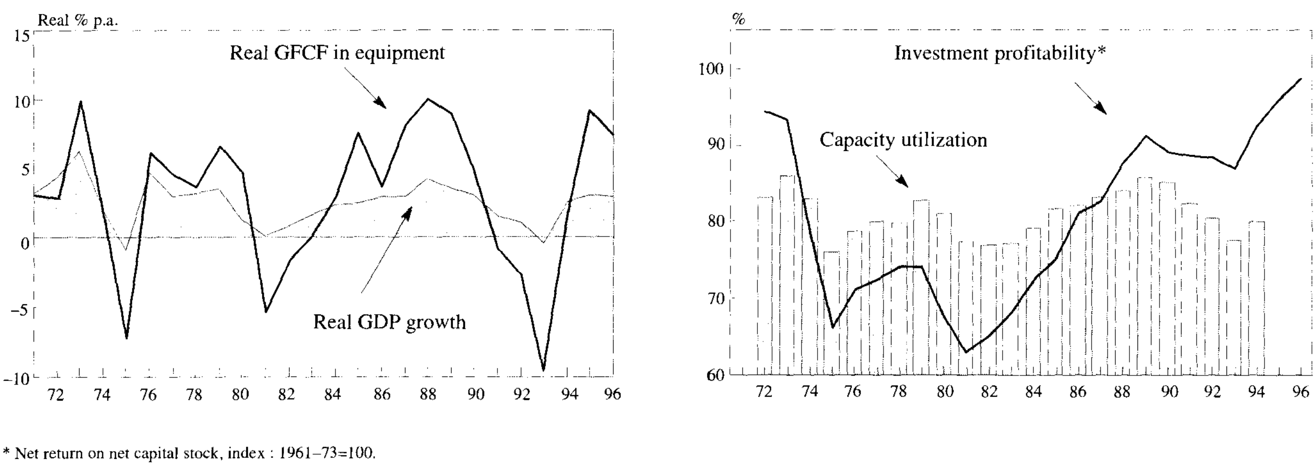
GRAPH 3 : **Present recovery in perspective – EUR** (Index, troughs = 100)



* 1995–1996 : EC Spring 95 forecasts.

As predicted in the Autumn 1994 forecast, the boost stemming from buoyant exports and the gradual resumption of domestic sales has already set off a strong rebound in **investment** in equipment. Three main factors underpin an expected further acceleration of investment in equipment. First, the continued high level of industrial confidence signals an optimistic assessment of future demand prospects. Secondly, the degree of capacity utilisation has risen significantly and already now exceeds its longer–term average. Thirdly, the financial situation of the corporate sector is sound and profit expectations of planned investments are high. In line with these factors, the latest Commission survey

GRAPH 4 : **Investment in equipment and its main determinants – EUR**

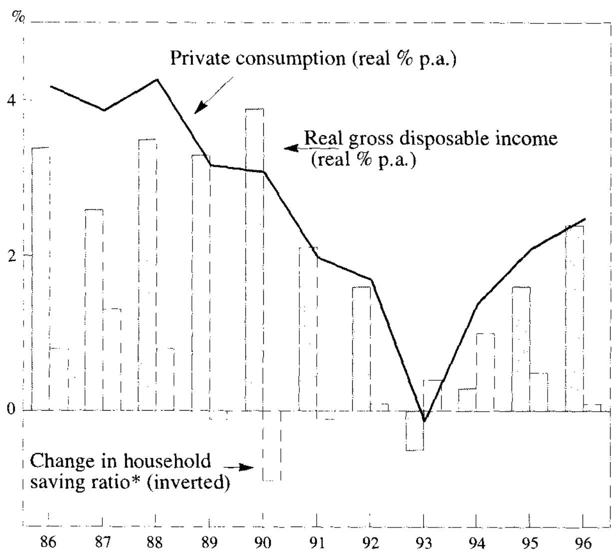


* Net return on net capital stock, index : 1961–73=100.

of investment intentions pointed towards a sharp increase in investment. Taking these elements into account, investment in equipment is forecast to expand by a solid 9 per cent in 1995, slowing mildly in 1996 as buoyant investment plans may be scaled back in hard–currency countries due to the appreciation as well as higher–than–expected wage agreements in some of these countries.

Consumer spending is expected to pick up gradually in line with accelerating growth of real disposable income, bolstered by rising employment and a modest accelerationin real wages which outweighs the negative impact stemming from higher taxes and a slowdown in net transfers to households. Private consumption is expected to accelerate from last year's 1½ per cent to 2 per cent this year and 2½ per cent in 1996. In combination with the expected growth of other demand components, this modest acceleration is expected to sustain business confidence and investment while not leading to excessive pressures on available capacity. The growth of **public consumption** is expected to remain under tight control given the need for a reduction in the public sector deficits and the desire to avoid any further increase in the fiscal pressure in relation to GDP. It is forecast to continue growing at around 1 per cent per year throughout the forecasting period.

GRAPH 5 : **Private consumption and its determinants – EUR**



* EUR excluding the five new German Länder.

2. Continued high degree of growth convergence

The recent currency turbulence is projected to have a noticeable, but not dramatic impact on the relative growth performance of EC member countries. In the appreciating countries, the growth outlook is dented by the negative impact on exports and investment. However, this is partly compensated by the higher private consumption opportunities afforded by decelerating import and consumer prices, as well as lower interest rates than otherwise would have been the case. The reverse is true in depreciating countries. Therefore, while the shift in competitive positions and relative export performance is expected to have a considerable impact on the distribution of gains in manufacturing output, the impact on total GDP–growth is cushioned by opposite effects on domestically–oriented sectors. In hard–currency Europe, growth is expected to decelerate moderately from within a range of 2¾ to 3¼ per cent this year, to a range of 2½ to 3 per cent in 1996. Among the countries whose currencies have so far depreciated in 1995, output is expected to accelerate from a range of 3 to 3¼ per cent in 1995 to almost 3½ per cent in 1996 in Italy and Spain.

Twelve of the fifteen member countries are expected to experience growth rates within ½ a percentage point of the EC average. The exceptions are Ireland and Finland, where growth is expected to continue at a pace significantly above average, and Greece, where growth is not expected to exceed 2 per cent.

In **Germany**, where the economy recovered at a surprisingly strong pace last year, the growth outlook for 1995–96 has been dented significantly by the strong appreciation of the DM. While survey indicators and order books point to continued strong export growth in the first half of 1995, the DM appreciation is expected to have a considerable adverse impact on German export performance, particularly in the second half of 1995 and in 1996. The less buoyant export prospects and the accompanying squeeze in profit margins – exacerbated by the higher–than–anticipated pay settlements – may lead to some scaling back of otherwise upbeat investment plans, to be felt in 1996 in particular. Private consumption is projected to strengthen gradually, aided by a gentle pick–up in employment, higher wages and the positive impact on real incomes stemming from lower import prices. Changes in direct taxation will have a restrictive effect in 1995 (solidarity surcharge) and an expansionary impact in 1996 (higher tax exemptions for low incomes).

In **France**, the economy is comparatively less affected by the recent exchange rate movements – given the smaller appreciation in effective terms of the French Franc – and the ongoing recovery is expected to continue almost unabated over the forecasting period. Export growth helped to ignite the recovery in France, but the expansion of activity has become increasingly driven by domestic factors. While more than half of total output growth in 1994 was due to stockbuilding, domestic final sales picked up at a rate of around 3 per cent (annualised rate) in the second half of 1994 and is expected to sustain the economic expansion in the years to come. Investment in equipment is poised to expand vigorously, given the upturn in capacity utilisation rates, prospects for continued strength of total demand and healthy profitability. Private consumption is likely to pick up at an accelerating rate, sustained by a marked improvement in employment and income prospects, thus pushing overall GDP growth to 3 per cent in 1995. This should fall back to 2¾ per cent in 1996 as the positive contribution from stockbuilding is expected to decline.

The dual nature of the **Italian** recovery – a buoyant export sector and subdued domestic sales – is likely to be intensified by the recent further depreciation of the Italian Lira and the measures of fiscal restraint contained in the December budget and the February mini–budget. Although large parts of the Italian export sector are likely to be faced with tightening capacity constraints and are expected to take out part of the depreciation gain in the form of higher profit margins, export volumes are expected to expand once again in 1995 at a double–digit rate, before slowing down in 1996 as the gains in market shares recede. Notwithstanding the adverse impact of the currency instability on interest rates and private sector confidence, prospects for external demand and investment profitability are expected to boost investment in equipment in the external sector. Private consumption will be negatively influenced by the impact of higher import prices and indirect taxes, which feed through to higher consumer price inflation in 1995. While total employment continued falling in early 1995, the turnaround forecast for 1995 and 1996 should help sustain private consumption, thus pushing overall growth to around 3¼ to 3½ per cent in 1995/96.

In the **United Kingdom,** the rate of economic expansion is forecast to slow down gradually from its high level in 1994 (3¾ per cent) towards more sustainable rates of 3 per cent in 1995 and 2¾ per cent in 1996. This moderation reflects the combined impact of past and announced economic policy tightening and the non–recurrence of the large positive contribution to growth from the off–shore oil sector in 1994. While tax rises and higher mortgage rates are forecast to exert a dampening influence on consumers' spending capacities, the pick–up in employment and a modest acceleration in wage growth help sustain consumption growth at roughly unchanged rates throughout the forecasting period. Growth in exports of goods is expected to slow down somewhat from the rapid expansion of 1994 but to continue at a healthy pace in both 1995 and 1996. Supported by these favourable demand prospects, investment in equipment is expected to increase strongly over the forecasting period. However, given that the UK economy has been growing at an above–trend rate since 1993, there is a risk of a pick–up in inflation and wages, and this is exacerbated by the recent depreciation of the Pound Sterling. By forcing a further tightening of monetary policies, higher inflationary pressures would have negative consequences for the growth outlook.

TABLE 3 : **Contributions to real GDP growth**
(Per cent of real GDP in the preceding year)

	1992	1993	1994	1995	1996
			EUR		
Domestic demand, excl. stocks	1.2	–1.3	1.7	2.8	2.9
Stockbuilding	–0.1	–0.7	0.8	0.1	0.0
Net foreign balance	–0.2	1.4	0.3	0.1	–0.1
Real GDP growth	1.0	–0.5	2.7	3.1	2.9
			Germany		
Domestic demand, excl. stocks	3.5	–1.0	2.0	2.7	2.9
Stockbuilding	–0.6	–0.2	0.7	0.3	–0.1
Net foreign balance	–0.8	0.0	0.2	0.0	–0.2
Real GDP growth	2.2	–1.1	2.9	3.0	2.6
			France		
Domestic demand, excl. stocks	0.8	–0.5	1.3	3.0	3.1
Stockbuilding	–0.4	–1.8	1.5	0.5	0.2
Net foreign balance	1.0	0.8	–0.2	–0.4	–0.4
Real GDP growth	1.3	–1.5	2.7	3.1	2.9
			Italy		
Domestic demand, excl. stocks	0.8	–4.2	1.0	2.1	2.9
Stockbuilding	0.3	–1.6	0.8	–0.1	0.0
Net foreign balance	–0.3	5.1	0.3	1.3	0.5
Real GDP growth	0.7	–0.7	2.2	3.3	3.4
			United Kingdom		
Domestic demand, excl. stocks	–0.2	1.8	2.6	2.6	2.6
Stockbuilding	0.6	0.3	0.5	0.0	–0.2
Net foreign balance	–1.0	–0.1	0.6	0.4	0.5
Real GDP growth	–0.5	2.0	3.8	3.1	2.8

In the **Netherlands**, **Belgium, Austria** and **Denmark**, export prospects are negatively affected by the effective appreciation of their currencies but this is cushioned by continued strong export market growth. Investment in equipment is expected to expand at a vigorous pace and as private consumption picks up and/or continues to grow at a pace above Community average, output growth is expected to converge towards 2½–3 per cent in 1996. In **Spain, Portugal** as well as **Sweden,** exports are expected to grow at an above–average pace and domestic demand is staging a marked revival, as the dynamism of the external sector over recent years has fed through to the domestic economy. In **Ireland** and **Finland,** predominantly domestic demand–led growth is expected to continue at a buoyant pace throughout the forecasting period, whereas in **Greece,** growth will remain at a comparatively low level despite an acceleration in 1995/96.

3. Labour markets on improving trend

With the recovery in the Community gaining momentum, the significant deterioration in labour markets experienced since 1991 came to an end around the middle of last year. Since then, the situation has been slowly improving. As the upswing becomes increasingly well–established throughout the Community, prospects for labour markets should improve more visibly over the next two years.

After three years of large net job losses, 1995–96 should see an annual increase in **employment** of about 1 per cent, meaning a net creation of about 3 million jobs over the two years. The pick–up in employment is expected to be distinctly faster than in the first years of the recovery in the early 1980s, reflecting the stronger growth in output in the present upswing (employment is also expected to recover faster than in the recovery of the mid–1970s). This performance indicates that fears of a "jobless recovery" appear not to be well founded. On the other hand, projected labour productivity growth suggests that the employment–intensity of growth has not yet changed in any significant manner as it is expected to move back to its longer–term annual trend rate of 2 per cent.

This year and next, employment is expected to rise in all member countries, with particular strong rates of increase in Denmark, Spain, the Netherlands, Sweden, the United Kingdom, and especially so in Luxembourg, Finland and Ireland. Among the countries which experienced a dramatic drop in employment during the recession, Denmark and France are the only countries where the number of employed is projected to exceed its pre–recession level by 1996. Conversely, in Italy, projected employment growth is comparatively slow and lower than experienced in previous upswings. A possible explanation might be the dual character of its recovery, with strong growth concentrated in the less labour–intensive, exposed manufacturing sector, which combines with substantial restructuring in the services sector.

GRAPH 6 : **Employment and unemployment – EUR**

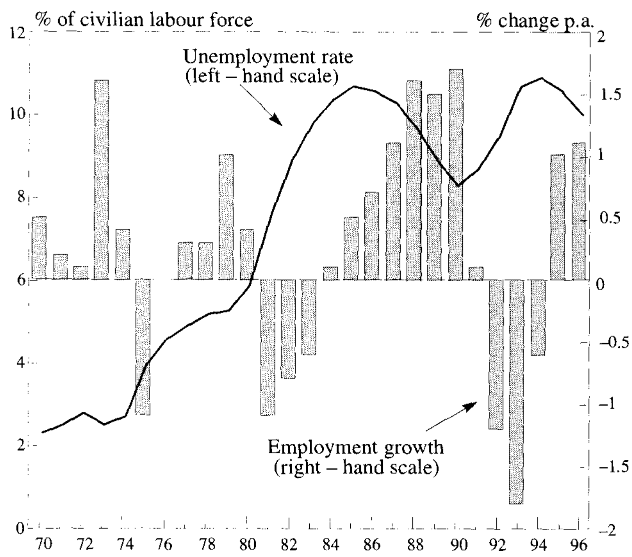


TABLE 4 : **Labour market outlook – EUR** (Annual percentage change, unless otherwise specified)	1992	1993	1994	1995	1996
Labour force	–0.3	–0.3	0.1	0.4	0.5
Employment	-1.3	–2.0	–0.5	1.0	1.1
Unemployment[1]	9.3	10.8	11.2	10.7	10.1
Labour productivity[2]	2.3	1.5	3.2	2.1	1.8

[1] As a percent of the labour force, Eurostat definition.
[2] Whole economy.

A positive point in the present outlook is the renewed growth of employment in the manufacturing sector. Having seen a cumulative drop of 7 percentage points over the period 1992–94, employment in manufacturing is projected to grow by ½ per cent in 1995 and by more than 1 per cent in 1996 in the Community.

Projected gains in total employment will not to be reflected in a corresponding decline in the **number of unemployed.** Following a cumulative ¾ percentage point drop in the period 1992–94, the labour force is expected to resume growth this year, with the rate of expansion outpacing that of the working population. The return to the labour market of discouraged workers and the entrance of new seekers suggest that labour market participants perceive the recovery as increasingly solid. Consequently, the expected job creation will allow a reduction of unemployment by approximately 1.6 million, enabling the unemployment rate to drop from its peak of 11¼ per cent of the civilian labour force in 1994 to around 10 per cent in 1996.

Falling jobless rates should be a common feature in all member countries over the next two years, with the largest declines being expected in Finland, Denmark and Ireland. Nevertheless, in two of these countries, namely Finland and Ireland, as well as in Spain, the labour market situation will continue to be characterised by particularly high unemployment. In four countries only (Luxembourg, Austria, Portugal and Sweden) is the unemployment rate projected to be below 6½ per cent in 1996.

4. Broadly favourable inflation outlook but risks unevenly distributed across countries

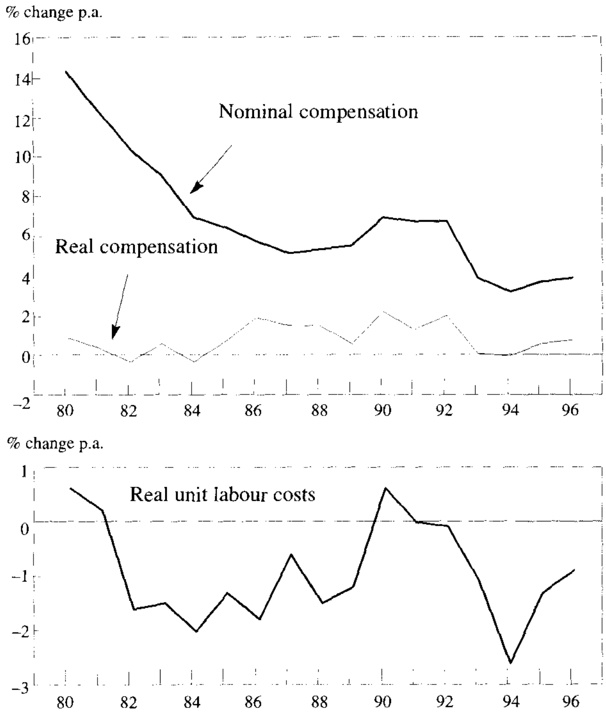
Despite solid growth and rising raw material prices, consumer price inflation in the Community as a whole edged down slightly throughout most of last year. However, there are strong signs that the generalised disinflation process has run its course. Disappointingly, Community–wide inflation did not fall below 3 per cent in the wake of the 1993 recession. Having stabilised at this level in the closing three months of 1994, consumer price inflation edged up marginally in the first months of this year. In addition, there are signs suggesting that more inflationary pressure could emerge in the coming quarters. Firstly, producer prices have accelerated strongly over the past few quarters in response to higher commodity prices, the revival in demand and a restoration of profit margins. Secondly, the rate of capacity utilisation has increased strongly and already exceeds its long–term average. Thirdly, wage pressures have re–appeared in a number of countries.

However, several factors guard against any substantial pick–up in Community–wide inflation. First, unit labour cost increases are forecast to remain low as the rate of wage increases should reflect both the slack in labour markets and a greater internalisation of the authorities' price stability objective by the two sides of industry. Secondly, the appreciation of the Community's currencies (on average) and in particular the fall in the US–dollar will reduce import

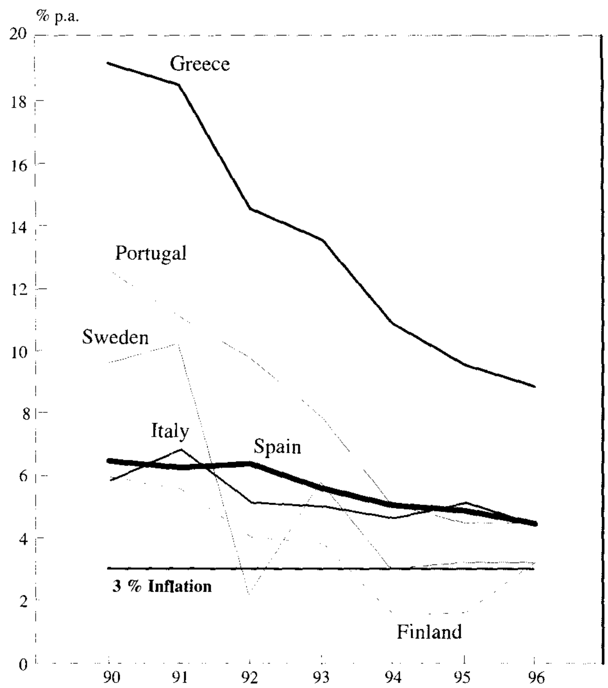
TABLE 5 : **Inflation outlook – EUR** (Annual percentage change)	1992	1993	1994	1995	1996
Private consumption deflator	4.6	4.0	3.2	3.2	3.2
GDP deflator	4.5	3.7	2.7	3.1	3.2
Compensation per employee	6.9	4.2	3.4	4.0	4.2
Unit labour costs	4.5	2.7	0.2	1.9	2.4
Import prices of goods[1]	–2.4	–0.1	1.9	0.7	2.1

[1] Including intra–EC imports; ECU.

GRAPH 7 : **Wage developments – EUR**



GRAPH 8 : **Countries where inflation is forecast to exceed 3 percent in 1996**



price inflation. Thirdly, the vigorous expansion of equipment investment should increase production capacity sufficiently over time to keep in step with demand. Fourthly, thanks to the creation of the single market, competition in product markets has been enhanced considerably. Consequently, no significant resurgence of inflationary pressures is expected over the forecasting horizon for the EC as a whole and the private consumption deflator is forecast to increase at the relatively low rate of 3¼ per cent per year.

At the country level, three groups of countries may be conveniently distinguished. The eight traditionally low inflation countries, whose currencies maintain a firm link with the DM, are expected to achieve the objective set out in the Broad Economic Policy Guidelines of reducing inflation to a 2 to 3 per cent range by 1996. Currency appreciation is expected to have a beneficial impact on these countries' inflation performance, particularly in 1995 when the rate of price increases may decelerate further in several countries. However, inflation may edge up mildly in 1996 as the deflationary impact of the appreciation fades out. Three member states (United Kingdom, Sweden and Finland) should achieve inflation at or only slightly above the 3 per cent mark next year. However, inflation is projected to remain relatively high at 4½ per cent in Italy, Spain and Portugal in 1996 and even at 9 per cent in Greece. In some of these countries (namely Italy and Spain), the inflation forecast has been revised upwards perceptibly, as recent currency depreciations as well as higher indirect taxes will add to inflation this year. However, a renewed convergence in inflation is foreseen for next year as the rate of price increases should slow in all of these four countries. The renewed inflation convergence in 1996 presumes that the necessary steps are taken to avoid a price–wage spiral developing in the depreciating countries.

5. Despite some progress, sound public finances remain elusive

With the cyclical recovery exerting a positive influence in most countries and fiscal retrenchment efforts becoming more widespread, 1994 saw the beginning of a very gentle improvement in budget positions in the Community. Fiscal consolidation is set to continue over the next two years, though its pace is likely to remain modest. However, it should be borne in mind that the forecasts are based on the conventional assumption of "no policy change". This means that only measures which have already been adopted or clearly announced are incorporated in the projections. Progress towards sounder public finances may well take place at a faster pace, but this requires further policy measures to be adopted in member countries[2].

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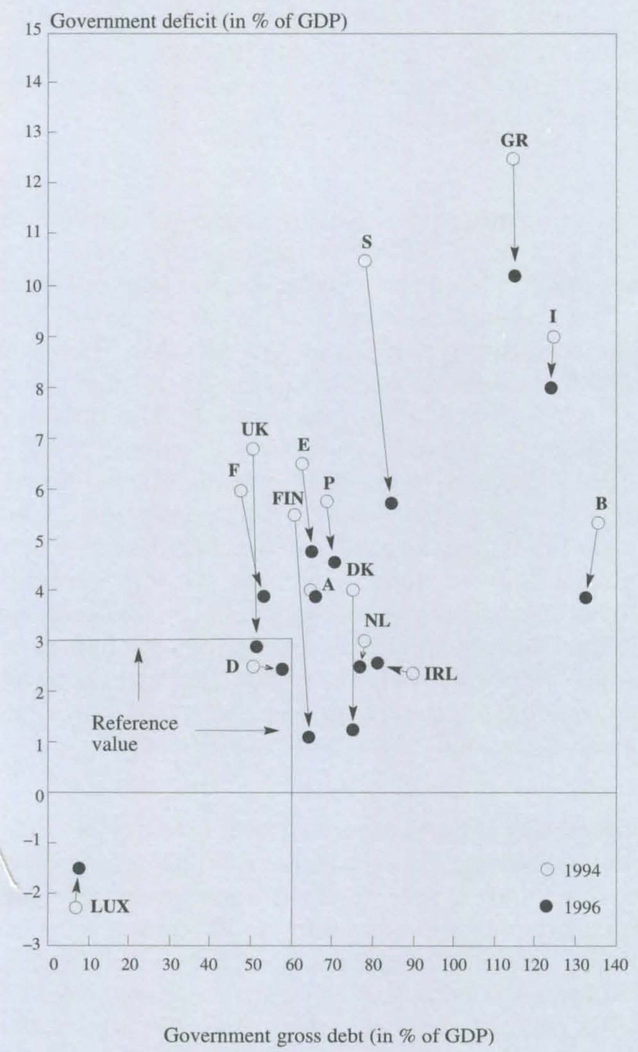
[2] General policy intentions expressed in government plans, especially convergence programmes, which have not yet been translated into specific measures are not taken into account. Thus, tax changes are only incorporated when specific commitments have been made; (non–interest) expenditure forecasts follow detailed spending plans, where they exist, or are a continuation of recent trends. This approach is particular important with regard to 1996. In coming months, several member countries are expected to introduce additional fiscal retrenchment measures in order to respect the targets set out in their convergence programmes. The difference between the projected budget deficits and the convergence objectives is a measure of the additional effort needed.

TABLE 6 : **General government fiscal position – EUR** (Percent of GDP)

	1989	1990	1991	1992	1993	1994	1995	1996
Current receipts	44.8	44.7	44.6	45.6	46.2	46.0	46.2	45.9
Expenditure	47.2	48.2	49.0	50.7	52.4	51.5	50.7	49.7
Actual deficit	–3.6	–5.1	–4.4	–5.1	–6.3	–5.5	–4.5	–3.9
Cyclically adjusted deficit[1]	–3.7	–5.0	–5.5	–5.4	–5.0	–4.5	–4.0	–3.6
Gross debt	:	58.7	56.0	60.3	66.2	68.1	70.3	70.4

[1] As estimated by the Commission services.

GRAPH 9 : **General government budgetary positions**



Note : The arrow means the development in the respective country over time (i.e. from 1994 to 1996).

On present policy assumptions, the general government deficit in the Community as a whole is forecast to fall by 1 per cent of GDP this year and ½ per cent next, yet remaining excessive at around 4 per cent of GDP in 1996. Half of this reduction is due to the positive impact on public finances of improved cyclical conditions. The structural budget deficit is estimated to remain in the high range of 3½ to 4 per cent in 1995/96.

In line with the Broad Guidelines' recommendations that priority in consolidation efforts should be given to expenditure cuts, the projected improvement in the overall budget deficit over the next two years should entirely stem from a noticeable reduction in the share of government expenditure in GDP to just below 50 per cent in 1996, still a very high proportion. The stability of the revenue ratio at some 46 per cent of GDP in the Community on average hides, however, important disparities at the country level. Whereas the ratio is expected to decline markedly in Denmark, Germany, Ireland and the Netherlands in 1995/96, it is projected to rise in Greece, Finland, Sweden and the United Kingdom.

Apart from Ireland, budget deficits are forecast to decline in all member countries between 1994 and 1996. The most substantial reductions are expected to take place in Sweden, the United Kingdom, Finland and Denmark (to the tune of 4–4½ percentage points in terms of GDP), essentially reflecting the size of the adopted fiscal measures and/or the importance of fiscal stabilisers in the Scandinavian member countries. The majority of member countries are expected to register falls of between ½ and 2 percentage points. In Germany, under the double impact of the envisaged tax reduction and a certain moderation of output growth, the improvement expected for this year will be reversed in 1996. Conversely, in Austria, the accession–related worsening of the budgetary situation this year, should be overturned next year as the consolidation measures contained in the early 1995 fiscal package will take their full effect.

In sum, on the present policy assumptions, only seven member countries are expected to achieve a general government deficit at or below the reference value of 3 percent of GDP by 1996. The necessary additional improvement in order to respect the 3 percent threshold is less than 1 percentage point of GDP in three member countries (France, Belgium and Austria). Fiscal deficits are set not to fall much below 5 per cent of GDP by 1996 in Spain and Portugal and are projected to remain even higher in Greece, Italy and – notwithstanding strong improvement – Sweden.

The projected reduction in general government net borrowing is merely sufficient to bring about a stabilisation of the government debt–to–GDP ratio at just above 70 percent of Community GDP in 1995–96 (up from 68 percent of GDP in 1994). The debt ratio is projected to be below 60 percent of GDP in four member countries in 1996 (Germany, France, Luxembourg and the UK). It is expected to decline in four member countries, briskly in Ireland (by more than 15 percentage points in terms of GDP over the period from 1993 to 1996) and more moderately in Belgium, Denmark and the Netherlands (by some 5 points). The gross debt to GDP ratio is projected to exceed 60 per cent and show no decline between 1993 and 1996 in Greece, Spain, Italy, Austria, Portugal, Finland and Sweden.

6. Slightly improving external balances

The Community's **external balances** improved further in 1994, mainly driven by strong export growth to third countries. The forecasts indicate that the Community's trade surplus (fob/fob) of some 1¼ per cent of GDP in 1994 could increase further to more than 1½ percent of GDP in 1995 as well as 1996. The expected improvement is due to a slight improvement in the terms of trade (mainly reflecting cheaper imports priced in US–dollar) and continued strong exports to countries outside the Community, where the pace of market growth is still expected to exceed the expansion of Community import markets, albeit to a smaller and smaller degree. The Community's current account surplus is poised to rise from ¼ percent of GDP this year to some ½ percent of GDP in 1996, mainly as a result of the improvement in the merchandise trade balance.

TABLE 7 : **External balance – EUR** (Percent of GDP)

	1992	1993	1994	1995	1996
Trade balance (fob/fob)	–0.4	1.0	1.3	1.6	1.6
Services balance	0.3	0.3	0.3	0.3	0.3
Factor income and transfers	–1.1	–1.3	–1.4	–1.5	–1.4
Current account balance	–1.2	–0.1	0.2	0.3	0.5

7. Risks and uncertainties

With the latest survey results indicating that private sector confidence may have reached a plateau – offering no clear pointers for the near future – and given the uncertainties stemming from the recent turbulence on foreign exchange markets, the risks to the central forecast have risen considerably.

The impact of recent currency turmoil – A major uncertainty concerns the timing and the size of the impact of the recent exchange rate movements. The adverse impact on the export performance of appreciating countries could turn out to be stronger than assumed – and it could turn out to manifest itself more quickly – particularly if the present exchange rate assumptions prove too optimistic. If this risk materialises, there could be stronger negative knock–on effects on investment than incorporated in the forecast.

For the depreciating countries, the potential for further gains in export market shares is expected to be less than fully realised given the high and rising degree of capacity utilisation in the export sectors of several countries. However, capacity constraints could have more of a restraining influence and exporters may react by raising profit margins more than currently assumed, thus trading off higher export volumes for higher export prices to a larger extent than anticipated. This should limit the loss of export market shares for the appreciating countries.

However, the balance of risks with respect to financial market developments is not necessarily on the downside. Given that the strong decline of the US–dollar from January to March 1995 presumably carries some element of "overshooting" there is a realistic chance that the US currency will recover in coming quarters to a level above the 1.40 DM underlying the forecasts. Furthermore, if the recent decline in long–term interest rates throughout the Community (partly reflecting lower US rates) is sustained, it is likely to give an added boost to capital spending, in particular in the construction sector.

Private consumption – Another important uncertainty concerns consumer behaviour. The surprisingly strong recovery last year was in part attributable to a large fall in the household saving ratio. As this ratio is already low by historical standards in several countries, no further decline is expected. This may turn out to be too cautious a view since better job and income prospects may lead to a further strengthening of consumers' willingness to spend. In addition, real disposable income could grow more strongly than expected. On the other hand, private consumption continues to be vulnerable to any deterioration of confidence. A reversal in the economic sentiment, possibly prompted by financial market turmoil, could entail a more cautious household attitude towards spending, thereby putting at risk the expected buoyancy of equipment investment and more generally the continuation of a sustained expansion of domestic demand.

Sustainability of the recovery – The transformation of the present recovery into a sustainable medium–term growth process requires, in order to avoid a premature tightening of monetary policies and to bring forth the necessary investment expansion, a high degree of price stability, continued wage moderation and a further reduction of public deficits. While the present forecast embodies a relatively benign assessment of inflation prospects as well as public finances, the risks to the inflation forecast would appear to be clearly skewed towards the upside for a number of countries. In particular, there is a risk of a price–wage spiral developing in depreciating countries. More generally, wage trends could turn out to be less favourable than presently assumed. If the current projections of inflation turn out to be too optimistic on these accounts, the sustainability of the recovery would be put at risk in the countries concerned. In the absence of an adequate response of fiscal policy, higher price or wage inflation would prompt a tightening of monetary policies and/or a negative reaction of the financial markets.

THE COMMUNITY'S EXTERNAL ENVIRONMENT

8. World output and trade: lively expansion set to continue

The outlook for **output growth outside the Community** has further improved during recent months[3]. After growing by nearly 2¾ per cent in 1994, world output outside the Community is expected to accelerate to some 3½ per cent this year and to close to 4 per cent next year, despite some gradual moderation in the non–EC industrial countries. The quickening of economic activity outside the Community stems from the expected recovery in Japan and OPEC–countries and, most significantly, from a strong improvement in the former Soviet Union, where the sharp decline of the Russian economy is expected to come to a halt. Output growth in the other non–EC countries is expected to decline over the next two years due to a slowdown in North America, Australia as well as Latin America. Emerging Asian countries will show steadily high growth throughout the forecasting period.

TABLE 8 : **International economic environment**
(Real annual percentage change)

	Weights[1]	1992	1993	1994	1995	1996
World output excl. EUR	*74.3*	1.6	2.3	2.6	3.4	3.9
- USA	*23.1*	2.3	3.2	4.1	3.2	2.3
- Japan	*9.3*	1.1	0.1	0.6	1.6	2.9
- CCEE + FSU	*8.7*	-15.4	-9.2	-11.1	-2.0	2.5
- DAEs	*3.5*	6.0	6.3	7.8	7.6	7.5
World imports excl. EUR[2]	*61.5*	-17.3	9.4	11.6	9.6	8.7
- USA	*16.6*	8.4	10.8	15.0	10.8	6.4
- Japan	*5.9*	-1.5	6.4	10.0	8.8	9.3
- CCEE + FSU	*3.1*	-10.3	6.5	7.4	6.0	10.3
- DAEs	*12.8*	11.6	14.9	14.9	12.8	12.3
Extra–EC export markets[2]		4.4	6.8	10.7	8.7	8.2

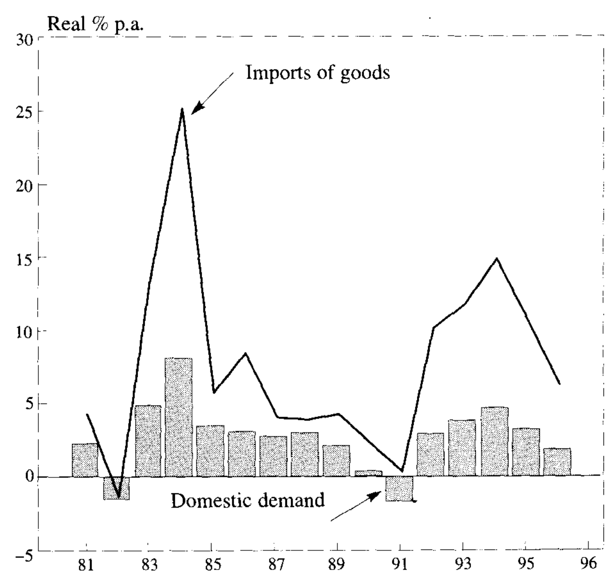
[1] World = 100.
[2] Goods only.

Following an unusually brisk expansion in 1994, **import growth in non–EC countries** is expected to slow down moderately in 1995 and 1996. In particular, US imports are expected to slacken in the coming two years, as domestic demand growth decelerates. In non–OECD countries, import growth is expected to moderate somewhat in 1995, mainly due to a severe but temporary slowdown in Latin American imports in 1995 related to the Mexican Peso crisis, and then resume double–digit growth in 1996. Overall, world imports outside the EC will continue to exhibit high growth rates during the forecast period, well above the average pace of the past two decades. As a result, **extra–EC export market growth** (non–EC imports weighted by the shares in the Community's total exports to non–EC countries) is expected to remain strong, despite slowing-down from an exceptional 10¾ per cent in 1994 to 8¾ per cent in 1995 and 8¼ per cent in 1996 (in volume terms).

9. United States: soft landing remains the most likely scenario

In the **United States**, the economy is in a crucial phase. While output growth proceeded at a pace of 4 to 5 per cent also in the second half of 1994, there are increasing signs that the tightening of monetary policy over the last year is leading to a slowdown in activity. In the first quarter of 1995, the pace of expansion cooled off to 2.8 per cent (annualised rate). Spending on new housing, cars and other consumer durables is expected to be increasingly affected by the higher interest rates. Given that leading indicators point to a continued moderation of economic activity, the Commission services' forecast continues to incorporate a "soft–landing" scenario for the US economy. Output growth is expected to decelerate from 4 per cent in 1994 to 3¼ per cent in 1995 (up by ½ of a percentage point on the Autumn 1994 forecast) and 2¼ per cent in 1996 (unchanged from previous forecast). US imports are expected to grow at a double–digit rate for the fourth consecutive year in 1995 before slowing down to some 6½ per cent in 1996 under the impact of the weak dollar and a slackening of domestic demand. Consequently, following a further rise this year, the current account deficit as a proportion of GDP could fall modestly in 1996 (to 2.4 per cent).

GRAPH 10 : **US import growth and domestic demand**



[3] The weighting scheme has been changed since the previous forecast. The weights are now based on purchasing power standards. Compared with the previous GDP–weights, the new approach gives more weight to non–OECD countries.

Increasingly small margins of slack in both product and labour markets have engendered a progressive acceleration of price increases. The projected slowdown of output growth towards its potential rate should, however, permit inflation to level off at about 3¼ per cent in 1996. While the proverbial "soft–landing" appears to be the most likely scenario, the possibility of somewhat stronger growth followed by a sharper, policy–induced slowdown in activity cannot be entirely dismissed, especially given the impact of the weak US–dollar on net exports and the risk of fiscal slippage. In addition, the degree of price pressures that may develop from projected market conditions and the dollar weakness is uncertain.

10. Japan: lacklustre recovery threatened by yen appreciation

The strong appreciation of the Japanese yen will put significant strain on the lacklustre recovery that has been under way in **Japan** since early 1994. In the present forecast, the yen is assumed to fall back somewhat from its current level to around 90 yen per US–dollar over the remainder of the forecasting horizon. The renewed loss of competitiveness caused by the strong yen is only partly compensated by high export market growth and Japanese exports are expected to decelerate in 1995 and remain subdued in 1996. However, following the initial disruptive influence of the Kobe earthquake, the need for rebuilding combined with the Japanese government's latest economic policy package is expected to stimulate domestic economic activity, in particular via increased public spending and construction investment. In addition, the recent easing of monetary policy (cut in the discount rate of 75 basis points) should give some support to stockbuilding and private consumption over the next two years.

In sum, the present forecast is for only a very gradual and moderate recovery of activity. Output should grow by just 1½ per cent in 1995 (down by ½ a percentage point on the previous forecast) and accelerate to some 3 per cent in 1996 (up by a ¼ point on the previous forecast). If the mid–April level of the yen against the dollar were to continue (implying a level of 10 per cent above the rate underlying the forecast), the projected acceleration of output growth would be considerably weaker, especially in 1996. Japanese imports are expected to continue growing at a fast pace, given the impact, firstly, of yen appreciation, and secondly of the pick–up in domestic demand. This will result in a significant reduction of the current account surplus to just above 2 per cent of GDP in 1996.

11. Countries in transition: Gradual strengthening

The basic features of the economic prospects in Central and Eastern Europe and in the Former Soviet Union have hardly changed since the Autumn forecast. In the **former Soviet Union (excluding the Baltic States)**, the outlook remains relatively bleak and output is expected to fall again this year (by –7½ per cent), but the decline is much less severe than last year (–16 per cent). The forecast is based on the assumption that all Newly Independent States (in particular Russia and Ukraine) will successfully implement the stabilization programmes agreed with the IMF, and on that basis a modest uptick in activity is tentatively assumed in 1996 (by 1 per cent).

In contrast, there is a clear picking up of growth in **Eastern Europe and the Baltic states** and economic activity is expected to continue expanding at a solid pace of 3½ per cent in 1995, accelerating to 3¾ per cent in 1996. The countries that have succeeded in restoring macroeconomic balance and are progressing with structural reforms are now reaping the rewards in terms of growth. The expansion of activity is expected to be particularly vigorous in Poland, the Czech Republic and Slovakia (ranging from 3 to 5 per cent per year in 1995/96), but may remain more subdued in Bulgaria, Hungary and Romania (below 2 per cent per year). In general terms, the trend towards stronger trade integration between the economies of Central and Eastern Europe and the Community is expected to continue at a rapid and unabated pace over the forecasting horizon.

TABLE 9 : **Real GDP growth in CCEE and FSU**
(Annual percentage change)

	Weights	1992	1993	1994	1995	1996
Central and Eastern Europe	*26.4*	–2.6	1.4	3.3	3.5	3.8
– Bulgaria	*2.9*	–5.8	–4.2	0.2	1.6	2.1
– Czech Republic	*3.8*	–7.1	–0.9	2.6	4.2	4.5
– Hungary	*2.9*	–4.3	–0.9	2.0	0.3	2.0
– Poland	*8.8*	1.5	3.8	5.0	5.0	5.0
– Romania	*3.6*	–13.8	1.3	3.4	2.8	2.0
– Slovakia	*1.5*	–7.0	–4.1	4.9	3.0	4.0
Former USSR	*73.6*	–18.6	–12.8	–16.2	–7.4	0.8
– Russia	*46.5*	–19.0	–12.0	–15.0	– 8.5	0.5
– Ukraine	*12.0*	–17.0	–17.1	–23.0	–10.0	0.0
CCEE + FSU	*100.0*	–15.4	–9.8	–11.1	–2.0	2.5

MAIN ASSUMPTIONS

After rising in the second and third quarters of last year in line with increasing demand, **oil prices (UK Brent)** have since stabilised. World demand is expected to accelerate modestly in 1995 and 1996, while no major supply side changes are foreseen. As a result, oil prices are assumed to rise moderately over the forecast period, leading to a yearly average of 17$/bbl in 1995 and 17½ $/bbl in 1996.

Non–oil commodity prices increased sharply during the last quarter of 1994. This resulted in an annualised rise for the second half of 1994 of 19 per cent (in US–dollar terms), up from an already strong 9½ per cent annualised rise in the first half. This price surge was mainly the result of an abrupt increase in the prices of metals, exacerbated by speculative investments. The latter appears to have reversed in early 1995, partially offsetting the upward pressure stemming from high world demand. Non–oil commodity prices are assumed to rise by 10½ per cent in 1995, with the annual average masking a significant moderation during the year, and by 4½ per cent in 1996.

After the Bundesbank decided on the 30 March 1995 to reduce by 50 basis points its discount rate, **German *short–term* interest rates** are assumed to remain unchanged throughout 1995 and to start to rise in the course of 1996. In the other member countries, with the exception of the United Kingdom, short–term rate differentials with the DM are assumed to narrow, but to varying degree and less so than assumed six months ago. In the United Kingdom, where the recovery is more advanced, the differential may widen somewhat further this year, before starting to narrow in 1996. German *long*–term interest rates are set to remain broadly unchanged throughout the forecasting period. For the other EC currencies, long–term differentials with the DM are assumed to narrow somewhat. In the United States, assuming an underlying slowdown is taking root, following an additional moderate rise in the course of 1995, short rates are set to decline progressively in 1996. Japanese short rates should remain unchanged this year but rise gently next year as the recovery becomes more robust.

As usual, the forecasts are based on the technical assumption of fixed *nominal* **exchange rates** between ERM currencies and fixed *real* exchange rates between ERM, UK, Italy, Finland, Sweden and the non–EC OECD countries (notably the US and Japan). Taking the average of the rates prevailing during March as the starting point, this results in an average USD/DM rate of 1.42 in 1995 and 1.40 in 1996. The Greek drachma is assumed to appreciate by 1 per cent per year in real terms. In nominal effective terms, these assumptions imply an appreciation for EC currencies on average of close to 3 per cent this year and a depreciation of ½ a per cent next year.

With respect to **economic policy**, the assumption made is the traditional 'no policy' change. As regards budgetary policy, this means that only well–defined policy actions as well as known practices in respect of their implementation are embodied.

17 May 1995

DETAILED SPRING 1995 ECONOMIC FORECASTS

TABLE 1 : **Gross domestic product, volume** (percentage change at constant prices on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,9	1,8	2,0	4,9	3,5	3,2	2,3	1,9	–1,7	2,3	2,7	2,6
DK	4,3	2,1	0,3	1,2	0,6	1,4	1,3	0,8	1,5	4,4	3,3	2,9
D	–	–	–	–	–	–	–	2,2	–1,1	2,9	3,0	2,6
WD	4,3	1,8	1,5	3,7	3,6	5,7	5,0	1,8	–1,7	2,3	2,5	2,2
GR	7,7	2,5	–0,5	4,4	4,0	–1,0	3,2	0,8	–0,5	1,2	1,6	1,8
E	7,2	2,0	5,6	5,2	4,7	3,7	2,2	0,7	–1,1	2,0	3,1	3,4
F	5,4	2,2	2,3	4,5	4,3	2,5	0,8	1,3	–1,5	2,7	3,1	2,9
IRL	4,4	3,5	5,7	4,3	7,4	8,6	2,9	5,0	4,0	6,3	6,9	5,5
I	5,3	2,8	3,1	4,1	2,9	2,1	1,2	0,7	–0,7	2,2	3,3	3,4
L	4,0	2,0	2,9	5,7	6,7	3,2	3,1	1,9	2,1	3,0	3,3	2,9
NL	4,8	1,9	1,2	2,6	4,7	4,1	2,3	1,3	0,3	2,5	3,2	2,8
A	4,9	2,2	1,7	4,1	3,8	4,2	2,9	1,8	–0,1	2,7	2,7	2,5
P	6,9	2,3	5,5	5,8	5,7	4,3	2,1	1,1	–1,2	1,1	3,0	3,2
FIN	5,0	2,7	4,1	4,9	5,7	0,0	–7,1	–3,6	–1,6	3,9	5,3	4,2
S	4,1	1,8	3,1	2,3	2,4	1,4	–1,1	–1,4	–2,6	2,2	2,8	3,0
UK	3,2	1,6	4,8	5,0	2,2	0,4	–2,0	–0,5	2,0	3,8	3,1	2,8
EUR*	4,8	2,1	2,9	4,2	3,5	2,9	1,5	1,0	–0,5	2,7	3,1	2,9
USA	3,9	2,3	3,1	3,9	2,7	1,2	–0,6	2,3	3,2	4,1	3,2	2,3
JAP	9,6	3,6	4,1	6,2	4,7	4,8	4,3	1,1	0,1	0,6	1,6	2,9

TABLE 2 : **Deflator of gross domestic product** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,1	6,5	2,3	1,8	4,8	3,1	2,7	3,4	4,4	2,2	2,9	3,0
DK	7,0	8,6	4,7	3,4	4,2	2,7	2,2	2,0	1,1	1,9	2,9	2,8
D	–	–	–	–	–	–	–	5,5	3,9	2,2	2,4	2,7
WD	4,4	4,0	1,9	1,5	2,4	3,2	3,9	4,4	3,2	2,0	2,2	2,5
GR	4,5	17,7	14,3	15,6	14,5	21,1	18,4	14,2	13,6	10,9	9,7	8,7
E	7,2	14,7	5,8	5,7	7,1	7,3	7,1	6,7	4,4	4,1	4,2	4,2
F	5,0	9,8	3,0	2,8	3,0	3,1	3,3	2,1	2,5	1,5	2,1	2,3
IRL	7,2	12,3	2,1	3,1	4,3	–1,7	1,1	1,3	3,6	2,8	2,2	2,5
I	5,5	15,5	6,0	6,6	6,2	7,6	7,7	4,5	4,4	3,6	4,2	4,4
L	4,4	6,4	–1,0	4,0	6,0	2,9	3,0	4,5	1,4	2,9	3,0	2,7
NL	6,0	5,1	–0,5	1,2	1,2	2,3	2,7	2,6	1,6	2,1	2,2	1,9
A	4,6	5,4	2,4	1,6	2,9	3,3	4,0	4,2	3,6	3,1	2,8	2,9
P	3,9	20,8	11,1	10,9	11,4	13,0	15,5	13,5	7,4	5,5	5,1	5,0
FIN	6,8	10,2	4,7	7,0	6,1	5,8	2,5	0,7	2,4	2,5	4,0	3,9
S	4,9	9,6	4,8	6,5	8,0	8,8	7,6	1,0	2,7	2,9	3,6	3,4
UK	5,1	11,7	5,0	6,1	7,1	6,4	6,5	4,3	3,4	2,1	2,9	3,0
EUR*	5,2	10,2	4,1	4,4	5,0	5,4	5,5	4,5	3,7	2,7	3,1	3,2
USA	3,6	6,7	3,1	3,9	4,4	4,2	3,6	2,6	2,2	1,8	2,4	3,0
JAP	6,0	5,0	0,0	0,4	1,9	2,2	2,0	1,6	1,0	0,4	0,7	1,2

TABLE 3 : **Final domestic demand, volume** (percentage change at constant prices on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,8	1,3	3,8	4,4	4,8	3,3	2,1	2,1	–1,7	1,6	2,9	3,1
DK	4,6	1,6	–2,2	–1,2	0,5	–1,0	–0,4	–0,5	1,0	5,5	4,5	2,7
D	–	–	–	–	–	–	–	3,0	–1,2	2,6	3,0	2,8
WD	4,5	1,5	2,4	3,6	2,9	5,2	4,9	1,3	–2,2	1,7	2,2	2,2
GR	7,9	1,7	–1,0	6,6	5,2	1,7	3,2	–0,2	0,4	0,6	1,9	2,0
E	7,7	1,6	8,1	7,0	7,8	4,8	2,8	1,0	–4,1	0,7	2,9	3,4
F	5,6	2,0	3,3	4,7	3,9	2,8	0,6	0,4	–2,3	2,9	3,4	3,2
IRL	5,1	2,1	1,2	1,6	8,8	6,3	0,1	–1,2	0,2	4,1	7,0	5,0
I	5,3	2,5	4,3	4,7	2,9	2,8	1,8	1,0	–5,6	1,9	2,0	3,0
L	4,1	2,0	4,2	6,8	5,7	5,1	8,0	0,5	1,8	2,2	3,0	2,4
NL	4,9	1,6	1,4	1,8	4,6	3,5	1,8	1,2	–0,5	2,1	3,4	2,5
A	4,7	2,0	2,5	4,2	3,1	4,1	3,1	1,8	0,2	4,1	2,5	2,8
P	7,3	1,7	9,5	9,5	4,4	6,5	4,3	4,3	–0,9	1,4	2,9	4,1
FIN	5,0	2,4	5,2	6,6	7,6	–1,3	–9,2	–6,4	–6,5	3,3	6,0	5,4
S	3,7	1,5	4,1	3,0	3,9	0,9	–2,1	–1,8	–5,6	1,4	1,7	2,5
UK	3,2	1,5	5,3	7,9	2,9	–0,6	–3,1	0,3	2,0	3,0	2,6	2,3
EUR*	4,9	1,8	3,9	5,1	3,8	2,8	1,3	1,1	–1,9	2,4	2,9	2,9
USA	4,0	2,5	2,8	3,0	2,1	0,9	–1,2	2,6	3,9	4,7	3,3	1,9
JAP	9,8	2,9	5,1	7,6	5,8	5,0	2,9	0,4	0,4	1,0	2,3	3,6

* *Notes* : see page 28.

TABLE 4 : **Gross national product at current market prices** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	9,2	8,2	4,6	6,8	8,8	6,0	5,7	5,1	3,6	4,6	5,6	5,6
DK	11,6	10,6	5,2	4,8	4,6	3,9	3,8	3,2	3,1	6,3	6,5	5,9
D	–	–	–	–	–	–	–	7,3	2,1	4,4	5,3	5,4
WD	8,9	5,9	3,5	5,2	6,7	8,9	9,0	5,7	0,8	3,6	4,5	4,7
GR	12,5	20,2	14,0	21,0	18,8	20,4	22,2	15,1	13,8	12,2	11,4	10,6
E	14,9	16,9	11,9	10,9	12,4	11,3	9,4	7,3	3,4	4,9	7,1	7,7
F	10,7	12,2	5,4	7,5	7,4	5,3	4,0	3,2	1,1	4,3	5,3	5,2
IRL	11,7	15,1	8,3	5,4	10,8	8,1	5,7	5,4	7,0	9,1	9,1	7,8
I	11,0	18,6	9,4	11,0	9,1	9,6	8,7	4,9	3,8	6,0	8,0	8,3
L	9,0	10,8	–0,3	10,2	12,7	8,1	5,8	6,7	2,3	4,4	4,6	4,0
NL	11,1	7,1	0,6	3,3	6,7	6,4	5,0	3,6	2,3	5,2	5,4	4,8
A	9,7	7,7	4,1	5,7	6,8	7,8	6,7	6,7	3,5	6,1	5,5	5,5
P	11,2	23,2	18,3	17,9	18,6	18,1	19,0	15,5	6,1	6,6	8,1	8,3
FIN	12,0	13,0	9,0	12,5	11,4	5,4	–5,8	–4,1	0,1	8,1	10,4	8,8
S	9,2	11,3	8,4	8,6	10,1	9,6	6,6	–1,2	–0,3	5,0	7,2	6,8
UK	8,5	13,4	9,5	11,1	9,4	6,2	4,4	4,8	5,3	7,3	5,4	5,9
EUR*	10,0	10,5	5,4	8,6	9,2	7,2	6,7	4,1	0,3	4,8	4,1	5,4
USA	7,7	9,1	6,2	8,0	7,4	5,6	2,9	4,8	5,4	5,8	5,7	5,4
JAP	16,2	8,8	4,4	6,6	6,8	7,1	6,3	3,0	1,0	0,9	2,3	4,2

TABLE 5 : **Investment in construction, volume** (percentage change on preceding year, 1974-96)*

	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	–2,4	4,5	14,6	7,9	7,1	2,5	5,3	–1,0	1,0	4,8	4,0
DK	–1,9	1,1	–5,5	–6,1	–5,6	–11,2	–0,4	–6,8	4,7	4,1	1,6
D	–	–	–	–	–	–	9,9	2,8	7,9	6,1	5,3
WD	–1,1	0,0	3,1	4,4	4,9	2,7	4,3	–0,8	4,1	2,5	2,2
GR	–3,0	–5,0	9,2	4,2	7,3	–7,8	–5,9	–5,1	–3,1	5,5	4,2
E	–0,7	9,4	11,7	15,0	10,2	4,0	–4,6	–6,6	1,2	5,5	4,9
F	–0,4	4,1	8,8	6,8	2,0	–0,1	–1,3	–3,5	1,0	2,0	2,5
IRL	0,2	–6,8	–4,2	9,7	20,5	0,6	0,6	–3,4	7,4	9,0	7,5
I	–1,1	–0,7	2,3	3,6	3,5	1,4	–2,1	–6,2	–5,2	1,8	4,4
L	–2,2	11,4	12,3	13,0	9,8	8,7	5,4	4,4	0,6	4,6	2,7
NL	–1,2	2,0	9,5	2,3	–0,0	–0,0	1,9	–3,2	3,7	4,6	3,0
A	–0,4	4,8	6,3	4,6	5,8	5,4	5,4	7,2	4,0	3,4	2,8
P	–	9,4	10,1	3,5	5,3	10,4	0,0	–4,8	1,2	9,0	12,8
FIN	0,4	1,2	9,0	14,5	–1,3	–14,5	–17,3	–18,1	–6,2	9,8	14,9
S	–0,9	4,7	3,6	7,7	2,0	–5,2	–7,7	–19,2	–11,5	5,4	5,6
UK	0,1	12,0	14,3	2,1	–2,8	–8,4	–0,0	–0,6	2,3	2,2	3,7
EUR*[1]	–0,7	3,7	7,4	5,6	3,1	–0,4	1,1	–2,4	2,2	4,2	4,5
USA	1,2	–0,3	–0,6	0,0	–3,0	–8,5	5,8	2,5	4,7	2,9	2,6
JAP	0,4	9,4	8,6	5,8	6,1	2,1	–0,6	11,5	8,7	3,0	7,0

[1] EUR without Portugal up to 1986.

TABLE 6 : **Investment in equipment, volume** (percentage change on preceding year, 1974-96)*

	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	2,6	7,1	16,1	17,4	13,5	–5,0	–6,2	–12,3	–1,9	10,0	7,3
DK	4,5	–8,9	–8,6	9,7	1,9	0,5	–13,4	2,0	2,5	7,7	6,3
D	–	–	–	–	–	–	–2,4	–13,8	–1,1	7,9	5,4
WD	1,7	4,5	6,3	8,8	13,2	9,5	–4,2	–17,6	–3,1	6,9	4,3
GR	–0,4	–5,2	8,4	18,2	14,9	–4,9	6,8	1,3	4,1	4,6	5,8
E	0,4	23,2	17,6	11,8	2,2	–2,5	–2,7	–17,0	0,6	7,4	8,0
F	1,2	6,8	10,4	9,2	3,8	–1,2	–4,6	–5,8	1,4	10,7	10,0
IRL	1,4	2,5	1,0	17,2	6,0	–17,1	–4,9	3,2	7,0	9,5	8,5
I	3,1	11,5	11,6	4,9	4,1	–0,1	–1,9	–15,6	5,3	8,0	7,2
L	2,4	18,7	16,0	4,4	–6,0	11,2	–12,1	10,0	2,8	4,0	3,0
NL	2,9	0,4	–2,5	7,9	3,7	0,6	0,4	–1,0	0,9	9,9	5,5
A	2,7	0,9	5,6	8,3	5,7	4,7	–0,9	–6,1	7,9	8,5	6,2
P	–	25,1	21,3	9,3	6,3	–0,1	5,4	–4,8	5,3	5,5	7,5
FIN	2,0	11,4	11,1	15,2	–8,5	–30,2	–16,0	–19,8	22,0	32,3	22,4
S	2,9	11,6	8,4	16,2	–0,6	–11,9	–16,0	–14,7	18,1	21,9	14,3
UK	1,8	8,1	13,4	11,4	–4,3	–10,8	–2,7	1,6	4,4	9,9	7,4
EUR*[1]	2,1	8,0	10,0	9,4	4,5	–0,9	–3,0	–9,5	2,5	9,2	7,5
USA	3,2	2,6	9,2	3,1	2,0	–2,0	8,3	15,4	16,3	10,9	5,8
JAP	4,4	10,2	16,8	14,1	12,3	5,4	–1,0	–7,9	–9,0	1,0	3,5

[1] EUR without Portugal up to 1986.

* *Notes* : see page 28.

TABLE 7 : **Total investment, volume** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	5,1	-0,3	5,6	15,4	12,3	10,2	-1,4	0,1	-5,9	-0,3	7,1	5,5
DK	6,5	0,4	-3,8	-6,6	1,0	-1,7	-5,7	-7,2	-2,3	3,6	5,9	4,0
D	–	–	–	–	–	–	–	4,2	-4,5	4,3	6,7	5,3
WD	3,9	-0,1	1,8	4,4	6,3	8,5	5,8	0,3	-8,3	1,2	4,2	3,1
GR	10,0	-2,0	-5,1	8,9	8,8	10,0	-6,7	-1,1	-2,5	-0,1	5,1	4,9
E	10,5	-0,1	14,0	13,9	13,6	6,6	1,3	-4,1	-10,5	1,0	6,2	6,0
F	7,7	0,1	4,8	9,6	7,9	2,8	0,0	-3,1	-5,8	1,1	5,4	5,6
IRL	9,9	0,6	-2,3	-1,6	13,5	12,8	-8,2	-1,9	-0,5	7,2	9,2	8,0
I	4,7	0,7	5,0	6,9	4,3	3,8	0,6	-2,0	-11,1	-0,1	5,0	5,9
L	4,9	-0,5	14,7	14,1	8,9	2,5	9,8	-2,1	6,7	1,5	4,3	2,8
NL	5,3	0,3	0,9	4,5	4,9	1,6	0,2	1,1	-2,2	2,4	6,9	4,1
A	6,5	0,8	3,1	6,0	6,2	5,7	6,3	1,3	-2,1	5,5	5,5	4,2
P	7,9	-0,4	16,8	11,2	4,3	6,8	2,4	5,4	-4,8	3,5	7,1	9,9
FIN	4,8	1,0	4,9	9,8	14,8	-4,1	-20,3	-16,9	-18,6	2,8	18,4	18,1
S	4,4	0,7	7,9	6,0	11,7	0,7	-8,4	-10,8	-17,6	-0,4	12,7	9,8
UK	4,6	0,8	10,3	13,9	6,0	-3,5	-9,5	-1,2	0,3	3,2	5,5	5,4
EUR*	5,7	0,2	5,5	8,5	7,2	3,6	-0,6	-0,7	-5,9	2,4	6,3	5,8
USA	4,7	2,0	1,0	3,7	1,4	-0,6	-5,7	4,9	10,2	10,7	7,2	4,4
JAP	14,0	1,9	9,6	11,9	9,3	8,8	3,7	-0,8	-1,3	-2,6	1,8	4,9

TABLE 8 : **Private consumption, volume** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,3	1,8	3,0	2,8	3,8	2,7	3,2	2,6	-1,0	0,7	1,8	2,7
DK	3,8	1,8	-1,5	-1,0	-0,4	0,0	1,2	1,1	2,4	7,1	4,5	2,6
D	–	–	–	–	–	–	–	3,5	0,2	1,3	1,6	2,4
WD	4,5	2,0	3,2	2,7	2,8	5,3	5,6	2,2	0,3	0,8	1,3	2,3
GR	6,7	2,8	1,2	3,6	5,6	2,1	2,3	1,8	0,2	1,0	1,4	1,5
E	7,2	1,7	5,8	4,9	5,7	3,6	2,8	2,1	-2,0	0,9	2,4	3,2
F	5,3	2,6	2,9	3,3	3,1	2,7	1,4	1,4	0,2	1,5	2,5	2,7
IRL	3,8	2,3	5,0	4,4	7,9	1,3	2,6	2,9	1,2	5,0	5,3	4,0
I	6,0	3,2	4,5	4,6	3,6	2,9	2,6	1,7	-3,0	1,6	1,7	2,6
L	4,6	2,7	5,0	3,9	3,9	4,0	6,5	1,7	-0,9	2,2	2,4	2,2
NL	5,6	2,1	2,7	0,8	3,5	4,2	3,1	2,6	0,7	1,5	2,3	2,0
A	4,6	2,4	3,1	3,6	3,5	3,6	2,9	1,9	0,2	2,3	2,4	2,3
P	6,0	1,7	6,0	5,7	3,6	6,9	4,8	3,7	0,4	0,4	1,4	2,0
FIN	5,2	2,6	5,2	5,1	4,3	-0,0	-3,6	-4,9	-3,9	2,0	5,2	3,9
S	3,3	1,3	4,8	2,6	1,4	-0,1	1,1	-1,4	-3,7	0,5	0,4	1,1
UK	3,0	2,0	5,3	7,5	3,2	0,6	-2,2	0,0	2,6	2,6	2,4	2,5
EUR*	4,8	2,3	3,9	4,1	3,4	3,0	2,2	1,8	-0,3	1,6	2,1	2,5
USA	4,2	2,8	2,9	3,8	2,1	1,5	-0,4	2,8	3,4	3,5	3,0	2,2
JAP	8,7	3,3	4,2	5,2	4,3	3,9	2,2	1,7	1,1	2,2	2,6	3,0

TABLE 9 : **Public consumption, volume** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	5,5	2,1	0,3	-0,9	0,3	0,3	2,4	0,4	1,9	1,6	1,2	1,0
DK	5,8	2,8	2,5	0,9	-0,6	-0,4	-0,1	1,4	2,8	0,6	1,5	1,2
D	–	–	–	–	–	–	–	2,8	-0,7	1,2	1,3	1,5
WD	6,5	2,5	1,5	2,0	-3,6	1,2	-2,0	5,0	-2,4	1,1	1,4	1,6
GR	6,2	4,7	0,9	5,7	5,7	-3,3	0,3	-3,0	0,3	0,2	0,0	0,0
E	4,5	5,0	8,9	4,0	8,3	6,6	5,6	3,7	2,3	0,2	0,4	0,4
F	4,0	2,8	2,8	3,4	0,4	2,1	2,8	3,5	3,4	1,0	1,6	1,6
IRL	5,2	3,6	-4,8	-5,0	-0,9	5,8	2,7	2,4	1,1	3,0	3,2	2,5
I	4,0	2,7	3,5	2,8	0,8	1,2	1,5	0,9	0,8	0,0	0,8	1,2
L	3,4	2,5	2,7	3,8	1,9	3,2	3,8	3,5	1,3	1,2	1,4	1,4
NL	2,8	2,2	2,6	1,4	1,5	1,6	1,5	1,3	0,1	1,0	1,8	0,5
A	3,2	2,8	0,4	0,3	0,8	1,2	3,1	2,4	3,0	2,4	2,0	1,6
P	9,1	6,8	3,8	8,0	4,4	5,7	3,0	1,4	0,0	1,5	0,9	1,0
FIN	5,4	4,2	4,3	2,3	2,3	3,8	2,5	-2,2	-5,3	-0,4	-0,8	-1,0
S	4,9	2,6	1,1	0,7	2,1	2,6	3,2	-0,0	-0,6	-1,0	0,5	0,3
UK	2,5	1,4	1,0	0,7	1,4	2,5	2,6	-0,0	0,6	1,6	0,7	0,3
EUR*	4,3	2,6	2,5	2,2	0,9	2,1	1,9	1,7	1,0	0,9	1,1	1,0
USA	2,5	2,5	3,9	1,4	-0,2	1,8	1,2	-1,0	-1,0	-1,0	0,0	0,0
JAP	5,8	3,9	0,4	2,1	2,0	1,9	1,6	2,2	3,2	2,9	2,8	2,5

* *Notes* : see page 28.

TABLE 10 : **Price deflator of private consumption** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	3,7	6,9	1,9	1,6	3,6	3,7	2,5	2,1	2,6	2,4	1,9	2,4
DK	6,6	9,1	4,6	4,0	4,3	2,7	2,4	1,8	1,0	1,7	2,3	2,7
D	–	–	–	–	–	–	–	4,7	3,8	2,7	2,3	2,5
WD	4,1	4,2	0,7	1,8	2,1	2,8	4,0	3,8	3,1	2,6	2,0	2,4
GR	3,5	17,8	15,7	14,2	14,4	19,2	18,8	15,1	13,6	10,9	9,6	8,9
E	6,5	14,9	5,7	5,0	6,6	6,5	6,4	6,4	5,6	5,1	4,9	4,5
F	4,8	9,9	3,1	2,6	3,4	2,8	3,2	2,4	2,2	1,8	1,9	2,1
IRL	6,3	12,9	2,3	2,9	3,2	1,4	2,5	2,8	1,6	3,0	2,9	2,7
I	4,9	15,2	5,3	5,7	6,5	5,9	6,9	5,2	5,1	4,7	5,2	4,5
L	3,0	6,9	1,7	2,7	3,6	3,6	2,9	2,8	3,6	2,2	2,3	2,5
NL	5,0	5,3	0,2	0,5	1,2	2,2	3,2	3,0	2,1	2,2	1,8	2,2
A	4,1	5,6	1,0	1,4	2,7	3,1	3,4	3,9	3,5	3,3	2,8	2,9
P	3,9	21,5	9,6	11,4	11,8	11,7	12,5	10,0	7,9	5,1	4,5	4,5
FIN	5,7	10,2	3,6	4,6	5,0	6,0	5,6	4,1	3,9	1,6	1,7	3,3
S	4,8	9,8	5,3	5,9	6,8	9,6	10,2	2,2	5,8	3,0	3,2	3,2
UK	4,8	11,3	4,3	5,0	5,9	5,5	7,4	4,7	3,4	2,5	3,0	3,0
EUR*	4,8	10,2	3,6	4,0	4,8	4,8	5,6	4,6	4,0	3,2	3,2	3,2
USA	3,1	6,7	4,1	4,1	4,8	5,0	3,9	2,9	2,5	2,1	2,9	3,3
JAP	6,1	5,9	0,2	–0,1	1,8	2,6	2,5	2,1	1,0	0,9	0,7	1,0

TABLE 11 : **Compensation of employees per head** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	9,0	9,0	2,0	2,5	3,1	7,1	8,1	5,9	4,1	3,7	2,8	3,2
DK	10,7	9,7	7,9	5,0	3,8	4,6	4,3	3,8	1,9	3,1	3,8	4,3
D	–	–	–	–	–	–	–	10,3	4,5	3,2	4,2	4,2
WD	9,1	5,6	3,2	3,0	2,9	4,7	5,9	5,8	3,3	2,7	3,8	3,9
GR	10,1	20,9	11,5	18,6	23,1	17,5	13,8	10,3	9,4	12,3	10,6	9,7
E	14,6	17,3	6,7	7,1	6,4	9,0	8,4	9,0	6,8	4,6	4,7	5,1
F	9,9	12,2	3,6	4,2	4,3	5,0	4,3	4,4	2,2	2,1	3,1	3,3
IRL	11,3	15,8	5,4	6,7	6,9	5,1	4,5	6,2	6,0	4,3	3,3	4,0
I	11,5	17,4	8,2	8,7	8,7	10,7	8,5	5,7	3,7	3,4	4,8	4,9
L	7,4	8,8	4,9	3,2	6,7	6,9	4,0	5,9	5,1	4,6	4,2	4,6
NL	11,4	6,3	1,4	0,9	0,7	3,2	4,5	4,8	3,3	1,9	2,3	1,8
A	9,6	7,7	4,0	3,2	4,5	5,1	6,4	5,9	4,6	3,3	4,0	4,3
P	10,9	23,9	15,7	15,4	15,1	18,5	15,2	15,9	9,3	5,1	5,2	5,0
FIN	11,2	13,0	7,7	9,1	10,4	9,4	5,7	1,9	0,9	3,3	5,5	5,3
S	8,4	10,6	7,0	7,5	11,3	11,3	6,8	3,9	3,7	5,6	4,0	4,7
UK	8,3	13,4	7,3	7,9	9,0	9,0	8,6	5,5	4,9	3,7	3,9	4,4
EUR*	9,9	11,9	5,4	5,7	6,1	7,4	7,0	6,9	4,2	3,4	4,0	4,2
USA	5,7	7,2	3,4	5,3	4,0	5,0	4,6	5,3	3,5	2,6	3,0	3,3
JAP	14,2	7,9	3,2	3,6	4,6	5,3	4,6	1,8	0,7	1,7	1,6	2,2

TABLE 12 : **Real compensation of employees per head**[1] (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	5,1	2,0	0,1	0,9	–0,5	3,3	5,4	3,7	1,5	1,3	0,9	0,9
DK	3,8	0,5	3,1	1,0	–0,5	1,8	1,8	2,0	0,9	1,4	1,5	1,6
D	–	–	–	–	–	–	–	5,3	0,7	0,5	1,9	1,7
WD	4,8	1,4	2,4	1,2	0,8	1,9	1,8	1,9	0,2	0,1	1,7	1,4
GR	6,4	2,6	–3,6	3,8	7,6	–1,4	–4,2	–4,1	–3,7	1,2	1,0	0,7
E	7,6	2,1	0,9	2,0	–0,2	2,4	1,9	2,5	1,2	–0,5	–0,2	0,5
F	4,9	2,1	0,4	1,5	0,8	2,1	1,1	2,0	0,0	0,3	1,2	1,2
IRL	4,7	2,5	3,1	3,7	3,5	3,6	2,0	3,3	4,3	1,2	0,4	1,2
I	6,3	1,9	2,8	2,8	2,1	4,6	1,5	0,4	–1,3	–1,3	–0,4	0,4
L	4,2	1,7	3,1	0,5	3,0	3,2	1,0	3,0	1,4	2,3	1,9	2,0
NL	6,0	1,0	1,2	0,3	–0,5	1,0	1,2	1,7	1,2	–0,2	0,6	–0,3
A	5,3	2,0	3,0	1,7	1,8	1,9	2,8	1,9	1,1	0,0	1,1	1,4
P	6,7	2,0	5,6	3,5	3,0	6,0	2,3	5,4	1,3	–0,0	0,7	0,5
FIN	5,2	2,5	3,9	4,3	5,2	3,2	0,0	–2,2	–2,9	1,7	3,7	1,9
S	3,5	0,7	1,6	1,6	4,2	1,5	–3,0	1,7	–2,0	2,5	0,8	1,4
UK	3,3	1,9	2,8	2,7	2,9	3,3	1,1	0,8	1,4	1,2	0,9	1,3
EUR*	4,9	1,5	1,7	1,7	1,3	2,5	1,3	2,3	0,2	0,2	0,8	1,0
USA	2,5	0,5	–0,7	1,2	–0,7	0,0	0,6	2,3	0,9	0,5	0,1	–0,0
JAP	7,6	1,9	3,0	3,7	2,7	2,6	2,1	–0,3	–0,4	0,8	0,8	1,1

1 Deflated by the price deflator of private consumption.

* *Notes* : see page 28.

TABLE 13 : **Real GDP per occupied person** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,3	2,0	1,5	3,4	1,8	1,8	2,1	2,3	–0,3	3,1	1,9	1,6
DK	3,2	1,4	–0,6	1,8	1,1	2,5	2,9	1,2	2,2	4,5	1,0	1,8
D	–	–	–	–	–	–	–	3,9	0,7	3,8	2,3	1,8
WD	4,0	1,8	0,7	2,9	2,1	2,7	2,5	0,9	–0,1	3,6	2,1	1,5
GR	8,1	1,5	–0,4	2,7	3,6	–2,3	5,6	–0,6	–1,5	–0,1	0,6	0,7
E	6,5	3,2	1,1	1,7	1,3	0,2	1,8	1,9	3,3	2,9	1,6	1,4
F	4,7	2,1	1,9	3,6	2,9	1,5	0,7	2,2	–0,3	2,6	1,9	1,8
IRL	4,3	3,3	4,8	4,3	7,7	4,1	2,9	4,5	3,3	3,6	4,1	2,9
I	5,5	1,9	2,7	3,1	2,8	1,2	0,4	1,8	2,2	3,8	3,0	2,6
L	3,0	1,3	0,1	2,6	2,9	–1,1	–1,0	0,0	–0,0	0,4	0,4	0,1
NL	3,9	1,9	–0,5	1,0	2,7	1,7	0,9	0,4	0,5	2,5	1,9	0,9
A	5,0	1,3	1,1	3,7	2,9	2,1	0,9	0,0	0,4	2,5	2,2	2,1
P	6,6	3,0	5,0	5,7	4,7	3,4	1,3	1,7	0,8	1,3	2,5	2,5
FIN	4,5	2,4	3,6	4,2	4,9	0,6	–2,0	3,7	5,0	4,7	2,3	1,6
S	3,5	1,0	2,3	0,9	0,9	0,4	0,4	3,2	3,2	3,1	0,9	1,2
UK	2,9	1,8	2,8	1,7	–0,4	–0,7	1,1	1,6	3,7	3,4	1,8	1,7
EUR*	4,4	2,0	1,7	2,7	2,0	1,2	1,5	2,3	1,5	3,2	2,1	1,8
USA	1,9	0,5	–0,3	1,1	0,8	0,0	0,4	2,5	1,4	1,0	1,2	1,0
JAP	8,1	2,9	3,2	4,5	2,7	2,6	2,2	0,0	–0,2	0,5	0,7	1,1

TABLE 14 : **Unit labour costs, whole economy**[1] (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	4,5	6,5	0,4	–0,8	1,2	5,2	5,8	3,5	4,4	0,6	0,9	1,6
DK	7,3	7,8	8,5	3,2	2,6	2,1	1,4	2,6	–0,3	–0,1	2,8	2,5
D	–	–	–	–	–	–	–	6,2	3,8	–0,5	1,8	2,4
WD	4,9	3,4	2,4	0,1	0,7	2,0	3,3	4,9	3,5	–0,9	1,6	2,3
GR	1,8	18,8	12,0	15,4	18,7	20,3	7,7	11,0	11,1	12,3	9,9	8,9
E	7,6	13,0	5,5	5,3	5,1	8,8	6,5	7,0	3,4	1,6	3,0	3,7
F	4,9	9,5	1,6	0,6	1,4	3,5	3,6	2,2	2,6	–0,4	1,1	1,5
IRL	6,8	11,3	0,6	2,3	–0,7	1,0	1,5	1,7	2,6	0,7	–0,8	1,0
I	5,6	14,8	5,3	5,4	5,7	9,4	8,1	3,8	1,5	–0,4	1,7	2,2
L	4,3	7,1	4,7	0,6	3,7	8,1	5,0	5,9	5,1	4,1	3,7	4,5
NL	7,1	4,0	2,0	–0,1	–1,9	1,5	3,5	4,4	2,8	–0,6	0,4	1,0
A	4,5	6,1	2,9	–0,5	1,6	2,9	5,5	5,9	4,2	0,7	1,8	2,1
P	4,0	19,7	10,2	9,1	10,0	14,6	13,7	14,0	8,4	3,8	2,6	2,5
FIN	6,4	9,8	4,0	4,6	5,3	8,7	7,8	–1,8	–4,0	–1,4	3,2	3,6
S	4,7	9,2	4,6	6,6	10,3	10,8	6,4	0,8	0,4	2,4	3,1	3,5
UK	5,2	11,1	4,3	6,1	9,5	9,8	7,4	3,8	1,2	0,2	2,1	2,6
EUR*	5,2	9,3	3,6	3,0	4,1	6,1	5,4	4,5	2,7	0,2	1,9	2,4
USA	3,6	6,5	3,7	4,2	3,2	5,0	4,2	2,7	2,1	1,7	1,8	2,2
JAP	5,6	4,4	–0,1	–0,8	1,8	2,6	2,4	1,8	0,8	1,2	0,8	1,1

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

TABLE 15 : **Real unit labour costs**[1] (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	0,4	0,4	–1,8	–2,6	–3,4	2,0	3,1	0,1	0,0	–1,5	–2,0	–1,3
DK	0,2	–0,5	3,6	–0,2	–1,5	–0,6	–0,8	0,6	–1,3	–2,0	–0,2	–0,3
D	–	–	–	–	–	–	–	0,7	–0,1	–2,6	–0,6	–0,3
WD	0,5	–0,3	0,5	–1,4	–1,7	–1,1	–0,6	0,4	0,2	–2,9	–0,6	–0,2
GR	–2,5	1,2	–2,0	–0,1	3,7	–0,6	–9,0	–2,8	–2,2	1,2	0,3	0,2
E	0,5	–0,9	–0,3	–0,3	–1,8	1,4	–0,5	0,3	–0,9	–2,4	–1,1	–0,5
F	–0,1	0,1	–1,3	–2,2	–1,6	0,4	0,3	0,1	0,0	–1,9	–0,9	–0,8
IRL	–0,4	–0,2	–1,5	–0,8	–4,9	2,7	0,4	0,4	–0,9	–2,1	–3,0	–1,4
I	0,1	–0,2	–0,6	–1,2	–0,4	1,6	0,4	–0,6	–2,8	–3,9	–2,4	–2,1
L	–0,2	0,9	5,8	–3,3	–2,1	5,0	2,0	1,3	3,7	1,2	0,8	1,7
NL	1,0	–0,8	2,5	–1,3	–3,1	–0,8	0,8	1,8	1,2	–2,7	–1,8	–0,9
A	–0,2	0,9	0,4	–2,1	–1,2	–0,4	1,4	1,6	0,6	–2,3	–1,0	–0,7
P	0,1	–0,3	–0,8	–1,6	–1,3	1,4	–1,5	0,5	0,9	–1,6	–2,3	–2,4
FIN	–0,4	0,1	–0,7	–2,2	–0,8	2,7	5,2	–2,5	–6,2	–3,8	–0,8	–0,3
S	–0,2	–0,1	–0,2	0,1	2,1	1,8	–1,1	–0,3	–2,2	–0,5	–0,4	0,1
UK	0,1	–0,2	–0,6	0,0	2,2	3,2	0,9	–0,5	–2,1	–1,8	–0,8	–0,4
EUR*	0,0	–0,4	–0,4	–1,4	–0,9	0,7	–0,1	0,1	–1,0	–2,5	–1,2	–0,8
USA	–0,0	–0,0	0,6	0,3	–1,1	0,8	0,5	0,1	–0,0	–0,2	–0,6	–0,8
JAP	–0,4	–0,1	–0,1	–1,2	–0,0	0,3	0,4	0,2	–0,1	0,8	0,2	–0,1

[1] Nominal unit labour costs divided by GDP price deflator.

* *Notes* : see page 28.

TABLE 16 : **Total employment** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	0,6	–0,2	0,5	1,5	1,6	1,4	0,1	–0,4	–1,4	–0,7	0,7	1,0
DK	1,1	0,7	0,9	–0,6	–0,6	–1,0	–1,5	–0,4	–0,7	–0,1	2,3	1,1
D	–	–	–	–	–	–	–	–1,6	–1,8	–0,9	0,7	0,9
WD	0,3	–0,1	0,7	0,8	1,5	3,0	2,5	0,9	–1,6	–1,3	0,3	0,6
GR	–0,5	0,9	–0,1	1,7	0,4	1,3	–2,3	1,4	1,0	1,2	1,0	1,0
E	0,7	–1,2	4,5	3,4	3,4	3,5	0,5	–1,2	–4,3	–0,9	1,5	2,0
F	0,7	0,1	0,3	0,9	1,3	1,0	0,1	–0,8	–1,1	0,1	1,1	1,0
IRL	0,1	0,1	0,9	–0,0	–0,2	4,3	–0,0	0,5	0,7	2,6	2,7	2,6
I	–0,2	0,9	0,4	0,9	0,2	0,9	0,8	–1,0	–2,8	–1,6	0,3	0,8
L	1,1	0,7	2,8	3,1	3,7	4,3	4,1	1,8	2,1	2,6	2,8	2,7
NL	0,9	0,0	1,7	1,6	1,9	2,3	1,3	0,9	–0,1	–0,0	1,3	1,9
A	–0,1	0,9	0,5	0,3	0,9	2,1	2,1	1,8	–0,4	0,2	0,5	0,4
P	0,3	–0,6	0,5	0,1	1,0	0,9	0,9	–0,6	–2,0	–0,1	0,4	0,7
FIN	0,5	0,2	0,5	0,6	0,8	–0,6	–5,2	–7,0	–6,3	–0,8	3,0	2,5
S	0,6	0,8	0,8	1,4	1,5	0,9	–1,5	–4,4	–5,6	–0,9	2,0	1,8
UK	0,3	–0,2	1,9	3,3	2,6	1,1	–3,1	–2,1	–1,6	0,3	1,2	1,1
EUR*	0,3	0,1	1,1	1,5	1,5	1,7	0,0	–1,3	–2,0	–0,5	1,0	1,1
USA	1,9	1,8	3,4	2,8	1,9	1,2	–1,0	–0,2	1,8	3,1	2,0	1,3
JAP	1,3	0,7	0,9	1,7	2,0	2,1	2,1	1,1	0,2	0,1	0,9	1,8

TABLE 17 : **Employment in manufacturing industries** (percentage change on preceding year, 1974-96)*

	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	–2,8	–2,5	–0,7	2,0	0,3	–1,6	–2,5	–5,1	–1,8	0,5	0,9
DK	–0,3	–1,3	–2,2	–1,0	0,2	–2,3	–1,2	–3,8	0,8	2,8	2,0
D	–	–	–	–	–	–	–	–	–	–	–
WD	–1,1	0,2	–0,2	1,4	2,8	1,4	–2,0	–6,2	–5,0	–0,8	0,4
GR	–	–	–	–	–	–	–	–	–0,2	–0,3	–0,3
E	–	2,6	2,7	3,7	2,9	–3,3	–4,4	–9,7	–2,9	1,7	2,0
F	–1,6	–2,5	–1,4	0,7	0,8	–1,5	–3,1	–4,0	–2,5	0,8	1,9
IRL	–0,3	–1,0	0,3	2,5	3,0	–0,2	–0,3	–0,4	3,5	4,7	4,1
I	–0,7	–0,4	1,6	0,9	0,5	–2,2	–4,3	–5,4	–1,5	0,5	0,9
L	–1,7	–2,1	–3,8	–1,1	–0,3	4,8	–3,0	–3,4	–1,7	–0,7	–0,1
NL	–1,9	1,1	0,8	1,5	2,0	–0,3	–1,1	–3,6	–3,5	0,8	2,0
A	–	–2,2	–1,3	0,6	0,9	0,3	–2,3	–6,3	–3,0	0,1	0,2
P	–	–1,7	–1,6	1,4	1,3	1,6	–2,0	–3,7	–0,2	0,1	1,0
FIN	–0,6	–1,6	–2,1	–1,6	–2,4	–7,3	–9,6	–6,2	1,5	4,9	3,5
S	–0,7	–0,9	2,0	–1,6	–3,4	–6,6	–9,5	–7,5	–1,4	4,2	4,0
UK	–	–1,4	0,9	–0,2	–1,8	–7,6	–4,0	–3,6	–0,3	0,9	0,7
EUR[1,2]	–	–0,6	0,2	0,9	0,9	–2,0	–3,3	–5,4	–2,5	0,5	1,1

[1] EUR without Greece up to 1993.

[2] Aggregated with West–Germany.

TABLE 18 : **Number of unemployed** (as a percentage of civilian labour force, 1964-96)[1]*

	1964-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	2,0	7,9	10,9	9,7	8,0	6,9	6,7	7,3	8,9	10,0	9,6	9,1
DK	0,9	6,3	5,6	6,4	7,7	8,1	8,9	9,4	10,5	10,2	8,6	8,0
D	–	–	–	–	–	–	5,6	6,6	7,9	8,4	7,8	7,3
WD	0,7	4,4	6,3	6,3	5,6	4,8	4,2	4,5	5,9	6,6	6,3	6,0
GR	4,2	4,3	7,4	7,7	7,5	7,0	7,7	8,7	9,7	9,6	9,6	9,5
E	2,8	12,0	20,5	19,5	17,2	16,2	16,4	18,5	22,8	24,1	23,7	22,8
F	2,2	6,7	10,4	9,9	9,4	9,0	9,5	10,4	11,7	12,5	12,1	11,5
IRL	5,5	10,2	16,0	15,2	13,5	12,2	13,8	15,4	15,7	15,1	14,1	13,1
I	5,2	7,6	10,4	10,4	10.3	9,3	9,3	9,5	10,5	11,4	11,4	10.9
L	0,0	1,8	2,5	2,0	1,8	1,7	1,7	2,1	2,6	3,5	3,6	3,4
NL	1,3	7,4	8,8	8,0	7,1	6,0	5,5	5,6	6,7	7,7	7,6	7,2
A[2]	1,8	2,6	3,8	3,6	3,1	3,2	3,5	3,6	4,1	4,0	3,9	3,8
P	2,5	7,0	6,8	5,5	4,9	4,6	4,0	4,2	5,6	6,9	6,7	6,3
FIN[2]	2,3	4,9	5,1	4,6	3,5	3,5	7,6	13,2	18,0	18,5	16,3	14,6
S[2]	2,0	2,4	1,9	1,6	1,3	1,7	2,9	5,3	8,1	7,8	7,2	6,5
UK	2,0	7,3	10,4	8,5	7,1	7,0	8,9	10,0	10,3	9,5	8,3	7,8
EUR*	2,4	6,8	9,9	9,2	8,4	7,8	8,3	9,3	10,8	11,2	10,7	10,1
USA[3]	4,6	7,4	6,2	5,5	5,3	5,5	6,7	7,4	6,8	6,1	5,7	5,9
JAP[3]	1,2	2,2	2,8	2,5	2,3	2,1	2,1	2,2	2,6	3,1	2,9	2,6

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

[2] OECD adjusted figures.

[3] In percentage of total labour force.

* *Notes* : see page 28.

TABLE 19 : **General government total expenditure** (as a percentage of GDP, 1970-96)*

	1970-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	54,1	59,1	56,8	54,7	54,2	55,3	55,5	56,0	55,6	54,2	53,5
DK	50,5	55,7	58,0	58,4	57,4	57,9	60,1	62,3	62,7	59,3	58,3
D	–	–	–	–	–	48,1	48,9	49,7	49,3	49,1	48,1
WD	45,8	46,9	46,4	45,0	45,3	–	–	–	–	–	–
GR	–	51,1	42,5	43,8	46,1	43,5	44,8	47,3	48,1	47,8	47,3
E	30,7	40,8	41,0	42,3	43,4	45,1	46,2	49,4	47,8	46,7	45,5
F	45,4	51,7	50,8	49,9	50,5	51,1	52,7	55,5	55,4	54,1	53,3
IRL	45,2	49,4	46,3	39,6	40,0	40,6	41,2	41,2	41,1	39,8	38,6
I	41,3	50,2	50,3	51,3	53,2	53,5	53,6	56,9	54,1	53,5	53,6
L	48,0	54,2	–	–	–	–	52,9	53,4	52,5	52,0	51,3
NL	53,1	59,4	57,6	54,8	55,0	55,6	56,3	56,8	55,2	52,9	51,1
A	46,8	52,6	50,9	49,7	49,3	50,2	51,1	53,4	52,2	52,7	52,2
P	–	38,8	38,4	38,6	41,6	43,4	42,8	44,2	43,5	43,1	42,4
FIN	38,7	46,3	45,3	43,3	46,8	55,5	60,7	62,2	60,2	57,2	54,2
S	56,5	59,3	59,5	60,0	60,7	62,7	68,6	74,3	70,5	69,4	66,4
UK	42,3	40,8	38,9	38,6	40,3	40,9	43,3	43,7	43,2	42,5	41,4
EUR*	43,8[1]	48,1	47,2	46,8	47,8	49,0	50,7	52,4	51,5	50,7	49,7
USA	33,6	36,8	35,8	35,8	36,7	37,5	38,6	37,2	36,2	36,1	36,3
JAP	28,6	32,8	32,2	31,5	32,3	32,0	32,8	33,5	34,4	34,9	35,1

1 EUR without Greece and Portugal.

TABLE 20 : **General government total current receipts** (as a percentage of GDP, 1970-96)*

	1970-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	47,2	51,6	50,1	48,4	48,8	48,9	48,8	49,4	50,3	50,0	49,6
DK	49,7	58,1	58,6	57,9	55,9	55,8	57,2	57,8	58,7	57,4	57,1
D	–	–	–	–	–	44,8	46,0	46,4	46,8	47,0	45,7
WD	43,8	45,0	44,2	45,1	43,3	–	–	–	–	–	–
GR	–	39,1	30,6	29,0	32,0	32,0	32,5	34,1	35,5	36,4	37,1
E	28,3	37,7	37,7	39,5	39,5	40,2	42,0	41,9	41,2	40,7	40,8
F	44,2	49,8	49,2	48,7	49,0	48,9	48,8	49,4	49,4	49,3	49,4
IRL	36,2	41,0	41,8	37,9	37,9	38,5	38,8	38,8	38,8	37,0	36,1
I	32,5	39,2	39,6	41,4	42,2	43,3	44,0	47,3	45,1	45,6	45,5
L	50,5	57,5	–	–	–	–	53,6	55,5	54,8	53,4	52,9
NL	50,8	53,5	53,0	50,1	49,9	52,7	52,4	53,5	52,1	49,6	48,6
A	45,3	48,4	47,8	46,9	47,2	47,8	49,1	49,2	48,2	48,1	48,3
P	31,1	33,0	33,9	36,0	36,2	36,9	39,5	37,2	37,6	37,5	37,7
FIN	42,6	47,3	49,3	49,6	52,1	54,0	54,9	54,4	54,6	52,2	53,2
S	56,1	63,6	63,0	65,3	64,9	61,6	60,9	60,9	60,1	60,3	60,6
UK	39,4	39,5	39,1	38,6	38,8	38,3	37,1	35,8	36,3	37,7	38,4
EUR*	40,5[1]	44,3	43,8	44,1	44,0	44,6	45,6	46,2	46,0	46,2	45,9
USA	31,9	34,3	33,8	34,3	34,2	34,1	34,1	33,8	34,2	34,5	34,7
JAP	26,5	33,3	33,7	34,0	35,2	34,9	34,6	32,9	32,4	32,2	32,2

1 EUR without Greece.

TABLE 21 : **General government lending (+) or borrowing (–)** (as a percentage of GDP, 1970-96)*

	1970-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	–7,2	–7,4	–6,6	–6,2	–5,4	–6,5	–6,7	–6,6[2]	–5,3[2]	–4,2	–3,9
DK	–0,8	2,4	0,6	–0,5	–1,5	–2,1	–2,9	–4,5	–4,0	–1,9	–1,2
D	–	–	–	–	–	–3,3	–2,9	–3,3	–2,5	–2,1[4]	–2,4
WD	–2,0	–1,9	–2,2	0,1	–2,1	–	–	–	–	–	–
GR	–	–11,7	–11,9	–14,8	–14,0	–11,6	–12,3	–13,2	–12,5	–11,3	–10,2
E	–2,2	–3,1	–3,3	–2,8	–3,9	–4,9	–4,2	–7,5	–6,6	–6,0	–4,8
F	–1,2	–1,9	–1,7	–1,2	–1,6	–2,2	–3,9	–6,1	–6,0	–4,9	–3,9
IRL	–9,0	–8,5	–4,5	–1,7	–2,2	–2,1	–2,4	–2,4	–2,3	–2,8	–2,6
I	–8,7	–11,0	–10,7	–9,9	–10,9	–10,2	–9,5	–9,6	–9,0	–7,9	–8,1
L	2,5	3,3	–	–	5,9	2,3[3]	0,8	2,1	2,3	1,4	1,5
NL	–3,2	–5,9	–4,6	–4,7	–5,1	–2,9	–3,9	–3,3	–3,1	–3,2	–2,5
A	–1,5	–4,3	–3,0	–2,8	–2,2	–2,4	–2,0	–4,1	–4,0	–4,6	–3,9
P	–	–6,0	–4,7	–2,7	–5,5	–6,5	–3,3	–7,0	–5,8	–5,6	–4,7
FIN	3,9	1,0	4,1	6,3	5,4	–1,5	–5,9	–7,8	–5,6	–5,0	–1,1
S	–0,2	4,2	3,5	5,4	4,2	–1,1	–7,8	–13,4	–10,4	–9,1	–5,8
UK	–2,9	–1,4	0,1	–0,1	–1,5	–2,6	–6,1	–7,8	–6,9	–4,8	–2,9
EUR*	–3,3[1]	–3,9	–3,5	–2,7	–3,8	–4,4	–5,1	–6,3	–5,5	–4,5	–3,9
USA	–1,7	–2,5	–2,0	–1,5	–2,5	–3,5	–4,5	–3,4	–2,0	–1,6	–1,6
JAP	–2,1	0,5	1,5	2,5	2,9	3,0	1,8	–0,5	–2,0	–2,7	–2,9

1 EUR without Greece and Portugal.

2 The figures for 1993 and 1994 include the proceeds from the sale of participations, indirectly owned by the public sector. The amounts involved are, respectively BFR 32.2 bn and 12.7 bn.

3 The figures mentioned in this table correspond to those given in the excessive deficit reporting. The balances were not calculated as the difference between receipts and expenditure, as these figures have not yet been published.

4 Not including unification-related debt assumptions by the federal government (Treuhand and eastern housing companies) equal to 236 bn DM.

* *Notes* : see page 28.

TABLE 22 : **General government gross debt** (as a percentage of GDP, 1980–96)*[1]

	1980	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	78,8	133,2	133,8	130,7	130,8	130,1	131,1	137,2	136,1	134,3	132,3
DK[2]	–	59,6	61,4	59,5	59,6	64,6	69,0	80,3	75,6	76,1	75,4
D	–	–	–	–	–	41,5	44,1	48,2	50,1	58,2	58,1
WD	–	–	–	–	43,8	–	–	–	–	–	–
GR	–	–	–	–	82,6	86,1	92,3	115,2	114,1	115,3	116,2
E	17,3	45,5	41,7	43,2	45,1	45,8	48,3	59,9	62,3	64,6	65,2
F	20,1	33,6	33,7	34,4	35,4	35,7	39,6	45,8	48,5	51,2	52,8
IRL	–	–	–	–	96,8	96,9	94,2	97,0	89,8	84,6	80,8
I	57,8	90,5	92,6	95,6	97,9	101,3	108,4	119,4	125,4	124,9	124,4
L	–	–	–	–	5,4	4,9	5,7	6,9	7,2	7,6	7,8
NL	47,6	76,1	79,2	79,2	78,8	78,9	79,9	81,4	78,1	78,1	77,1
A	37,3	58,7	59,5	58,9	58,3	58,7	58,4	62,8	64,5	66,2	67,4
P	–	–	–	–	68,6	69,3	61,7	66,6	69,2	70,5	70,7
FIN	11,8	18,4	17,4	15,0	14,5	23,0	41,5	57,1	60,1	64,4	64,6
S	41,0	56,2	50,5	45,5	43,5	53,0	67,1	76,2	79,1	84,6	85,7
UK	–	–	–	–	–	35,7	41,9	48,5	50,1	51,5	51,5
EUR*[3]	37,3	62,2	62,3	63,1	59,8	56,0	60,3	66,2	68,1	70,3	70,4

[1] As defined by the Council Regulation n° 3605/93 on the excessive deficit procedures.
[2] Government deposits with the central bank, government holdings of non–government bonds and public enterprise related debt amounted to some 23 % of GDP in 1994.
[3] Aggregated with the available country data which are incomplete until 1991.

TABLE 23 : **Trade balance total (fob/cif)** (in mrd. ECU, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	–0,1	–3,3	–0,7	–2,9	–2,2	–5,6	–7,2	–6,5	9,0	11,7	14,0	15,1
DK	–0,7	–1,8	0,2	0,9	1,2	2,4	2,6	4,3	6,0	5,9	5,6	6,3
D	–	–	–	–	–	–	9,2	15,3	32,0	38,5	43,7	44,7
WD	3,6	18,9	57,0	61,0	64,0	47,4	–	–	–	–	–	–
GR	–0,9	–4,5	–5,6	–5,9	–7,8	–9,2	–10,4	–10,6	–10,8	–11,0	–11,7	–12,4
E	–1,9	–7,4	–8,7	–11,9	–19,3	–20,1	–21,3	–21,8	–15,9	–16,1	–16,8	–19,7
F	–0,8	–10,8	–12,6	–12,2	–14,9	–17,3	–15,4	–7,0	4,4	4,1	2,5	0,0
IRL	–0,4	–0,9	2,0	2,7	3,1	2,3	2,7	5,0	6,1	7,3	7,5	8,3
I	–1,3	–8,3	–7,5	–8,4	–11,2	–9,3	–10,4	–8,2	17,7	19,2	22,4	25,7
L[1]	–	–	–	–	–	–	–	–	–	–	–	–
NL	–1,0	1,2	1,1	1,2	3,5	0,3	–2,7	–5,4	7,2	8,6	9,9	11,1
P	–0,5	–3,0	–3,7	–5,8	–5,6	–6,7	–7,9	–9,0	–9,1	–9,0	–9,3	–10,4
UK	–2,7	–8,6	–20,9	–42,6	–41,1	–31,9	–22,3	–26,9	–21,8	–17,5	–12,4	–7,3
EUR*	–6,6	–28,5	0,8	–23,9	–30,3	–47,6	–83,1	–70,8	24,8	41,6	55,4	61,3

[1] Included in the figures for Belgium.

TABLE 24 : **Balance on current account** (as a percentage of GDP, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	1,1	–1,2	1,3	1,8	1,7	0,9	1,8	2,2	4,6	5,1	5,8	5,7
DK	–2,0	–3,7	–2,9	–1,3	–1,5	0,5	1,1	2,5	2,9	1,9	1,4	1,9
D	–	–	–	–	–	–	–1,1	–1,2	–1,4	–1,8	–1,8	–1,8
WD	0,7	1,1	4,1	4,3	4,8	3,5	–	–	–	–	–	–
GR	–2,4	–2,6	–2,6	–3,2	–6,7	–7,2	–6,1	–4,0	–3,2	–2,4	–2,3	–2,6
E	–0,7	–1,2	0,1	–1,1	–3,2	–3,7	–3,6	–3,6	–1,3	–1,8	–1,9	–1,8
F	0,4	–0,2	–0,2	–0,3	–0,5	–1,0	–0,5	0,1	1,0	1,0	0,9	0,8
IRL	–2,4	–7,4	–0,2	0,0	–1,7	–0,7	2,0	3,3	6,5	7,0	6,9	6,8
I	1,4	–0,6	–0,2	–0,7	–1,3	–1,4	–1,8	–2,2	1,1	1,5	2,7	3,4
L	6,9	28,0	30,3	30,8	34,0	34,2	27,9	30,0	28,8	27,4	26,1	24,7
NL	0,5	2,0	1,9	2,8	3,5	3,8	3,5	3,1	3,7	4,6	4,7	4,9
A	0,1	–0,9	–0,2	–0,2	0,1	0,7	0,0	–0,1	–0,5	–1,0	–1,4	–1,2
P	0,4	–5,2	0,6	–3,4	–0,9	–2,4	–1,9	–1,3	–1,5	–1,9	–0,2	–0,4
FIN	–1,4	–1,9	–2,0	–2,6	–5,1	–5,1	–5,4	–4,6	–1,0	1,1	2,4	1,4
S	0,2	–1,5	–0,6	–1,1	–2,7	–3,6	–2,1	–3,1	–1,1	–0,8	0,7	2,0
UK	–0,1	–0,2	–2,2	–5,0	–5,7	–4,9	–2,7	–2,6	–2,3	–0,0	–0,2	0,4
EUR*	0,3	–0,2	0,6	–0,0	–0,5	–0,7	–1,3	–1,2	–0,1	0,2	0,3	0,5
USA	0,5	–0,6	–3,4	–2,4	–1,7	–1,4	0,1	–1,0	–1,5	–2,3	–2,6	–2,4
JAP	0,6	1,1	3,6	2,8	2,0	1,3	2,5	3,3	3,2	2,9	2,5	2,1

* *Notes :* see page 28.

TABLE 25 : **Rates of change of demand components, EUR*** (1991-96)[1]*

	Percentage change on preceding period at constant prices											
	1991	1992	1993	1994	1995	1996	1994-I	1994-II	1995-I	1995-II	1996-I	1996-II
Private consumption	2,2	1,8	–0,3	1,6	2,1	2,5	1,6	1,9	2,1	2,4	2,6	2,6
Government consumption	1,9	1,7	1,0	0,9	1,1	1,0	0,6	1,0	1,1	1,0	1,0	1,1
Fixed capital formation	–0,6	–0,7	–5,9	2,4	6,3	5,8	3,3	4,2	7,2	6,7	5,9	4,7
— Construction	–0,4	1,1	–2,4	2,2	4,2	4,5	2,9	2,8	4,6	4,8	4,5	4,2
— Equipment	–0,9	–3,0	–9,5	2,5	9,2	7,5	3,9	6,2	10,8	9,2	7,8	5,5
Change in stocks (as % of GDP)	0,4	0,3	–0,4	0,5	0,6	0,6	0,3	0,7	0,7	0,6	0,6	0,7
Domestic demand	1,3	1,1	–1,9	2,4	2,9	2,9	3,1	3,0	2,9	2,7	3,0	2,9
Exports of goods and services	4,5	3,6	1,5	8,6	7,5	6,7	9,1	8,8	7,1	7,0	6,7	6,4
Imports of goods and services	3,6	4,0	–2,6	7,3	6,7	6,6	8,1	7,7	6,5	6,2	6,8	6,7
Gross domestic product	1,5	1,0	–0,5	2,7	3,1	2,9	3,1	3,3	3,1	3,0	3,0	2,8

[1] Half-yearly figures at annual rates, seasonally adjusted (94-I = first half of 1994 etc.).

TABLE 26 : **Imports of goods, volume** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	9,3	2,6	9,0	7,3	7,4	4,7	1,5	4,5	1,7	5,9	6,3	6,3
DK	7,9	1,8	–3,2	–0,0	5,4	0,4	5,1	–0,5	–4,9	10,6	8,8	5,1
D	–	–	–	–	–	–	–	2,0	–8,5	6,7	6,9	6,3
WD	8,7	3,8	4,6	5,9	9,7	11,4	12,3	3,3	–7,5	8,0	7,6	6,6
GR	12,8	3,0	20,2	6,1	10,0	11,7	10,2	0,6	1,3	2,8	5,3	5,1
E	–	1,7	21,4	14,5	17,6	7,2	9,8	5,7	–6,0	13,6	10,6	10,2
F	11,3	2,6	7,7	9,0	8,0	5,7	2,9	0,6	–3,8	7,0	7,7	7,5
IRL	9,2	4,3	3,8	3,0	12,3	7,1	1,0	4,8	6,3	10,0	9,5	7,1
I	10,2	2,9	9,3	6,5	6,7	5,3	4,7	3,4	–9,2	9,3	7,0	8,0
L	6,2	2,6	7,5	7,4	7,2	3,8	8,7	–0,5	–3,5	4,9	5,0	5,1
NL	9,4	2,5	4,6	8,0	6,9	4,7	4,3	2,0	–0,6	5,7	5,9	5,2
A	–	4,5	5,9	8,7	11,7	11,5	5,9	2,6	–1,9	7,8	5,0	6,0
P	–	–	20,3	15,8	8,9	9,7	4,9	11,1	–3,2	8,4	7,7	9,6
FIN	–	2,2	9,6	8,9	11,0	–4,5	–17,6	–2,3	–3,2	16,5	12,1	10,2
S	–	3,5	7,6	4,7	6,1	1,9	–7,3	1,0	3,4	15,3	7,9	6,5
UK	5,2	3,0	7,5	13,7	7,9	0,1	–5,3	6,7	3,6	5,7	5,6	5,3
EUR*[1]	9,0	2,3	7,7	8,3	8,8	6,2	4,4	3,2	–3,2	7,7	7,1	6,8
USA	9,1[2]	5,7	4,2	4,0	4,4	2,4	0,5	10,3	11,9	15,0	10,8	6,4
JAP	–	2,4	4,9	20,7	13,0	6,0	–3,5	–1,5	7,0	10,0	8,8	9,3

[1] Excluding Spain up to 1973 and Portugal up to 1986.

[2] Average 1964-73.

TABLE 27 : **Exports of goods, volume** (percentage change on preceding year, 1961-96)*

	1961-73	1974-86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
B	10,1	2,9	6,5	9,0	6,2	4,0	1,7	4,2	2,0	7,0	6,1	5,8
DK	6,8	4,4	3,4	6,1	5,3	4,7	7,1	5,1	–1,7	6,8	5,3	5,2
D	–	–	–	–	–	–	–	0,6	–6,0	8,9	6,8	5,7
WD	8,0	4,3	0,9	6,2	9,7	7,9	10,2	7,6	–2,2	9,7	7,3	5,6
GR	12,0	7,3	13,0	6,8	–0,3	–5,3	14,6	7,2	0,0	6,6	5,2	5,7
E	–	8,9	7,4	7,8	6,8	7,3	10,0	6,7	11,0	20,7	12,7	10,6
F	10,0	3,9	3,7	9,0	9,1	5,3	3,9	4,7	–1,0	6,6	6,4	6,1
IRL	8,1	8,3	13,7	8,9	10,4	8,8	5,0	14,6	10,3	11,5	8,9	7,3
I	11,5	5,2	4,2	6,0	8,0	4,4	1,6	4,2	8,4	10,5	11,4	9,1
L	5,3	1,9	6,5	9,8	6,5	1,2	3,1	0,2	–4,0	6,2	5,5	5,8
NL	10,3	3,2	4,0	9,2	6,3	5,2	4,8	2,6	0,9	6,2	5,3	5,5
A	–	5,8	4,5	10,3	16,1	9,1	6,5	2,2	1,0	8,0	6,8	6,1
P	–	–	7,7	10,1	15,9	10,3	1,1	6,1	–5,1	12,3	10,7	9,5
FIN	–	3,4	1,6	3,1	0,5	2,4	–9,4	9,3	19,0	12,9	8,0	5,5
S	–	3,1	3,8	4,0	2,0	0,2	–3,1	1,2	8,5	15,8	9,7	7,2
UK	5,0	3,9	9,0	2,1	5,8	6,2	1,2	2,5	3,2	10,6	8,2	7,5
EUR*[1]	8,8	4,8	4,6	6,7	8,0	5,9	4,9	3,5	1,8	9,6	7,9	7,0
USA	6,7[2]	2,6	10,0	19,3	11,8	7,3	7,5	6,6	5,5	11,4	12,5	11,3
JAP	–	8,1	–0,1	5,3	4,4	4,9	2,3	0,7	–1,0	5,3	4,0	4,7

[1] Excluding Spain up to 1973 and Portugal up to 1986.

[2] Average 1964-73.

* *Notes* : see page 28.

TABLE 28 : **Export markets and export performance**
(percentage change on preceding year, 1994-96)*

	Export markets			Export performance[1]		
	1994	1995	1996	1994	1995	1996
B	8,4	7,9	7,5	–1,3	–1,7	–1,5
DK	9,0	7,0	6,7	–2,0	–1,6	–1,4
D	9,1	7,9	7,6	–0,2	–1,0	–1,8
GR	7,5	6,9	7,0	–0,8	–1,6	–1,2
E	8,3	7,4	7,4	11,5	5,0	2,9
F	8,9	7,5	7,3	–2,1	–1,0	–1,1
IRL	8,6	7,2	6,4	2,7	1,6	0,8
I	8,7	8,1	7,6	1,7	3,1	1,4
L[2]	–	–	–	–	–	–
NL	7,8	6,7	6,6	–1,4	–1,3	–1,0
A	8,4	7,8	7,6	–0,4	–0,9	–1,4
P	9,5	8,0	7,4	2,6	2,5	2,0
FIN	10,2	8,0	7,3	2,5	–0,0	–1,7
S	9,5	8,5	7,3	5,8	1,1	–0,1
UK	9,6	8,1	7,5	0,9	0,1	0,0
EUR*	8,9	7,7	7,4	0,6	0,2	–0,4
USA	10,4	8,9	8,6	0,9	3,3	2,5
JAP	13,0	10,7	8,7	–6,8	–6,1	–3,7

[1] Indices of export volume growth divided by index of market growth (includes intra-EC trade).

[2] Included in the figures for Belgium.

TABLE 29 : **Trade balances (fob-fob) EUR, USA and Japan***

	1991	1992	1993	1994	1995	1996
			as a % of GDP			
EUR	–0,1	2,2	–0,3	0,5	1,1	1,0
USA	3,7	5,1	6,1	5,8	5,3	5,6
Japan	1,3	1,6	2,0	2,5	2,6	2,6
			in mrd USD			
EUR	–34,8	–11,8	63,0	96,8	132,2	148,4
USA	–74,1	–96,1	–132,6	–182,1	–216,8	–213,1
Japan	103,1	132,4	141,6	145,8	151,0	145,1
			in mrd ECU			
EUR	–28,1	–9,1	53,7	81,5	101,2	112,1
USA	–59,8	–74,2	–113,1	–153,4	–165,9	–161,0
Japan	83,3	102,2	120,8	122,8	115,6	109,6

TABLE 30 : **World export prices**[1]
(percentage change on preceding year)*

	1991	1992	1993	1994	1995	1996
Fuels	–15,1	–3,3	–11,9	–7,1	7,2	3,8
Other primary commodities	–5,4	–0,5	–7,3	8,5	10,5	4,5
Manufactures	0,0	3,0	–3,4	15,8	17,0	17,6

[1] In US dollars.

Source : United Nations and forecasts by Commission services.

TABLE 31 : **World GDP** (at constant prices)*
(percentage change on preceding year)

	1991	1992	1993	1994	1995	1996
EUR	1,5	1,0	–0,5	2,7	3,1	2,9
USA	–0,6	2,3	3,2	4,1	3,2	2,3
Canada	–1,7	0,7	2,2	4,5	4,0	2,7
Japan	4,3	1,1	0,1	0,6	1,6	2,9
Rest OECD	0,8	3,0	3,5	1,9	3,2	3,4
Total OECD	0,7	1,7	1,2	2,9	3,0	2,7
CCEE	–12,7	–15,5	–9,8	–10,5	–4,5	1,8
OPEC	–3,6	6,8	3,5	2,8	4,2	4,7
Other developing countries	2,9	5,8	5,8	6,8	6,0	6,3
— DAE's	7,8	6,3	6,8	7,8	7,6	7,5
— Other Asia	5,2	9,2	9,1	8,5	8,2	7,8
— Latin America	2,9	2,1	3,6	4,6	1,5	3,5
— Africa	0,4	–0,3	0,5	3,1	4,3	4,5
World	–0,6	0,7	1,4	2,7	3,1	3,6
World excluding EUR	–1,2	0,6	1,9	2,6	3,1	3,8

TABLE 32 : **World imports of goods** (at constant prices)*
(percentage change on preceding year)

	1991	1992	1993	1994	1995	1996
EUR	4,4	3,2	–3,3	7,7	7,1	6,8
USA	0,5	10,3	11,9	15,0	10,8	6,4
Canada	1,4	4,6	6,4	13,1	11,4	8,5
Japan	–3,5	–1,5	7,0	10,0	8,8	9,3
Rest OECD	0,1	–0,7	8,3	4,7	8,7	7,8
Total OECD	1,7	3,6	2,7	9,7	8,4	7,1
CCEE	–17,5	–10,6	5,7	7,9	5,9	10,4
OPEC	8,4	8,9	–3,8	1,0	5,1	5,5
Other developing countries	11,4	13,0	10,4	13,1	10,1	10,8
— DAE's	14,1	11,5	12,1	14,9	12,8	12,3
— Other Asia	12,5	20,0	18,3	10,6	11,9	12,0
— Latin America	16,5	21,5	14,0	14,7	1,1	6,9
— Africa	–5,3	1,1	4,7	4,2	4,8	5,3
World	4,0	6,0	4,8	10,1	8,6	8,0
World excluding EUR	3,5	7,8	9,0	11,7	9,6	8,7

TABLE 33 : **World balances of current account**
(in billions USD)*

	1991	1992	1993	1994	1995	1996
EUR	–67,0	–65,4	11,0	13,1	28,8	48,4
USA[1]	–6,9	–67,8	–103,9	–156,5	–187,5	–179,4
Canada	–24,1	–22,1	–23,9	–18,3	–14,0	–12,3
Japan	72,9	117,6	131,5	132,1	131,7	120,9
Rest OECD	4,4	4,2	1,1	17,7	21,7	26,3
Total OECD	–31,9	–46,8	12,1	–12,0	–19,2	3,8
CCEE	–	–4,6	–7,9	–4,9	–5,7	–9,7
OPEC	–65,7	–32,0	–19,8	–20,6	–18,6	–19,3
Other developing countries	–85,0	–70,1	–83,5	–63,3	–63,5	–70,0
— DAE's	–1,7	1,5	4,1	2,8	–1,9	–5,3
— Other Asia	4,2	–4,2	–23,8	–15,2	–16,3	–16,0
— Latin America	–18,1	–30,7	–39,2	–45,4	–38,4	–40,8
— Africa	–3,8	–4,7	–4,7	–5,5	–6,9	–7,9
Errors and omissions	–120,9	–121,5	–79,3	–100,8	–107,1	–95,2

[1] The balance takes into account as public transfers to the USA the contributions of foreign governments to the cost of the Gulf war in 1991.

TABLE 34 : **World trade balances**
(fob-fob, in billions USD)*

	1991	1992	1993	1994	1995	1996
EUR	–34,8	–11,8	63,0	96,8	132,2	148,4
USA	–74,1	–96,1	–132,6	–182,1	–216,8	–213,1
Canada	3,7	6,0	7,6	12,5	17,3	19,8
Japan	103,1	132,4	141,6	145,8	151,0	145,1
Rest OECD	3,7	5,6	–2,4	7,1	8,7	11,0
Total OECD	1,7	37,9	83,5	80,1	92,4	111,2
CCEE	–4,5	–2,0	2,0	2,9	1,8	–2,7
OPEC	43,3	40,1	46,2	42,4	48,4	52,7
Other developing countries	33,6	6,9	–9,1	–63,2	–61,4	–67,2
— DAE's	–2,2	0,2	1,1	–6,8	–13,4	–17,8
— Other Asia	–5,4	–12,8	–27,8	–20,2	–21,8	–22,0
— Latin America	3,1	–12,5	–19,8	–26,4	–14,8	–14,8
— Africa	–5,3	–8,0	–8,9	–9,8	–11,4	–12,6
Errors and omissions	30,9	42,8	76,4	62,3	81,3	94,0

* *Notes :* see page 28.

TABLE 35 : **Demand components at constant prices (1) and contributions to real GDP growth (2) EUR countries and EUR, 1990–96*.**

B[5]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	2,7	3,2	2,6	–1,0	0,7	1,8	2,7
Government consumption	0,3	2,4	0,4	1,9	1,6	1,2	1,0
Fixed capital formation	10,2	–1,4	0,1	–5,9	–0,3	7,1	5,5
— Construction	7,1	2,5	5,3	–1,0	1,0	4,8	4,0
— Equipment	13,5	–5,0	–6,2	–12,3	–1,9	10,0	7,3
Exports of goods and services	4,1	2,6	3,9	1,6	6,3	5,6	5,4
Imports of goods and services	4,2	2,4	4,1	1,6	5,5	5,8	5,9
GDP	3,2	2,3	1,9	–1,7	2,3	2,7	2,6
Contributions to growth							
Final domestic demand	3,8	2,1	1,8	–1,6	0,7	2,7	3,0
Stockbuilding	–0,5	0,0	0,3	–0,1	0,9	0,2	0,1
Foreign balance	–0,1	0,1	–0,3	–0,0	0,7	–0,3	–0,6

DK[3]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	0,0	1,2	1,1	2,4	7,1	4,5	2,6
Government consumption	–0,4	–0,1	1,4	2,8	0,6	1,5	1,2
Fixed capital formation	–1,7	–5,7	–7,2	–2,3	3,6	5,9	4,0
— Construction	–5,6	–11,2	–0,4	–6,8	4,7	4,1	1,6
— Equipment	1,9	0,5	–13,4	2,0	2,5	7,7	6,3
Exports of goods and services	6,9	7,7	2,7	–2,0	6,9	5,0	5,0
Imports of goods and services	1,2	4,1	–0,2	–4,1	10,5	8,4	5,0
GDP	1,4	1,3	0,8	1,5	4,4	3,3	2,9
Contributions to growth							
Final domestic demand	–0,4	–0,4	–0,3	1,5	4,4	3,6	2,3
Stockbuilding	–0,5	0,0	–0,2	–0,7	0,6	0,4	0,2
Foreign balance	2,4	1,8	1,3	0,6	–0,6	–0,8	0,4

D[9]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	–	–	3,5	0,2	1,3	1,6	2,4
Government consumption	–	–	2,8	–0,7	1,2	1,3	1,5
Fixed capital formation	–	–	4,2	–4,5	4,3	6,7	5,3
— Construction	–	–	9,9	2,8	7,9	6,1	5,3
— Equipment	–	–	–2,4	–13,8	–1,1	7,9	5,4
Exports of goods and services	–	–	0,2	–6,2	7,2	6,4	5,6
Imports of goods and services	–	–	3,3	–6,1	6,1	6,4	6,1
GDP	–	–	2,2	–1,1	2,9	3,0	2,6
Contributions to growth							
Final domestic demand	–	–	3,5	–1,0	2,0	2,7	2,9
Stockbuilding	–	–	–0,6	–0,2	0,7	0,3	–0,1
Foreign balance	–	–	–0,8	0,0	0,2	–0,0	–0,2

WD[9]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	5,3	5,6	2,2	0,3	0,8	1,3	2,3
Government consumption	1,2	–2,0	5,0	–2,4	1,1	1,4	1,6
Fixed capital formation	8,5	5,8	0,3	–8,3	1,2	4,2	3,1
— Construction	4,9	2,7	4,3	–0,8	4,1	2,5	2,2
— Equipment	13,2	9,5	–4,2	–17,6	–3,1	6,9	4,3
Exports of goods and services	11,0	10,9	5,4	–3,2	7,7	6,7	5,5
Imports of goods and services	10,3	11,6	4,4	–5,3	7,1	7,0	6,3
GDP	5,7	5,0	1,8	–1,7	2,3	2,5	2,2
Contributions to growth							
Final domestic demand	5,1	4,4	2,0	–1,9	0,9	1,8	2,2
Stockbuilding	–0,1	0,2	–0,8	–0,2	0,7	0,3	–0,2
Foreign balance	0,7	0,4	0,6	0,4	0,7	0,4	0,1

GR[7]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	2,1	2,3	1,8	0,2	1,0	1,4	1,5
Government consumption	–3,3	0,3	–3,0	0,3	0,2	0,0	0,0
Fixed capital formation	10,0	–6,7	–1,1	–2,5	–0,1	5,1	4,9
— Construction	7,3	–7,8	–5,9	–5,1	–3,1	5,5	4,2
— Equipment	14,9	–4,9	6,8	1,3	4,1	4,6	5,8
Exports of goods and services	1,5	15,6	8,5	–0,7	6,8	5,5	5,9
Imports of goods and services	11,3	10,6	2,3	2,3	3,0	5,1	4,9
GDP	–1,0	3,2	0,8	–0,5	1,2	1,6	1,8
Contributions to growth							
Final domestic demand	3,3	0,1	0,6	–0,4	0,7	2,2	2,2
Stockbuilding	–1,4	3,6	–0,8	0,8	–0,1	–0,1	–0,0
Foreign balance	–2,9	–0,5	1,0	–0,9	0,5	–0,6	–0,4

E[6]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	3,6	2,8	2,1	–2,0	0,9	2,4	3,2
Government consumption	6,6	5,6	3,7	2,3	0,2	0,4	0,4
Fixed capital formation	6,6	1,3	–4,1	–10,5	1,0	6,2	6,0
— Construction	10,2	4,0	–4,6	–6,6	1,2	5,5	4,9
— Equipment	2,2	–2,5	–2,7	–17,0	0,6	7,4	8,0
Exports of goods and services	3,2	7,9	7,3	8,3	17,7	11,3	10,5
Imports of goods and services	7,8	9,0	6,9	–5,1	11,0	10,1	10,2
GDP	3,7	2,2	0,7	–1,1	2,0	3,1	3,4
Contributions to growth							
Final domestic demand	5,0	3,0	0,9	–3,5	0,9	2,9	3,4
Stockbuilding	0,0	–0,0	0,1	–1,0	–0,1	0,1	0,1
Foreign balance	–1,3	–0,8	–0,4	3,3	1,2	0,1	–0,1

F[3]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	2,7	1,4	1,4	0,2	1,5	2,5	2,7
Government consumption	2,1	2,8	3,5	3,4	1,0	1,6	1,6
Fixed capital formation	2,8	0,0	–3,1	–5,8	1,1	5,4	5,6
— Construction	2,0	–0,1	–1,3	–3,5	1,0	2,0	2,5
— Equipment	3,8	–1,2	–4,6	–5,8	1,4	10,7	10,0
Exports of goods and services	5,4	4,1	4,9	–0,4	5,8	5,7	5,6
Imports of goods and services	6,1	3,0	1,1	–3,4	6,6	6,9	6,7
GDP	2,5	0,8	1,3	–1,5	2,7	3,1	2,9
Contributions to growth							
Final domestic demand	2,6	1,3	0,8	–0,5	1,3	3,0	3,1
Stockbuilding	0,2	–0,7	–0,4	–1,8	1,5	0,5	0,2
Foreign balance	–0,3	0,2	1,0	0,8	–0,2	–0,4	–0,4

IRL[5]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	1,3	2,6	2,9	1,2	5,0	5,3	4,0
Government consumption	5,8	2,7	2,4	1,1	3,0	3,2	2,5
Fixed capital formation	12,8	–8,2	–1,9	–0,5	7,2	9,2	8,0
— Construction	20,5	0,6	0,6	–3,4	7,4	9,0	7,5
— Equipment	6,0	–17,1	–4,9	3,2	7,0	9,5	8,5
Exports of goods and services	8,9	5,2	13,2	9,6	11,3	8,8	7,3
Imports of goods and services	5,5	1,3	5,4	5,9	9,9	9,4	7,2
GDP	8,6	2,9	5,0	4,0	6,3	6,9	5,5
Contributions to growth							
Final domestic demand	3,8	0,4	1,7	0,7	4,2	4,6	3,6
Stockbuilding	2,2	–0,3	–2,8	–0,5	–0,8	1,0	0,4
Foreign balance	2,6	2,8	6,1	3,8	3,0	1,4	1,5

I[5]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	2,9	2,6	1,7	–3,0	1,6	1,7	2,6
Government consumption	1,2	1,5	0,9	0,8	0,0	0,8	1,2
Fixed capital formation	3,8	0,6	–2,0	–11,1	–0,1	5,0	5,9
— Construction	3,5	1,4	–2,1	–6,2	–5,2	1,8	4,4
— Equipment	4,1	–0,1	–1,9	–15,6	5,3	8,0	7,2
Exports of goods and services	8,7	–0,2	5,4	10,5	10,9	11,5	9,2
Imports of goods and services	10,6	2,3	5,8	–7,7	9,8	7,2	8,1
GDP	2,1	1,2	0,7	–0,7	2,2	3,3	3,4
Contributions to growth							
Final domestic demand	2,9	2,1	0,8	–4,2	1,0	2,1	2,9
Stockbuilding	0,0	–0,1	0,3	–1,6	0,8	–0,1	0,0
Foreign balance	–0,7	–0,7	–0,3	5,1	0,3	1,3	0,5

L[5]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	4,0	6,5	1,7	–0,9	2,2	2,4	2,2
Government consumption	3,2	3,8	3,5	1,3	1,2	1,4	1,4
Fixed capital formation	2,5	9,8	–2,1	6,7	1,5	4,3	2,8
— Construction	9,8	8,7	5,4	4,4	0,6	4,6	2,7
— Equipment	–6,0	11,2	–12,1	10,0	2,8	4,0	3,0
Exports of goods and services	2,6	3,6	1,3	–2,4	5,9	5,4	5,6
Imports of goods and services	4,3	8,1	0,2	–2,5	5,0	5,0	5,2
GDP	3,2	3,1	1,9	2,1	3,0	3,3	2,9
Contributions to growth							
Final domestic demand	3,4	6,9	0,9	1,5	1,9	2,8	2,3
Stockbuilding	1,7	1,2	–0,3	0,4	0,4	0,2	0,2
Foreign balance	–1,9	–5,1	1,3	0,2	0,8	0,2	0,3

TABLE 35 *(continued)*

NL[8]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	4,2	3,1	2,6	0,7	1,5	2,3	2,0
Government consumption	1,6	1,5	1,3	0,1	1,0	1,8	0,5
Fixed capital formation	1,6	0,2	1,1	–2,2	2,4	6,9	4,1
— Construction	–0,0	–0,0	1,9	–3,2	3,7	4,6	3,0
— Equipment	3,7	0,6	0,4	–1,0	0,9	9,9	5,5
Exports of goods and services	5,3	4,7	2,8	1,7	5,9	5,2	5,5
Imports of goods and services	4,2	4,1	2,7	0,2	5,6	5,8	5,2
GDP	4,1	2,3	1,3	0,3	2,5	3,2	2,8
Contributions to growth							
Final domestic demand	3,1	2,1	1,9	–0,0	1,5	3,0	2,1
Stockbuilding	0,2	–0,3	–0,8	–0,5	0,4	0,2	0,2
Foreign balance	0,8	0,5	0,1	0,9	0,5	0,0	0,5

[4]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	3,6	2,9	1,9	0,2	2,3	2,4	2,3
Government consumption	1,2	3,1	2,4	3,0	2,4	2,0	1,6
Fixed capital formation	5,7	6,3	1,3	–2,1	5,5	5,5	4,2
— Construction	5,8	5,4	5,4	7,2	4,0	3,4	2,8
— Equipment	5,7	4,7	–0,9	–6,1	7,9	8,5	6,2
Exports of goods and services	8,1	5,9	2,8	–1,0	4,9	5,1	5,4
Imports of goods and services	7,8	6,3	2,6	–0,6	7,8	4,8	5,7
GDP	4,2	2,9	1,8	–0,1	2,7	2,7	2,5
Contributions to growth							
Final domestic demand	3,6	3,7	1,8	0,1	3,2	3,2	2,7
Stockbuilding	0,5	–0,6	–0,1	0,1	1,0	–0,6	0,1
Foreign balance	0,2	–0,1	0,1	–0,2	–1,4	0,1	–0,3

[8]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	6,9	4,8	3,7	0,4	0,4	1,4	2,0
Government consumption	5,7	3,0	1,4	0,0	1,5	0,9	1,0
Fixed capital formation	6,8	2,4	5,4	–4,8	3,5	7,1	9,9
— Construction	5,3	10,4	0,0	–4,8	1,2	9,0	12,8
— Equipment	6,3	–0,1	5,4	–4,8	5,3	5,5	7,5
Exports of goods and services	10,5	0,5	6,1	–5,1	10,8	10,4	9,3
Imports of goods and services	13,7	5,4	11,1	–3,2	7,9	7,6	9,4
GDP	4,3	2,1	1,1	–1,2	1,1	3,0	3,2
Contributions to growth							
Final domestic demand	7,0	4,2	4,1	–1,1	1,5	3,2	4,5
Stockbuilding	–0,2	0,4	0,6	0,1	0,2	0,3	0,3
Foreign balance	–1,9	–2,0	–2,7	–0,3	–0,6	–0,5	–1,6

IN[8]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	–0,0	–3,6	–4,9	–3,9	2,0	5,2	3,9
Government consumption	3,8	2,5	–2,2	–5,3	–0,4	–0,8	–1,0
Fixed capital formation	–4,1	–20,3	–16,9	–18,6	2,8	18,4	18,1
— Construction	–1,3	–14,5	–17,3	–18,1	–6,2	9,8	14,9
— Equipment	–8,5	–30,2	–16,0	–19,8	22,0	32,3	22,4
Exports of goods and services	1,4	–6,6	10,0	16,7	12,5	8,0	5,5
Imports of goods and services	–0,6	–11,7	1,1	0,7	12,6	11,0	9,8
GDP	0,0	–7,1	–3,6	–1,6	3,9	5,3	4,2
Contributions to growth							
Final domestic demand	–0,4	–6,8	–7,1	–7,0	1,4	5,5	5,1
Stockbuilding	–1,0	–2,4	0,7	0,8	1,7	0,1	–0,1
Foreign balance	0,4	1,4	2,1	4,3	0,8	–0,3	–0,9

S[9]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	–0,1	1,1	–1,4	–3,7	0,5	0,4	1,1
Government consumption	2,6	3,2	–0,0	–0,6	–1,0	0,5	0,3
Fixed capital formation	0,7	–8,4	–10,8	–17,6	–0,4	12,7	9,8
— Construction	2,0	–5,2	–7,7	–19,2	–11,5	5,4	5,6
— Equipment	–0,6	–11,9	–16,0	–14,7	18,1	21,9	14,3
Exports of goods and services	1,9	–2,4	2,3	7,6	13,8	9,4	6,8
Imports of goods and services	0,7	–5,0	1,1	–2,8	13,2	7,1	6,2
GDP	1,4	–1,1	–1,4	–2,6	2,2	2,8	3,0
Contributions to growth							
Final domestic demand	0,8	–0,4	–2,9	–5,2	–0,1	2,2	2,2
Stockbuilding	0,2	–1,7	1,1	–0,3	1,4	–0,6	0,2
Foreign balance	0,4	1,0	0,4	2,9	0,9	1,2	0,7

UK[8]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	0,6	–2,2	0,0	2,6	2,6	2,4	2,5
Government consumption	2,5	2,6	–0,0	0,6	1,6	0,7	0,3
Fixed capital formation	–3,5	–9,5	–1,2	0,3	3,2	5,5	5,4
— Construction	–2,8	–8,4	–0,0	–0,6	2,3	2,2	3,7
— Equipment	–4,3	–10,8	–2,7	1,6	4,4	9,9	7,4
Exports of goods and services	5,0	–0,7	3,1	3,0	8,8	7,4	6,6
Imports of goods and services	0,4	–5,3	6,3	2,9	5,9	5,4	4,8
GDP	0,4	–2,0	–0,5	2,0	3,8	3,1	2,8
Contributions to growth							
Final domestic demand	0,2	–2,7	–0,2	1,8	2,6	2,6	2,6
Stockbuilding	–0,9	–0,6	0,6	0,3	0,5	–0,0	–0,2
Foreign balance	1,3	1,5	–1,1	–0,1	0,6	0,4	0,5

EUR[5]	1990	1991	1992	1993	1994	1995	1996
Demand components							
Private consumption	3,0	2,2	1,8	–0,3	1,6	2,1	2,5
Government consumption	2,1	1,9	1,7	1,0	0,9	1,1	1,0
Fixed capital formation	3,6	–0,6	–0,7	–5,9	2,4	6,3	5,8
— Construction	3,1	–0,4	1,1	–2,4	2,2	4,2	4,5
— Equipment	4,5	–0,9	–3,0	–9,5	2,5	9,2	7,5
Exports of goods and services	6,8	4,5	3,6	1,5	8,6	7,5	6,7
Imports of goods and services	6,3	3,6	4,0	–2,6	7,3	6,7	6,6
GDP	2,9	1,5	1,0	–0,5	2,7	3,1	2,9
Contributions to growth							
Final domestic demand	3,0	1,5	1,2	–1,3	1,7	2,8	2,9
Stockbuilding	–0,2	–0,3	–0,1	–0,7	0,8	0,1	0,0
Foreign balance	0,1	0,3	–0,2	1,4	0,3	0,1	–0,1

1 Percentage change on preceding year.
2 Change as a percentage of GDP of preceding period.
3 1980 prices.
4 1983 prices.
5 1985 prices.
6 1986 prices.
7 1988 prices.
8 1990 prices.
9 1991 prices.
Source : Commission services.
* *Notes :* see page 28.

Notes on technicalities, concepts and sources

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

2. *Concepts and sources*

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

   The historical part of the time series presented in the tables (in the present case, until 1993) is based on ESA national accounts (European System of Integrated Economic Accounts) which are published once a year by Eurostat. In the prospective part (1994 estimates, 1995 and 1996 forecasts) the concepts are generally in line with national economic accounting practice and, therefore, do not always follow the ESA definitions.

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

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

4. Technical Notes

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

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

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

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

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

Principal economic policy measures – March 1995

Community (EUR–15)

5.3 The bilateral central rates of the Spanish peseta and of the Portuguese escudo were reduced by 7 % and 3.5 % respectively.

8.3 Commission adopts its communication to the Council on the Follow–up to the Essen European Council on Employment.

Belgium (B)

8.3 The central bank increases its central rate from 4.85% to 5.85%. It raises the rate on advances within the ceiling from 6.35% to 7.85% and increases that on advances in excess of the ceiling by one percentage point to 10%.

24.3 The government concludes the Budgetary review for 1995. The budget is adjusted in line with the new economic hypotheses: GDP growth, estimated at 2.6% last summer, is adjusted upwards by 0.2 of a percentage point to 2.8% and the rate of inflation is cut from 2.8% to 2.3%. The government also amends the short–term interest–rate hypothesis, from 5% to 6.1%. The budgetary impact of these adjustments is BFR 8 billion.

30.3 The central bank cuts its principal interest rates with effect from 31 March. It reduces its central rate from 5.85% to 5.25% and its discount rate from 4.50% to 4%. It also cuts the rate on advances within the ceiling from 7.85% to 7.25% and that on advances in excess of the ceiling from 10% to 9.50%.

Denmark (DK)

8.3 The central bank raises both the official discount rate and the rate on current account deposits from 5.00% to 6.00%.

Germany (D)

30.3 The Bundesbank reduces its discount rate by 50 basis points to 4%, while the repo rate is lowered to 4.50% (previously 4.8%).

31.3 The Bundestag adopts the federal budget for 1995. Expenditure is planned to rise 1.3%; the net borrowing requirement is expected to fall to DM 49 billion.

Greece (GR)

31.3 The Bank of Greece lowers the overdraft rate by 200 basis points to 28%.

Spain (E)

6.3 The central parity of the Spanish peseta is revised downward by 7% as compared to its previous central parity within the ERM.

14.3 The Bank of Spain raises its key ten–day intervention rate from 8% to 8.5%.

16.3 The Spanish regional governments agree to reduce their overall public deficit to 0.18% of GDP and their public debt–to–GDP ratio to 5.3%, both in 1997, in order to achieve the Spanish convergence programme targets.

17.3 The Spanish Parliament approves the so–called "privatization law" which establishes a legal framework for the privatization of publicly owned firms in Spain.

21.3 The Spanish government approves the new draft of the corporation tax law.

France (F)

8.3 The Bank of France replaces its 5 to 10 day emergency lending facility with an overnight facility in an effort to strengthen the franc. The top lending rate is raised from 6.40% to 8.0%. The intervention rate at which the central bank allocates repo funds remains unchanged at 5.0%.

Ireland (IRL)

9.3 The central bank increases its key short–term facility (STF) by 0.5% on 3 March and by a further 0.5% on 9 March to 7.25%.

Italy (I)

16.3 The government wins a vote of confidence in Parliament over the ratification of a supplementary fiscal package earlier introduced by decree. The measures are equivalent to 1.2% of GDP and include a revision of VAT rates and of excise duties on oil products.

Luxembourg (L)

None.

Netherlands (NL)

30.3 The central bank cuts its rate on special advances from 4.80% to 4.50% and its central rate from 4.50% to 4%.

Austria (A)

31.3 The Austrian central bank reduces the discount rate from 4.5% to 4% and the Lombard rate from 5.5% to 5.25%.

Portugal (P)

5.3 The Portuguese escudo is devalued by 3.5% within the ERM; the realignment is generally considered to be a technical adjustment following the devaluation of the peseta by 7%.

18.3 The government adopts a programme to promote the employment of young people looking for their first jobs (14 to 30 age–bracket) or the long–term unemployed. The programme is based on the waiving of 50% of employers' social security contributions for employment contracts of limited or unlimited duration. A grant equal to 12 times the national minimum wage is also available for each employee recruited for an unlimited period.

Sweden (S)

8.3 The government presents to Parliament its proposal for a one–year employment subsidy for people who were unemployed from November to December last year.

21.3 The central bank, the Riksbanken, increases the repo rate from 8.10% to 8.15%.

28.3 The central bank increases the repo rate from 8.15% to 8.20%.

United Kingdom (UK)

None.

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