

# EUROPEAN ECONOMY

EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

## Supplement A

Economic trends

No 5/6 – May/June 1996



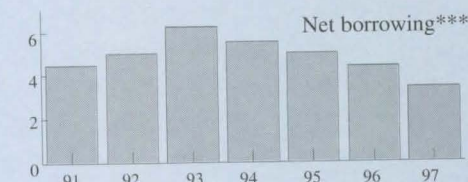
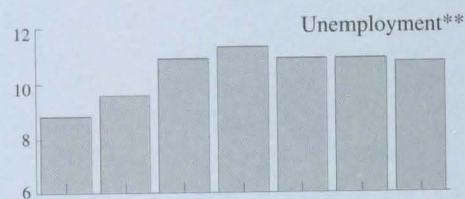
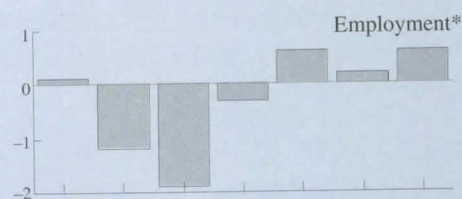
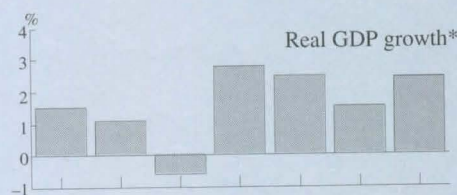
*In this number :  
Economic Forecasts  
for 1995–1997<sup>1</sup>*

### THE COMMUNITY ECONOMIC OUTLOOK : 1995–1997<sup>1</sup>

The main features of the Commission Services' Spring 1996 Economic Forecasts are as follows:

- The Community's economy slowed down towards the end of 1995 and the beginning of 1996. However, the current growth pause in the Community is expected to come to an end soon and to give way to a renewed strengthening during the second half of 1996, driven by sound fundamentals and supportive monetary and financial conditions.
- Output growth in the Community as a whole is now expected to be 1.5 per cent in 1996 (down by about one percentage point on the Autumn forecast) and 2.4 per cent in 1997 (down by half of a percentage point).
- Employment is expected to increase by 0.2 per cent this year, and it is forecast to rise by 0.6 per cent in 1997. Unemployment is forecast to stand at 10.9 per cent of the labour force in 1996 and to decline only marginally to 10.8 per cent in 1997.
- Community-wide inflation is forecast to edge down to new historically low rates of 2.6 per cent in 1996 and 2.4 per cent in 1997. Convergence in inflation rates is expected to improve further with most of the Member States expected to register inflation rates below 3 per cent throughout the forecast period.
- The average budget deficit is estimated to decline to 4.4 per cent of GDP this year and, under the assumption of unchanged fiscal policies, is projected to fall further to 3.4 per cent of GDP in 1997. This deficit reduction will not, however, be sufficient to prevent the government debt-to-GDP ratio in the Community from rising further to 73.9 per cent of GDP in 1996 and to 74.3 per cent of GDP in 1997.

#### EC economy : General outlook



<sup>1</sup> This is a summary of the Commission Services' Spring 1996 Economic Forecasts, based on available data up to 10 May 1996. The Autumn 1995 forecasts for 1995–97 were published in Supplement A, N° 12 of December 1995.

\* Annual percentage change.

\*\* As a percentage of the civilian labour force.

\*\*\* As a percentage of GDP at market prices : general government.

While 1994 and the beginning of 1995 represented a period of relatively sustained economic activity leading to an increase in employment for the first time since 1991, the prospects are now for a growth pause until a rebound sets in. Economic activity slowed down in the second half of last year and 1996 GDP growth has consequently been revised downwards from 2.6 per cent in the Autumn 1995 forecast to 1.5 per cent mainly due to a lower starting point for this year. This growth pause is not unusual but has been prolonged mainly due to the drag from the stock cycle and the delayed adverse effects of previous interest and exchange rate movements. The latter influences – together with faltering progress in job creation and budgetary consolidation – have led to a deterioration in overall confidence.

The expectation of a rebound in economic activity this year is based on the prevailing healthy fundamentals including a continued expansion of the world economy outside the EC, good investment profitability, a more balanced policy mix, lower interest rates, and moderate wage developments. GDP growth is now expected to reach 2.4 per cent in 1997.

As the pace of economic activity is slowing down more significantly than previously expected, employment is forecast to increase by only 0.2 per cent this year – even if labour productivity increases are expected to fall temporarily below their long term average – and to rise by 0.6 per cent in 1997. Employment growth will only be sufficient to stabilise the average unemployment rate at 10.9 per cent in 1996 and to reduce it marginally to 10.8 per cent in 1997.

The outlook for low and falling inflation is due not only to the persistence of a negative output gap and continued moderation in wage increases, reflecting considerable labour market slack, but also to the fact that more independent central banks have reinforced the anti-inflation credibility of the economic policy framework in many countries. Average inflation is expected to continue its downward trend to 2.6 per cent in 1996 and 2.4 per cent in 1997. Overall inflation convergence is set to improve further.

As in the previous exercise, the Commission Services' Spring 1996 forecasts make a distinction between the forecast for the year 1996, for which economic policies are largely known, and a scenario for 1997 which is based on the conventional assumption of "no change in economic policies". This means that only measures which have already been adopted or clearly announced in sufficient detail are incorporated in the projections. A large number of countries have already taken significant steps to consolidate their public finances in 1996 and, in some cases, also for 1997. However, given the expected slow

**Main features of Spring 1996 Economic Forecasts**  
(Annual percentage change, unless otherwise stated)

	86-90	91-93	94-97	1994	Estimate 1995	Forecast 1996	Scenario 1997
<b>Real GDP growth</b>							
EUR <sup>1</sup>	3.3	0.6	2.3	2.8	2.5	1.5	2.4
Germany <sup>1</sup>	3.4	2.0	1.8	2.9	1.9	0.5	1.8
France	3.2	0.2	2.0	2.7	2.2	1.0	2.1
Italy	3.0	0.2	2.4	2.1	3.0	1.8	2.7
United Kingdom	3.3	-0.1	2.9	3.8	2.4	2.4	3.0
<b>Inflation<sup>2</sup></b>							
EUR <sup>1</sup>	4.2	4.8	2.8	3.2	3.0	2.6	2.4
Germany <sup>1</sup>	1.5	4.2	2.0	2.7	2.0	1.6	1.6
France	2.9	2.6	1.7	1.8	1.6	1.8	1.6
Italy	5.9	6.0	4.5	4.6	5.7	4.1	3.5
United Kingdom	5.0	5.2	2.6	2.5	2.6	2.7	2.5
<b>Unemployment (%)<sup>3</sup></b>							
EUR <sup>1</sup>	9.0	9.5	11.0	11.3	10.9	10.9	10.8
Germany <sup>1</sup>	5.9	6.7	8.9	8.4	8.3	9.3	9.4
France	9.8	10.5	11.8	12.3	11.5	11.7	11.7
Italy	9.6	9.4	11.7	11.4	11.8	11.8	11.7
United Kingdom	9.0	9.8	8.7	9.6	8.8	8.4	8.0
<b>General government net borrowing (% of GDP)</b>							
EUR <sup>1</sup>	-3.7	-5.3	-4.6	-5.5	-5.0	-4.4	-3.4
Germany <sup>1</sup>	-1.5	-3.2	3.2	-2.5	-3.5	-3.9	-2.9
France	-1.8	-4.0	-4.5	-5.8	-5.0	-4.2	-3.0
Italy	-10.8	9.8	-6.9	9.0	-7.1	-6.3	-5.2
United Kingdom	-1.1	5.6	-5.2	-6.8	-6.0	-4.4	-3.7
<b>Current account balance (% of GDP)</b>							
EUR <sup>1</sup>	0.1	-0.4	0.6	0.0	0.7	0.7	0.8
Germany <sup>1</sup>	4.2	-1.0	0.9	-1.3	-1.0	-0.9	-0.5
France	-0.3	0.2	1.5	1.1	1.6	1.6	1.6
Italy	0.7	-1.2	2.2	1.5	2.3	2.5	2.4
United Kingdom	-3.8	-2.6	-1.2	2.1	-1.0	-1.1	-0.8
<b>International economic environment</b>							
GDP growth US	2.8	1.8	2.5	3.5	2.0	2.1	2.5
GDP growth JAP	4.5	1.7	1.7	0.5	0.9	2.9	2.6
World imports excl. EUR	6.7	6.0	9.9	12.0	11.0	8.2	8.6
Extra-EC export market growth	6.4	3.7	8.6	10.5	9.0	7.4	7.8

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

<sup>2</sup> Deflator of private consumption.

<sup>3</sup> Eurostat definition.

growth in economic activity in 1996, the actual general government net borrowing in the Community is expected to decline relatively moderately to 4.4 per cent of GDP (against 5 per cent of GDP in 1995). The scenario for 1997 points to a reduction in the actual average deficit to 3.4 per cent of GDP in 1997. These projected decreases in the average budget deficit will not prevent the average debt to GDP ratio from increasing to 73.9 per cent in 1996 and to 74.3 per cent in 1997.

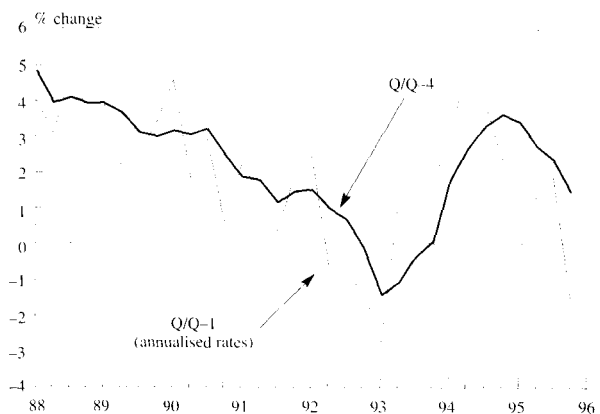
## THE COMMUNITY ECONOMY

The forecasts for 1996 and the scenario presented for 1997 are based upon the conventional assumption of "no change in economic policies". This means that only policy measures which have already been adopted or are clearly announced in sufficient detail, especially in the budgetary field, are incorporated in the projections. General policy intentions, expressed in government plans or convergence programmes, which have not yet been translated into specific actions, are not taken into account (see section 6 on budgets).

### 1. Growth slowdown in 1995

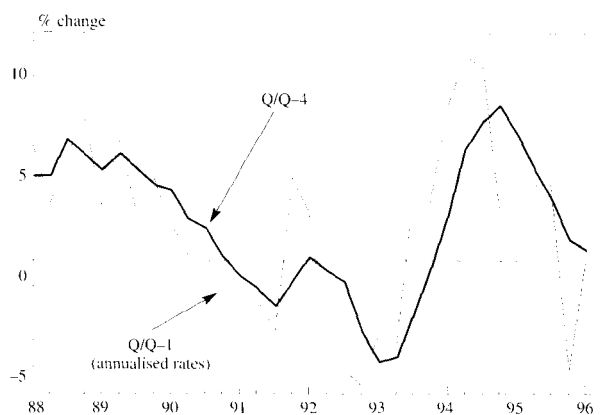
**Recent developments** – The Community's economy experienced a **marked slowdown** in the course of 1995. Average quarterly rates of GDP growth of the order of almost 4 per cent (annualised rates) experienced throughout most of 1994 decelerated during 1995 and turned into a virtual standstill – and for a few countries a negative growth – in the last quarter of 1995. Industrial production also slowed down markedly (graph 1).

GRAPH 1a: GDP – EUR4\*



\* The estimates for Germany included in the data are adjusted for seasonal, but not for calendar effects.

GRAPH 1b: Industrial production – EUR15



As this larger than expected slowdown occurred at the end of the year, it had only a moderate effect on the year-over-year average growth rates for 1995. For the Community as a whole, output growth in 1995 has consequently only been revised down from 2.7 per cent (Autumn forecast) to 2.5 per cent.

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

	1994		1995	
	H1	H2	H1	H2
Private consumption	1.1	2.0	2.1	1.2
Government consumption	1.4	-0.2	1.3	1.2
Gross fixed capital formation	4.2	3.7	4.8	0.7
– of which equipment	4.2	7.4	8.4	1.3
– of which construction	3.3	1.1	2.2	0.3
Change in stocks <sup>1</sup>	1.2	1.2	-0.4	0.4
Exports <sup>2</sup>	9.9	10.6	6.6	3.9
Imports <sup>2</sup>	9.7	8.6	5.3	4.6
GDP	3.2	3.4	2.7	1.1

<sup>1</sup> Contribution to change in GDP.

<sup>2</sup> Including intra-EC trade.

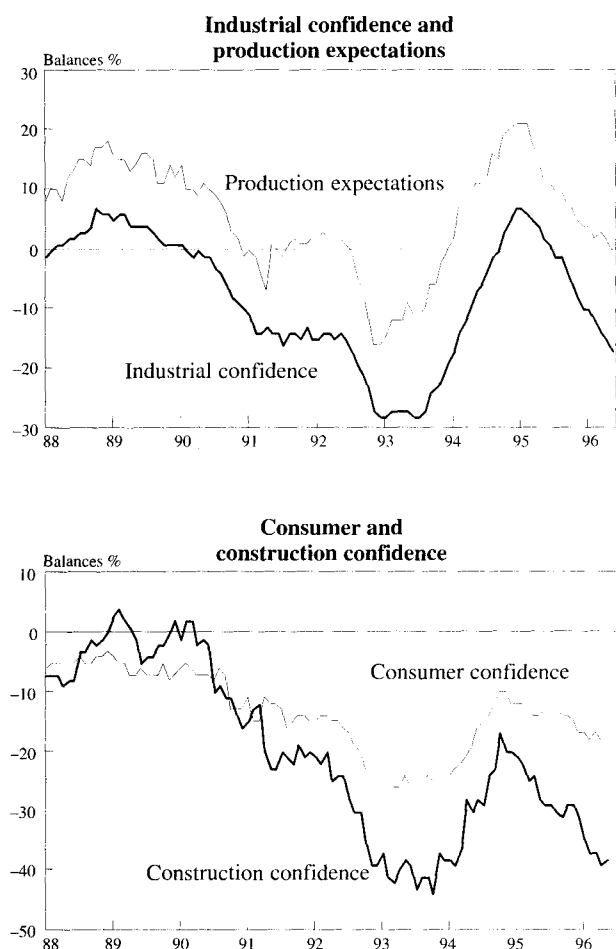
The factors behind the slowdown include the marked rise in long term interest rates during 1994, the negative repercussions of the exchange rate turbulence in early 1995, including a rise in interest rate differentials with Germany, in parallel with the dampening effects of the inventory adjustment, which is not unusual at this stage of the cycle.

These developments were accompanied by persistently weak confidence indicators. **Industrial confidence** in the Community continued its downward trend during the second half of 1995 and in early 1996, and the assessment of order books worsened further. However, according to the latest data, the pace of the deterioration in the business climate in industry is significantly slowing down. **Confidence in the construction sector** declined in the middle of 1995, deteriorated again at the beginning of this year and stabilised again thereafter, despite the sudden rise in long term interest rates observed over that period. **Consumer confidence** in the Community also slipped in the second half of 1995 but it stabilised in the first quarter of 1996; lately, however, it edged down a bit further.

As a consequence of the deteriorating trend in economic activity, the **unemployment** rate, which remained close to 10¾ per cent of the total labour force for a large part of 1995, started rising in the last quarter of last year, reaching 10.9 per cent in April 1996.

Partly in response to the growth slowdown, inflationary pressures remained very low in most countries. **Consumer price inflation** edged down to 3 per cent in the

GRAPH 2 : Survey indicators – EUR



European countries whose currencies are closely linked to the DM. On the other hand, the Italian Lira, which dropped by around 9 per cent in nominal effective terms between December 1994 and April 1995, subsequently recovered fully and by April 1996 it stood more than one percentage point above the level of December 1994 (table 2). While the Spanish Peseta and the Swedish Krona both strengthened during this period, the Pound Sterling remained almost 5 per cent below the level of December 1994.

A further easing of monetary policy took place in almost all Member States. In Germany, official interest rates were lowered further on 18 April 1995 against a background of very low inflationary pressures due to the weakness in economic activity. Some other hard currency countries immediately followed the German initiative by reducing their own key rates. For the Community as a whole, **short-term interest rates** began rising at the end of 1994 and reached the peak of their upward trend during the currency turbulence in March 1995. However, by April 1996 the average interest rate in the Community was back to a level of about one and half percentage points below that prevailing in late 1994 (table 3 and graph 3). **Long-term interest rates**, which increased sharply during 1994, came down again to a level of around 7.2 per cent in the Community on average in January 1996, i.e. the level reached at the beginning of 1994. In the first quarter of 1996 long term interest rates increased again somewhat but this upward movement was only temporary, with rates declining to 7.5 per cent in April–May 1996 on average in the Community.

course of 1995 and even dropped further at the beginning of 1996. In April 1996, it was below 3 per cent in 12 Member countries (according to the interim harmonized indices of consumer prices).

Since the currency upheavals in March 1995, a progressive reversal of the **exchange rate** overshooting has been taking place. In parallel with a recovery of the USD, the DM fell back by around 4 per cent in nominal effective terms from April 1995 to April 1996, partly offsetting its appreciation of around 6 per cent in April 1995 relative to the end of 1994. Similar movements were recorded in other

TABLE 2 : Recent exchange rate developments  
(Nominal effective exchange rates;  
Index August 1992 = 100)

	1994		1995		1996	
	Dec.	April	Dec.	Mar.	April	May
Germany	103.1	109.3	107.2	106.0	104.9	103.8
France	102.4	106.3	106.5	106.0	106.0	105.2
Italy	72.7	63.2	70.5	73.2	73.9	75.0
United Kingdom	87.1	83.1	81.8	82.3	82.4	83.1

TABLE 3 : Recent interest rate developments

	1994	1995		1996		
	Dec.	April	Dec.	Mar.	April	May
<b>Short-term interest rates</b>						
Germany	5.2	4.6	3.9	3.3	3.3	3.3
France	5.9	7.8	5.7	4.2	3.9	3.8
Italy	9.0	10.8	10.5	9.7	9.4	8.8
United Kingdom	6.4	6.7	6.5	6.1	6.0	6.1
EUR15	6.6	7.2	6.2	5.5	5.2	5.1
<b>Long-term interest rates*</b>						
Germany	7.5	7.1	6.1	6.5	6.4	6.5
France	8.1	7.8	6.8	6.7	6.5	6.5
Italy	11.9	13.0	10.9	10.4	10.1	9.5
United Kingdom	8.5	8.4	7.5	8.1	8.1	8.1
EUR15	8.9	8.8	7.5	7.7	7.5	7.5

\* 10 year Benchmark.

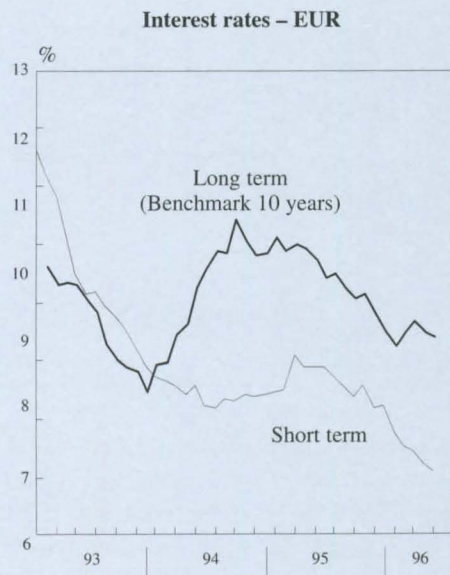
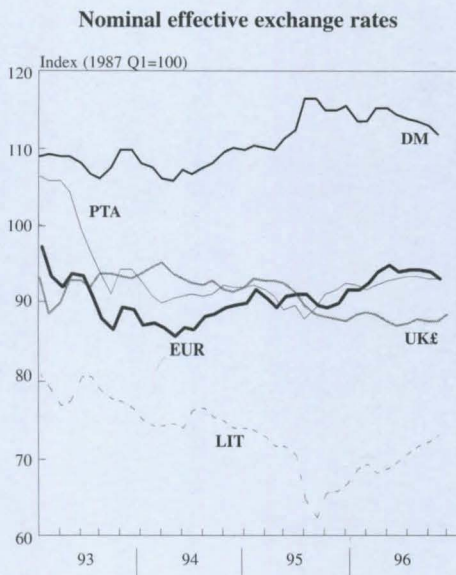
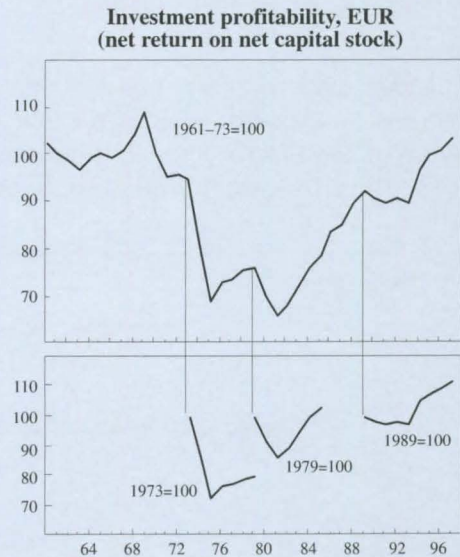
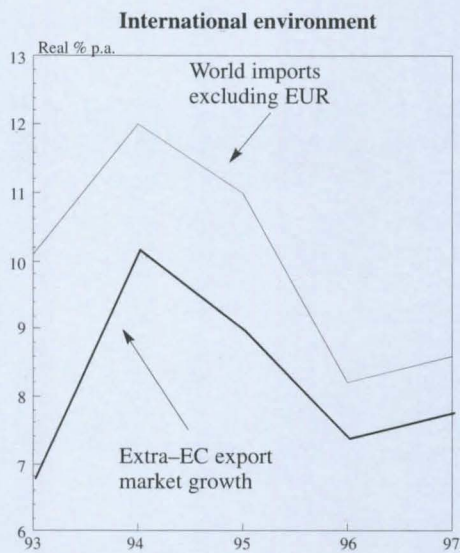
## 2. Healthy fundamentals should lead to a pick-up later in 1996

**Main forces shaping activity** – Notwithstanding the longer than expected slowdown in economic activity, the main forces determining the growth outlook for the European economy remain broadly favourable (graph 3):

- International environment remains favourable** – Although the pace of world trade outside the Community has slowed down somewhat from experiences in recent years of double-digit rates of growth, it is expected to continue to expand at a healthy pace in 1996/97. World trade is underpinned by sustained growth in the US economy, the persistence of strong growth in Japanese imports in line with the rebound in output, which should help to counterbalance the negative effects on imports of the recent yen depreciation. A continued high rate of growth in emerging market economies in Central and Eastern Europe as well as in South East Asia is assumed (see section on the Community's external environment).

- Healthy supply-side fundamentals** – Capital profitability remains strong on average and is almost back to the level prevailing in the 1960's. Furthermore, area-wide inflation is low, matching the best performance of the 1960's, and wage pressures appear to be relatively moderate. Thus, the right supply side fundamentals are in place to accommodate a renewed pick-up in demand.
- Supportive monetary conditions** – For the Community as a whole, the reduction in short-term interest rates and the partial reversal of the 1994 upward movement in long term rates created monetary conditions that are relatively conducive to a re-acceleration in demand. In Germany, short-term interest rates are assumed to

GRAPH 3 : Main forces shaping activity



decline further by mid-1996 and to remain unchanged thereafter. In countries whose currencies have traditionally followed the DM, short rates are assumed to stay close to and/or converge towards German rates. Provided that inflationary pressures remain under control and fiscal consolidation plans are strictly adhered to, short rates are also likely to come down in soft currency countries, and even at a faster pace, therefore reducing interest rate differentials with Germany. Long-term interest rates in the Community are assumed to follow a path consistent with that of short-term rates, implying an assumed de-coupling from the US rates. Thus, the interest rate setting should be supportive of a pick-up in interest-sensitive demand in 1996/97.

- **More stable exchange rate situation** – The reversal of the Spring 1995 exchange rate overshooting, which had negative effects on the recovery process, has improved conditions for more balanced growth and inflation developments across the Community.

In order to relaunch the recovery process and to strengthen medium-term growth and job creation, the current rebalancing of the macroeconomic policy mix goes in the right direction. Monetary policy will be able

stability, for less restrictive stability-oriented monetary policies and for reductions in interest rate differentials relative to Germany. Particularly in countries with high fiscal deficits, large public debts or significant interest rate premia, the net impact of credible fiscal retrenchment on output growth is likely to be positive over the forecasting horizon.

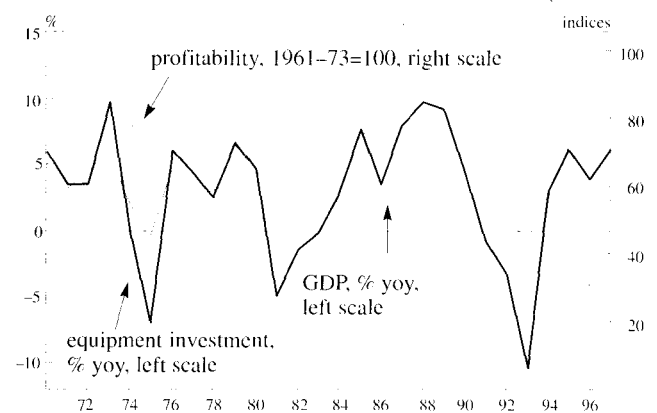
**The growth outlook for 1996/97** – The combination of a favourable international environment, supportive monetary conditions and the underlying good fundamentals is expected to push the Community's economy out of its current growth pause. Economic activity is expected to pick up from the second half of 1996 onwards and to accelerate towards the end of the forecasting period. **Output growth** in the Community as a whole is now expected to be 1.5 per cent in 1996 (down by slightly more than one percentage point on the Autumn forecast) and 2.4 per cent in 1997 (down by half of a percentage point). The downward revision of the growth projections for 1996 compared to the Autumn forecast is widespread and applies to all but two (Greece and Ireland) Community

	'93	'94	Estimate '95	Forecast '96	Scenario '97
<b>Real annual percentage change</b>					
Private consumption	-0.3	1.7	1.8	1.8	2.0
Government consumption	1.1	0.4	0.9	0.8	0.4
Gross fixed capital formation	-6.5	2.5	3.5	2.2	4.2
– of which : Equipment	-10.3	3.0	6.3	4.0	6.3
– of which : Construction	-2.7	2.8	1.5	0.9	2.6
Exports of goods and services <sup>1</sup>	1.7	8.5	6.9	4.0	5.9
Imports of goods and services <sup>1</sup>	-2.7	7.6	5.9	4.0	5.5
GDP	-0.6	2.8	2.5	1.5	2.4
<b>Contribution to changes in GDP</b>					
Domestic demand (excl. stocks)	-1.4	1.6	1.9	1.7	2.1
– of which : Investment	-1.4	0.5	0.7	0.5	0.9
Stocks	-0.5	1.0	0.2	-0.2	0.1
Foreign balance	1.3	0.3	0.3	0.0	0.2

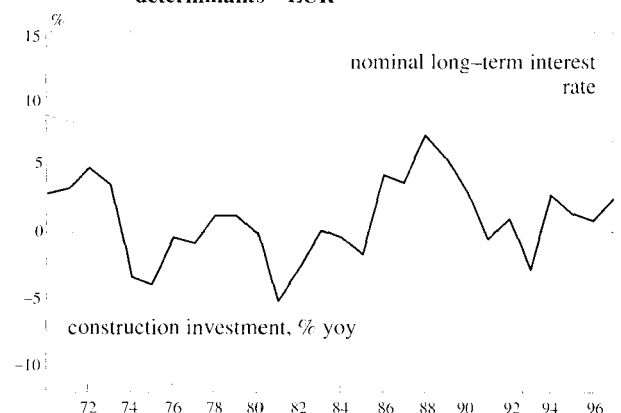
<sup>1</sup> Including intra-EC trade.

to support general economic policy objectives if appropriate wage developments are agreed and if budgetary policy strictly adheres to its objectives. The assumption underlying the forecasts of supportive monetary and financial conditions as well as currency stability is critically dependant upon further, determined, progress towards sounder public finances. Credible fiscal consolidation efforts are a prerequisite for exchange rate

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



GRAPH 4b: Investment in construction and its main determinants – EUR



countries. The most pronounced revisions took place in the case of Germany, where growth expectations have been revised downwards from 2.4 per cent in the Autumn 1995 forecast to a mere 0.5 per cent in the current forecast. Revisions for 1997 were less clear-cut than the ones for 1996 with downward revisions of up to half a percentage point in the majority of countries. Only in Germany, France and Austria was growth revised downwards at a rate comparable to the revision for 1996. In Greece, Ireland and the UK, the overall growth rate has been revised slightly upwards.

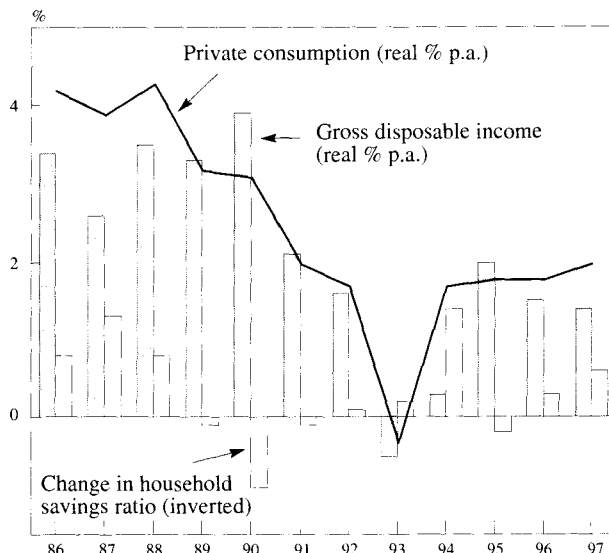
**Private consumption** is forecast to increase in 1996 at the same rate as in 1995 (1.8 per cent) and to accelerate to 2 per cent in 1997, thus being an important growth factor. This partly reflects increased employment. Further, given on one hand the still relatively subdued mood amongst consumers and on the other hand the moderate prospects for increases in disposable income, the household savings ratio, which on average increased somewhat in 1995, is expected to only edge downwards slightly over the forecast period.

**Exports** should benefit from the still healthy growth of extra-EC markets as well as continued growth in intra-EC trade. The expansion of exports in the Community (to intra- and extra-EC destinations), after a temporary slowdown from 6.9 per cent in 1995 to 4 per cent in 1996, should pick up again to 5.9 per cent in 1997. However, the growth contribution of net exports is now expected to be roughly neutral throughout the forecast period.

**Investment in equipment** in the Community, which – despite the general growth pause – increased by 6.3 per cent in 1995, is still expected to expand at a rate of 4 per cent this year and to pick up to 6.3 per cent in 1997. Both the still relatively high rate of capacity utilisation in manufacturing industries and the need to replace obsolete machines are factors behind this continued expansion. Prospects for a revival in final demand, lower borrowing costs and good levels of investment profitability are additional elements influencing investment in equipment.

**Investment in construction** in the Community was negatively influenced by the rise in long term interest rates in 1994 and therefore only expanded by 1.5 per cent in 1995. In 1996, activity in the construction sector should continue to remain gloomy (0.9 per cent) due to a number of factors including the still hesitant climate in industry and amongst consumers, the scaling back of public works and the withdrawal of government stimuli to construction which had been introduced in several countries during the period of economic slowdown. The partial reversal of the adverse movements in long-term interest rates as well as rising incomes and growing investment needs should nevertheless support some recovery in private construction investment, which should expand at 2.6 per cent in 1997.

GRAPH 5 : Private consumption and its determinants – EUR



### 3. Growth convergence expected to improve

Due to the growth pause at the end of 1995 and the beginning of 1996, which affected some Community countries more than others, the overall dispersion of output growth in the Community is expected to be more pronounced in 1996, but the rebound in activity will help to increase growth convergence in 1997. In 1997, most countries are expected to experience growth rates between 2 and 3 per cent. Ireland and Finland should perform at higher growth rates and Austria is expected to have a growth rate substantially below that range.

In **Germany**, the deceleration in the second half of 1995 was particularly evident in investment, but affected other demand components as well. The continuing weakness of the economy at the beginning of 1996 implies that economic growth in 1996 will be significantly less (0.5 per cent) than expected earlier (2.4 per cent). However, several factors support the view that the slowdown will be temporary and that a rebound in the economy is likely in the second half of 1996. Private consumption should benefit from a sizeable tax cut in 1996, which should help it to increase by 1.2 per cent this year, and roughly the same in 1997. In 1997, when fiscal tightening (which is included in the assumptions underlying the forecast, see section 6 on budgets) will negatively affect disposable income of private households, part of the impact on consumption is assumed to be offset by a decline in the savings ratio. Exports, currently subdued, are expected to pick up during the year, and more so in 1997 due to the normalisation of the DM's external value compared to its 1995 level. Investment growth rates, currently negative and expected to remain so for the year 1996 on average as well, should become positive in 1997 in the light of more favourable demand developments and low interest rates.

The resulting GDP growth rate for 1997 is a moderate 1.8 per cent.

	'93	'94	Esti- mate '95	Fore- cast '96	Scen- ario '97
<b>Germany</b>					
Domestic demand, excl. stocks	-1.1	1.6	1.7	0.5	1.3
<i>– of which investment</i>	-1.3	0.9	0.3	-0.4	0.5
Stockbuilding	-0.2	1.2	0.0	-0.2	0.0
Net foreign balance	0.1	0.1	0.3	0.2	0.5
Real GDP growth	-1.2	2.9	1.9	0.5	1.8
<b>France</b>					
Domestic demand, excl. stocks	-0.5	1.4	1.8	1.3	1.7
<i>– of which investment</i>	-1.3	0.2	0.6	0.3	0.8
Stockbuilding	-1.8	1.6	0.1	-0.2	0.3
Net foreign balance	0.8	-0.2	0.2	-0.1	0.0
Real GDP growth	-1.5	2.7	2.2	1.0	2.1
<b>Italy</b>					
Domestic demand, excl. stocks	-4.6	0.6	1.6	1.9	2.5
<i>– of which investment</i>	-2.5	0.0	1.0	0.7	1.1
Stockbuilding	-0.6	0.6	0.3	-0.1	0.1
Net foreign balance	4.0	0.9	1.1	0.0	0.2
Real GDP growth	-1.2	2.1	3.0	1.8	2.7
<b>United Kingdom</b>					
Domestic demand, excl. stocks	1.8	3.0	1.5	2.7	2.6
<i>– of which investment</i>	0.1	0.6	-0.1	0.7	0.8
Stockbuilding	0.4	0.4	0.2	-0.4	0.1
Net foreign balance	0.0	0.4	0.6	0.1	0.3
Real GDP growth	2.2	3.8	2.4	2.4	3.0

In **France**, weak business and consumer sentiment as well as the lagged impact of the 1995 appreciation of the French franc should keep economic growth relatively subdued in 1996. Under the impact of high unemployment, the fiscal consolidation measures and moderate wage increases will exert a drag on the rise in disposable income, with private consumption likely to decelerate this year. In 1997, due to an expected recovery of confidence led by an improvement in the level of employment, private consumption is set to revive, approaching its longer term growth value of around 2 per cent in the course of the year. Investment in equipment is expected to rise by 2½ per cent this year but to rebound to 6½ per cent in 1997, and construction activity is also expected to recover somewhat in 1997. Contrary to 1995, the foreign trade balance may no longer exert a significant positive contribution to GDP growth. Overall, GDP growth should decelerate to 1 per cent this year and marginally exceed 2 per cent next year.

In **Italy**, the Lira exchange rate fully recovered from its sharp decline in the spring of 1995, which should contribute to normalise the "duality" in the economy, consisting in a booming external sector and a very subdued domestic economy. In the second half of 1995, export growth almost stagnated after booming in the previous months. In 1996 and 1997, the deterioration in export price competitiveness and the progressive weakening in export market gains will dampen export flows, whose growth rate will be more than halved in 1996 relative to the previous year. Some rebound in exports, led by the increase in world demand, is expected in 1997. As a result, the contribution of the external side to GDP growth will be zero in 1996 and only slightly positive in 1997. Investment in equipment is expected to expand at a lower, albeit still considerable, pace of 5½ per cent in 1996 and 8½ per cent in 1997. Investment in the construction sector is set to recover somewhat from its stagnation in 1995. Private consumption should accelerate only slightly as it will still be influenced by persistently high unemployment, the continued need for fiscal consolidation and only moderate real wage increases. Consequently, overall GDP growth is expected to slow down to 1.8 per cent this year and to accelerate to 2.7 per cent in 1997.

Contrary to the other three major economies, the **United Kingdom** did not experience a marked slowdown at the end of 1995, and it is not expected to experience a drop in the rate of GDP growth in 1996, which should remain close to a trend value of 2.5 per cent. Increasing consumption, sustained by tax cuts and other factors including improvements in the housing market, and a good competitive position should sustain continued growth. Net exports, which contributed to about one third of GDP growth in 1995, are not expected to provide such momentum to growth in economic activity over the forecast period. While export growth rates will remain buoyant, import growth will accelerate following the pick-up in domestic demand. A major growth impetus is expected to come from investment, particularly in equipment, which contracted in the second half of 1995, but should increase at rates of between 4½ and 6 per cent on average in 1996 and 1997, underpinned by the improved competitive position and good growth prospects. Private consumption growth is expected to accelerate to a rate of 3 per cent in 1996 and to continue growing at a steady rate of 2.7 per cent in 1997 as employment and real wages should increase. As a result, GDP growth is expected to progress at a steady pace of 2.4 per cent in 1996 and accelerate to 3 per cent in 1997.

As regards the other Community countries, growth in 1996 is expected to decelerate everywhere, with the exception of **Greece**. However, all these economies should return to more favourable results in 1997 – apart from **Ireland** slowing down, but still expected to experience the highest growth rate in the Community. **Belgium**, **Denmark**, **Greece**, the **Netherlands** and **Portugal** are expected to record higher growth rates compared not only to 1996 but to 1995 as well. The economic performance of **Austria** in 1997 can be mainly explained by the



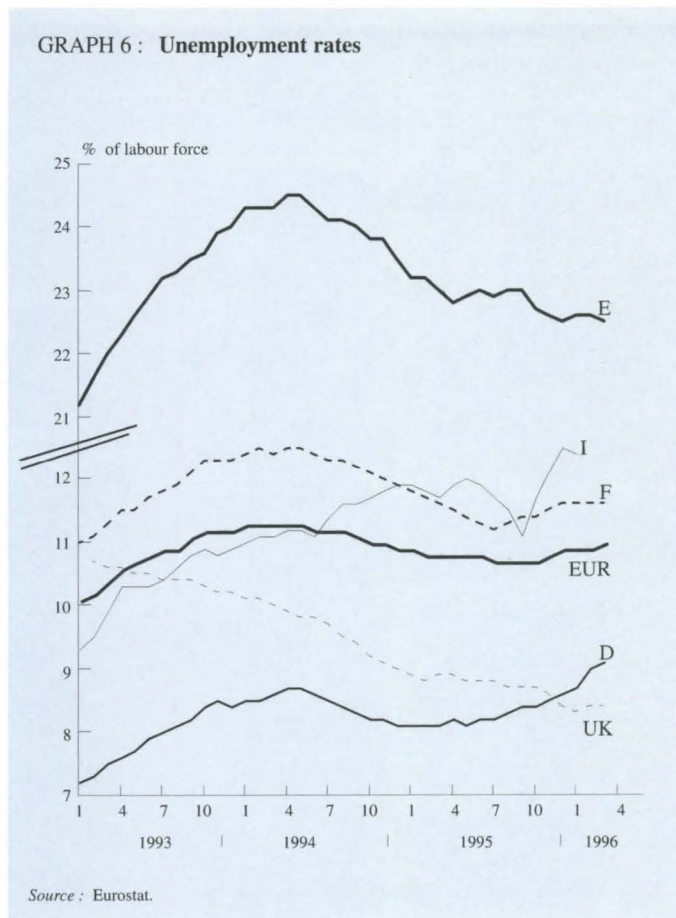
very moderate increases in private consumption. In the case of **Sweden** much lower increases in investment will be the principal factor explaining a growth rate in 1997 largely below the 1995 value. In **Finland** a much lower contribution than previously of net exports to GDP growth will drag down the 1997 growth rate. As regards **Spain**, the expected growth slowdown in 1996, mainly due to weak private consumption, should be followed by a considerable expansion in economic activity again next year at a rate very similar to that observed before.

#### 4. Relatively slow improvement in the labour market situation over the short-term

Given the anticipated weak expansion in economic activity in early 1996, employment trends are expected to remain weak. However, provided that economic growth accelerates, job creation should turn positive again towards the end of 1996 and gain momentum in 1997. Overall **employment** in the Community, which increased by 0.6 per cent last year, is now expected to rise by a mere 0.2 per cent in 1996 and by around ½ a per cent in 1997, based on labour productivity increases of only 1¼ per cent this year and 1¾ per cent in 1997, thus approaching its longer term trend of around 2 per cent.

The labour market situation will be positively influenced by the expected continuation in wage moderation, as the growth in real wages is expected to be ½ and 1 percentage point below that of labour productivity growth in 1996 and 1997 respectively.

Against the background of sluggish job growth in the Community, **the unemployment rate** is expected to rise further over the coming months before starting to head slowly downwards in the course of the latter part of 1996 and through 1997. For 1996 as a whole, the jobless rate is forecast to stabilise at just below 11 per cent on average in the Community as a whole and to fall slightly in 1997 to 10.8 per cent on average, possibly reaching 10½ per cent



by the end of the year. With respect to individual Member States, the unemployment rate should rise in 1996 in Germany and Austria. Belgium, France and Portugal should also see a slight deterioration in unemployment, while Italy and Greece should experience a stabilisation. On the other hand, unemployment is likely to continue to fall in seven Member States, including the three Community countries which are hardest hit by unemployment (Ireland, Finland and Spain). In the U.K. and in Denmark, the expected reductions should bring the unemployment rate well below the Community average. In 1997, the rate of unemployment should decline in all Member States with the exception of three. In Germany and France, the jobless rate is likely to remain roughly unchanged, while in Austria it may rise further.

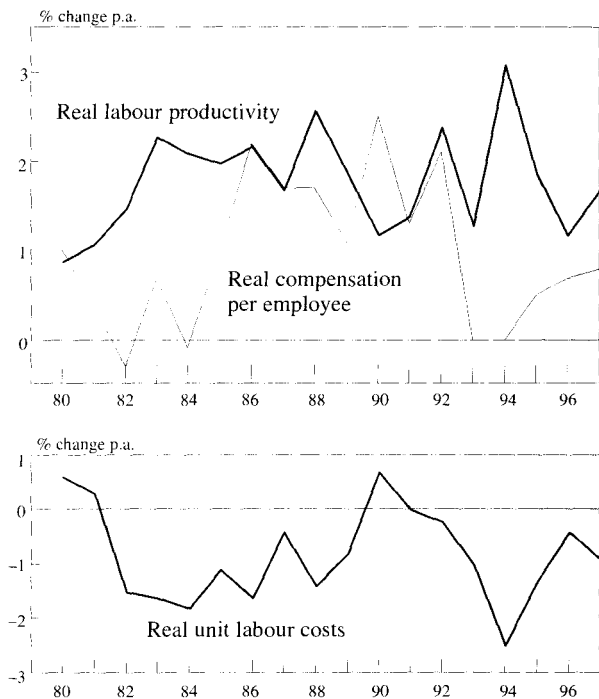
**TABLE 6 : Labour market outlook - EUR**  
(Annual percentage change, unless otherwise specified)

	61-73	74-85	86-90	91-93	94-97	Estimate	Forecast	Scenario	
						1994	1995	1996	1997
Population of working age (15-64 years)	0.6	0.8	0.4	0.3	0.3	0.3	0.2	0.3	0.3
Labour force	0.3	0.7	0.9	-0.2	0.2	0.0	0.1	0.2	0.5
Employment	0.3	0.0	1.3	-1.0	0.3	-0.3	0.6	0.2	0.6
Unemployment rate (%) <sup>1</sup>	2.4	6.4	9.0	9.5	11.0	11.3	10.9	10.9	10.8
Labour productivity, whole economy	4.4	2.0	1.9	1.7	2.0	3.1	1.9	1.2	1.7

<sup>1</sup> Eurostat definition.

### 5. Progress in inflation convergence towards low levels is expected

GRAPH 7 : Wage developments – EUR

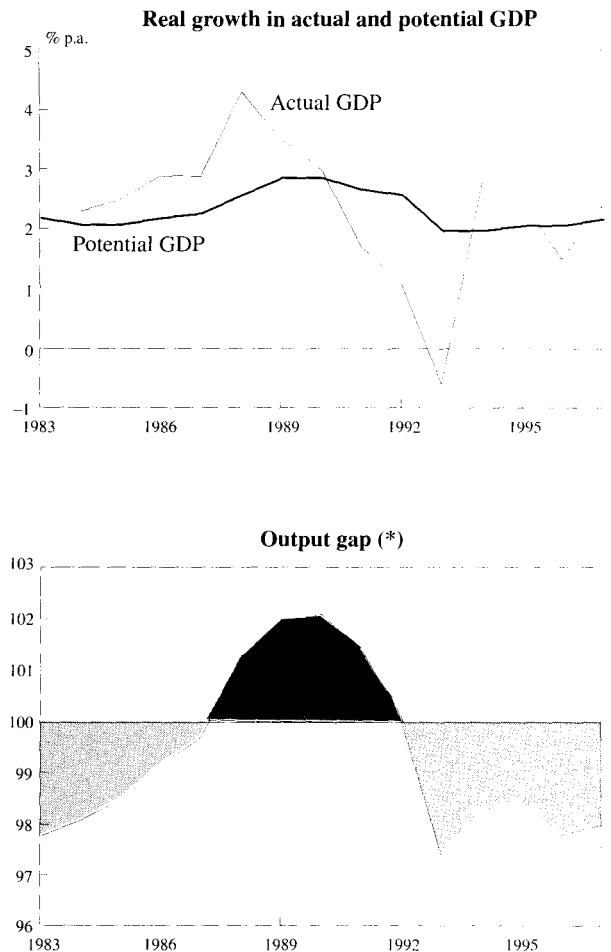


**Inflation** (measured by the increase in the private consumption deflator) will remain subdued for the Community as a whole and is expected to continue its downward trend which became evident since the last peak in 1991. Price increases are forecast to fall to around 2.6 per cent on average in the Community this year (down from 3 per cent in 1995) and to 2.4 per cent in 1997. In parallel with this overall decline, the **convergence** of inflation rates should also improve as inflation in twelve Member States is expected to be equal or below 3 per cent in 1997 while it should be on a declining trend over the forecast period in the three remaining countries – Greece, Spain and Italy (graph 9).

		Esti- mate	Fore- cast	Scen- ario	
	'93	'94	'95	'96	'97
Private consumption deflator	4.1	3.2	3.0	2.6	2.4
GDP deflator	3.7	2.7	3.0	2.6	2.4
Compensation per employee	4.0	3.2	3.5	3.4	3.2
Unit labour costs	2.7	0.1	1.7	2.2	1.5
Import prices of goods <sup>1</sup>	2.2	3.3	4.1	1.6	2.1

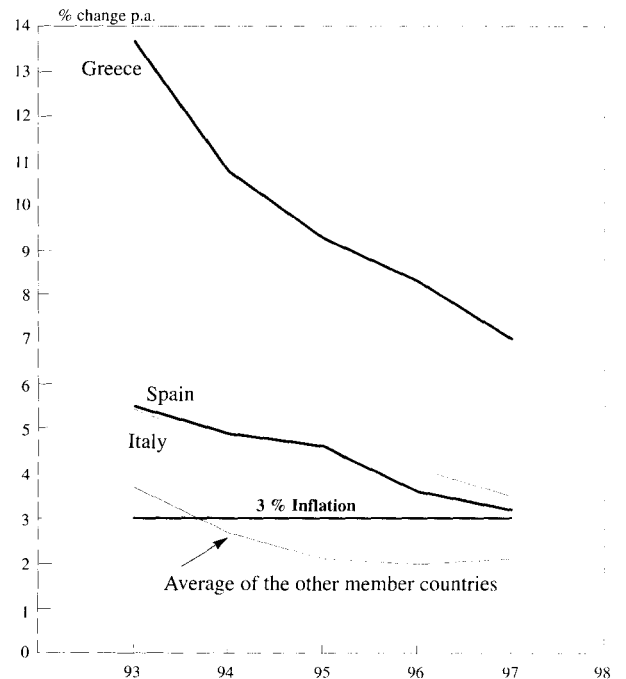
<sup>1</sup> Including intra-EC imports.

GRAPH 8 : Actual and potential GDP – EUR



(\*) Ratio of actual to potential GDP.

GRAPH 9 : Countries where inflation is forecast to exceed 3 percent in 1997



The general outlook which is pointing to low and falling inflation rates is due not only to the persistence of a negative output gap in almost all Member States and the assumed stable exchange rates, but also to the fact that more independent central banks have reinforced the anti-inflation credibility of the economic policy framework in many countries. In the vast majority of countries wage increases are expected to remain compatible with the need to lock in low inflation.

### 6. Significant efforts in reducing budget deficits

The **forecast** for 1996 and the **scenario** for 1997 are made on the basis of policy measures which at the time of the forecasts had already been adopted or announced in sufficient detail. The forecasts incorporate the budgetary consolidation measures announced in detail during April and early May by the German, French, Austrian and Swedish governments, and include the budgetary reinforcements for 1996 announced by the Belgian and Spanish governments in early May. However, they do not include the Belgian government's announced plans to make additional budgetary adjustments in 1997 because the exact nature of the measures to be taken was not yet known in sufficient detail. Many Member countries are expected to introduce additional consolidation measures in their 1997 budgets. The difference between the current deficit forecasts and the convergence objectives is a measure of the additional efforts required for these objectives to be met.

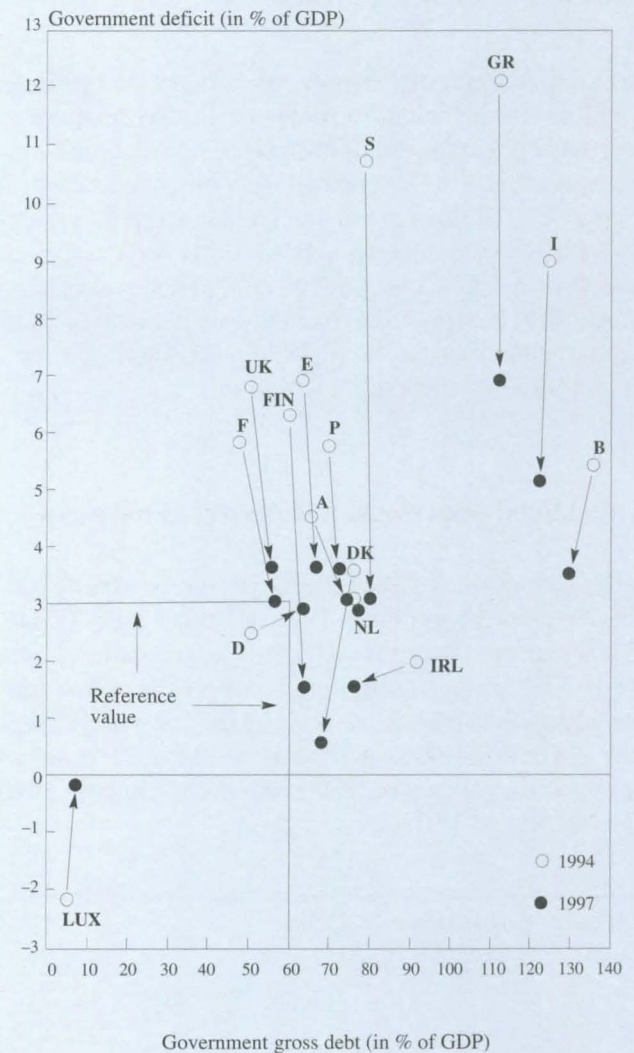
Although a large number of countries have taken significant measures to consolidate their fiscal imbalances, the economic slowdown in 1995 has implied that the **general government net borrowing** for the Community as a whole was 5 per cent of GDP in 1995 (instead of 4¾ per cent assumed in the Autumn 1995 forecast) and has been revised up by roughly a ½ and a ¼ of a percentage point of GDP for 1996 and 1997 respectively.

However, general government net borrowing in the Community as a whole, which peaked at 6.2 per cent of GDP in 1993, is expected to remain on a downward trend. It should fall further to 4.4 per cent in 1996 and to 3.4 per cent in 1997, mainly due to lower interest rates on the government debt, improved cyclical conditions in 1997 and discretionary fiscal measures aimed at cutting deficits. During the period of budgetary adjustment between 1995 and 1997, the automatic stabilisers are expected to be almost neutral on average over the forecast horizon, and the improvement in the budget balance is therefore expected to be entirely due to a reduction in the structural deficit.

With respect to individual Member States, only Denmark, Ireland and Luxembourg are likely to achieve a budget deficit below 3 per cent of GDP in 1996 (as they did in 1995). In 1996, an improvement in the budgetary position is projected in all Member countries except Germany (where the budget deficit may approach 4 per cent of GDP) and the Netherlands (where it may reach 3½ per cent of GDP). The most significant reductions this year in the budget deficit (by around 1 per cent of GDP or even more) are forecast in Belgium, Greece, Spain, France, Italy, Austria, Portugal, Finland, Sweden and the UK.

In the scenario for 1997, Germany, France, the Netherlands and Finland are expected to join the group of countries with actual deficits not exceeding 3 per cent of GDP,

GRAPH 10 : General government budgetary positions



Note : The arrow indicates the development in the respective country from 1994 to 1997.

TABLE 8 : General government budgetary position – EUR  
(Percent of GDP)

						Estimate	Forecast	Scenario	
	1989	1990	1991	1992	1993	1994	1995	1996	1997
Current receipts	44.1	44.0	44.6	45.0	46.2	45.9	45.7	46.2	46.2
Expenditure	46.8	47.9	49.0	50.2	52.4	51.4	50.8	50.6	49.6
Actual balance	-2.7	-3.8	-4.4	-5.1	-6.2	-5.5	-5.0	-4.4	-3.4
Primary balance	2.2	1.2	0.5	0.1	-0.8	-0.2	0.4	1.0	1.8
Cyclically-adjusted deficit <sup>1</sup>	-3.8	-5.4	-5.5	-5.7	-5.3	-5.0	-4.7	-3.9	-3.1
Gross debt	54.1	55.2	56.0	60.4	66.2	68.2	71.2	73.9	74.3

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

while Austria and Sweden are likely broadly to approach this reference value. In a number of countries – Belgium, Spain, Portugal and the United Kingdom – some additional efforts amounting to about  $\frac{3}{4}$  of a percentage point of GDP are required in order to fulfill the convergence criteria. In Italy, the deficit is expected to be reduced further but in the absence of additional measures it could amount to more than 5 per cent of GDP. In Greece, the deficit is forecast to decline to some 7 per cent of GDP on the basis of currently known measures.

The expected degree of improvement in the budget deficit will not be sufficient to prevent a further increase in the **general government debt to GDP** ratio for the Community as a whole by  $2\frac{3}{4}$  percentage points, to around 74 per cent of GDP this year. In the unchanged policy scenario for 1997, the debt-to-GDP ratio is forecast to increase further to 74.3 per cent of GDP. The level of government debt is expected to be below 60 per cent of GDP in three countries in both 1996 and 1997 (France, Luxembourg and the United Kingdom).

## 7. Sustained improvement in external balances

For the second year in a row, the Community's **trade balance** will record a surplus in 1996 of  $1\frac{1}{2}$  per cent of GDP, and it is expected to improve slightly next year to  $1\frac{3}{4}$  per cent of GDP. The Community's **current account balance** witnessed a surplus amounting to  $\frac{3}{4}$  of a percentage point of GDP in 1995. A surplus of the same order of magnitude (in per cent of GDP) is expected in both 1996 and 1997.

TABLE 9 : External balance – EUR  
(Percent of GDP)

			Estimate	Forecast	Scenario
	'93	'94	'95	'96	'97
Trade balance (fob/fob)	0.9	1.1	1.5	1.5	1.7
Services balance	0.4	0.4	0.4	0.4	0.5
Factor income and transfers	-1.3	-1.5	-1.2	-1.2	-1.3
Current account balance	0.0	0.0	0.7	0.7	0.8

## 8. Risks and uncertainties characterising the economic outlook

One of the most evident risks is that the decline in **consumer confidence** (which stopped falling, however, for the Community as a whole in the first quarter of 1996) will be more protracted than currently expected. If the labour market deteriorates further, this may exacerbate the current apprehensive climate and thereby weaken or delay the positive response of business and consumer spending to improved monetary and financial conditions and to the reduction in budgetary imbalances.

There is also the risk that the recent increase in **long term interest rates**, which started in January 1996 and which is assumed to be temporary, will continue, with a correspondingly negative impact on industrial, and especially construction, confidence and investment activity. If financial markets were given grounds for expecting either that fiscal imbalances in the Community will remain high, or, contrary to what is expected in this forecast, that inflationary pressures are likely to resurface in the early stages of a renewed recovery, then the expected decoupling of European long-term interest rates from their US counterparts is likely to fail despite less favourable cyclical conditions in Europe.

As the reference year (1997) for the assessment in relation to participation in EMU approaches, the present close attention which is being paid to the public finance position of the potential EMU Member countries will be heightened even further. **Considerable uncertainties about the effectiveness of – and perhaps the commitment to – fiscal consolidation efforts** could also weigh on private sector confidence. If progress towards sounder public finances and structural reform were inadequate, this could undermine the credibility of stated economic policy objectives.

Any tensions in foreign exchange markets during the forecast period could have adverse consequences, as shown by the events of March 1995. Furthermore, the "soft" European currencies, which are currently benefiting from the appreciating trend of the dollar against the DM, could suffer from a reversal of this movement.

However, some of the uncertainties surrounding the outlook point in a positive direction. Given that the Com-

munity is currently enjoying favourable underlying economic fundamentals (sustained world demand, low inflation, moderate wage increases and good investment profitability) and that the rebalancing of the policy mix is expected to continue and confidence is consequently likely to be restored quickly, **growth could pick up more significantly from mid-1996 onwards than currently expected.**

## THE COMMUNITY'S EXTERNAL ENVIRONMENT

### 1. World trade : a somewhat less strong growth

**World output growth (EU excluded)** has been slightly revised downwards compared to the last Autumn forecast, but an acceleration in 1996 and 1997, with growth rates of 4.1 and 4.5 per cent respectively, is still assumed. The downward correction of the forecasts for the Less Developed Countries and the former Soviet Union, the latter being scaled down by a large amount, mainly contributes to the revision of world output growth both for 1996 and 1997.

TABLE 10 : International economic environment (Real annual percentage change)

	Weights	'93	'94	Estimate '95	Forecast '96	Scenario '97
<b>World output</b>	100.0	2.2	3.6	3.2	3.5	4.0
<b>EUR</b>	23.8	-0.6	2.8	2.5	1.5	2.4
<b>World excl. EUR</b>	76.2	3.0	3.8	3.4	4.1	4.5
- USA	20.8	3.4	3.5	2.0	2.1	2.5
- Japan	8.0	-0.2	0.5	0.9	2.9	2.6
- CCEE <sup>1</sup> + FSU <sup>2</sup>	5.1	-8.4	-9.4	-2.0	3.2	4.3
- DAEs <sup>3</sup>	4.9	6.8	7.9	8.0	7.3	7.4
<b>World imports excl. EUR<sup>4</sup></b>	62.6	10.1	12.0	11.0	8.2	8.6
- USA	16.8	11.9	13.5	9.1	5.0	6.5
- Japan	6.7	7.0	9.0	13.5	10.0	10.1
- CCEE <sup>1</sup> + FSU <sup>2</sup>	3.5	4.6	5.9	7.4	10.9	11.1
- DAEs <sup>3</sup>	13.3	13.4	17.0	18.0	12.5	12.1
<b>Extra-EC export market growth</b>		6.8	10.5	9.0	7.4	7.8

<sup>1</sup> Countries from Central and Eastern Europe (including the Baltic States);  
<sup>2</sup> Former Soviet Union (excluding the Baltic States);  
<sup>3</sup> Dynamic Asian Economies;  
<sup>4</sup> Goods only.

The growth of **world imports (EU excluded)** is forecast to decelerate more in 1996 than previously forecast, but to revive in 1997. This deceleration in import growth while world output accelerates is explained by the fact that areas where output is growing more quickly have so far a relatively small import/GDP ratio (mainly Asia).

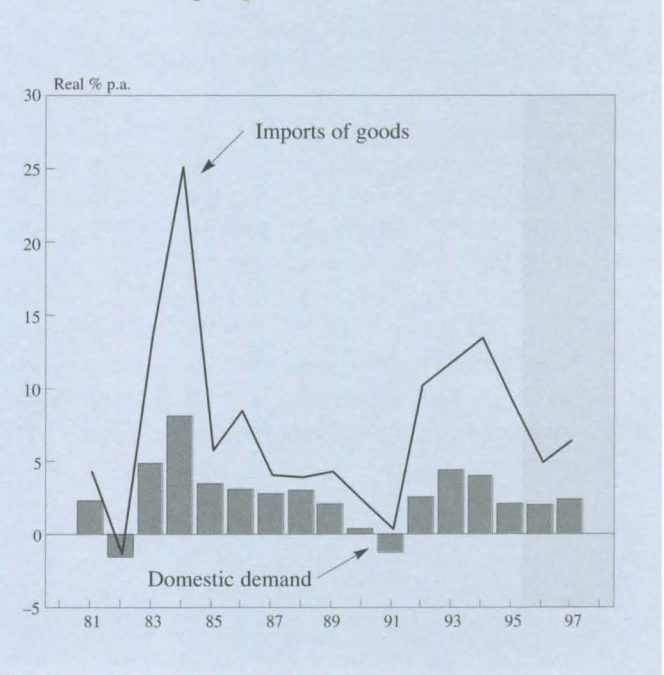
However, growth rates remain buoyant: 8.2 per cent in 1996 and 8.6 per cent in 1997, after an 11 per cent growth in 1995.

**Extra-EC export market growth** (i.e. import growth in non-EC countries weighted with their share in the Community's extra-EC exports) is projected to continue to expand at high rates of 7.4 per cent in 1996 and 7.8 per cent in 1997.

### 2. United-States : moderate growth

In the **United States**, the change in the base year which accompanied the switch to chain indexes caused a technical 1 per cent cut in the growth rate for 1995 which was 2 per cent. The new forecast suggests a continuation of this growth pace throughout 1996 (2.1 per cent), while GDP should rise by 2.5 per cent in 1997. Unemployment is forecast to decrease slightly further to 5.4 per cent in 1997.

GRAPH 11 : US import growth and domestic demand



On the other hand, inflation should increase somewhat, remaining nevertheless around 3 per cent over the forecast period (against 2½ per cent in 1995).

### 3. Japan : the recession is over

The outlook for **Japan** is now brighter. All incoming information points to the end of the stagnation period endured by Japan since the beginning of the 1990's. The support to growth will mainly be provided by public investment carried out in accordance with the last big fiscal package. Furthermore, the exchange rate is no longer squeezing exports and profits, and monetary policy remains on an expansionary stance. Consequently, a pick-

up is assumed in 1996 in both investment and private consumption leading to GDP growth of around 3 per cent. Growth in 1997 should be somewhat less strong (2.6 per cent), when the support from public expenditure progressively fades away, and when the economy feels the effects of a less expansionary monetary policy driven by the need to avoid inflationary pressures.

#### 4. Central and Eastern Europe : mixed growth performances

**In Central and Eastern Europe**, very varied growth performances are forecast to take place in the associated countries and in the former Soviet Union. However, the split between countries from Central and Eastern Europe, growing at positive rates, and the former Soviet Union, experiencing negative growth rates up until now, should gradually disappear in 1997.

**Six countries are formally associated** with the European Union (Poland, the Czech Republic, Slovakia, Bulgaria, Hungary, Romania) and four countries (Estonia, Latvia, Lithuania and Slovenia) have not yet fully completed the Association procedure. Overall, the growth forecast for these ten countries has been kept unchanged for 1996 and revised slightly upwards for 1997 with GDP being estimated to grow by around 5 per cent in both years, mainly sustained by domestic demand. In particular, Poland, the Czech Republic, Slovakia and Romania should benefit from high and sustained growth rates. Exports should also keep on rising at very high rates, underpinned by increasing trade amongst these countries. The lower contribution to growth of net exports is not the re-

sult of lower exports but of the recovery in imports as a consequence of the higher domestic demand.

TABLE 11 : **Real GDP growth in CCEE and FSU**  
(Annual percentage change)

	<i>Weights</i>	1993	1994	Esti- mate	Fore- cast	Scen- ario
Central and Eastern Europe	34.9	1.4	3.9	5.3	4.8	4.8
- Bulgaria	2.9	-4.2	1.4	2.7	2.1	1.7
- Czech Rep.	4.8	-0.9	2.6	4.8	5.5	5.9
- Hungary	3.9	-0.9	2.9	1.7	2.1	3.5
- Poland	13.7	3.8	5.2	7.0	6.0	5.5
- Romania	4.1	1.3	3.9	6.9	4.5	5.2
- Slovak. Rep.	2.0	-4.1	4.9	7.4	5.5	4.6
Former USSR (excl. Balts)	65.1	-12.8	-15.3	-5.9	1.0	3.6
- Russia	41.0	-12.0	-12.6	-4.0	2.0	4.0
- Ukraine	10.1	-17.1	-23.0	-11.8	-4.0	3.0
CCEE + FSU	100.0	-9.8	-9.4	-2.0	3.2	4.3

**In the former Soviet Union**, growth forecasts have been scaled downwards. In Russia only a moderate upturn in economic activity is expected in 1996 contrary to the expectation prevailing last Autumn of a bigger rebound. In the Ukraine, GDP is forecast to drop further this year, but to recover in 1997. In the other former Soviet Union countries, economic activity is likely to stagnate this year and to turn positive only in 1997.

3 June 1996

## DETAILED SPRING 1996 ECONOMIC FORECASTS

TABLE 1 : Gross domestic product, volume (percentage change at constant prices on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	4.9	1.8	3.0	0.8	1.9	2.2	1.8	-1.6	2.2	1.9	1.1	2.3
DK	4.3	2.0	1.4	1.0	2.7	1.3	0.2	1.5	4.4	2.6	1.3	2.7
D*	4.3	1.7	3.4	2.0	1.8	5.0	2.2	-1.2	2.9	1.9	0.5	1.8
GR	7.7	2.5	1.9	0.8	2.0	3.1	0.4	-1.0	1.5	2.0	2.0	2.5
E	7.2	1.9	4.5	0.6	2.5	2.3	0.7	-1.2	2.1	3.0	2.0	2.9
F	5.4	2.2	3.2	0.2	2.0	0.8	1.3	-1.5	2.7	2.2	1.0	2.1
IRL	4.4	3.8	4.6	3.1	6.4	2.2	3.9	3.1	6.7	8.6	5.6	4.9
I	5.3	2.8	3.0	0.2	2.4	1.1	0.6	-1.2	2.1	3.0	1.8	2.7
L	4.0	1.8	4.6	1.6	3.0	3.1	1.9	0.0	3.3	3.2	2.6	3.0
NL	4.8	1.9	3.1	1.5	2.3	2.3	2.0	0.2	2.7	2.4	1.8	2.5
A	4.9	2.2	3.0	1.7	1.7	2.8	2.0	0.4	3.0	1.8	0.7	1.1
P	6.9	2.2	5.1	0.7	2.1	2.1	1.1	-1.2	1.0	2.5	2.3	2.8
FIN	5.0	2.7	3.4	-4.0	3.8	-7.1	-3.6	-1.2	4.4	4.2	3.0	3.6
S	4.1	1.8	2.3	-1.6	2.2	-1.1	-1.4	-2.2	2.6	3.0	1.2	2.0
UK	3.1	1.4	3.3	-0.1	2.9	-2.0	-0.5	2.2	3.8	2.4	2.4	3.0
EUR*	4.7	2.0	3.3	0.6	2.3	1.5	1.0	-0.6	2.8	2.5	1.5	2.4
USA	3.9	2.3	2.8	1.8	2.5	-0.5	2.5	3.4	3.5	2.0	2.1	2.5
JAP	9.6	3.6	4.5	1.7	1.7	4.3	1.1	-0.2	0.5	0.9	2.9	2.6

TABLE 2 : Deflator of gross domestic product (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	4.1	6.7	3.1	3.4	2.1	2.7	3.5	4.1	2.6	2.0	2.1	1.9
DK	7.0	9.0	3.9	2.0	1.9	2.2	3.2	0.7	1.7	1.7	2.0	2.3
D*	4.4	4.1	2.4	4.4	1.9	3.9	5.5	3.8	2.3	2.2	1.4	1.6
GR	4.5	17.7	16.5	16.2	8.8	19.8	14.6	14.1	10.9	9.3	8.3	6.9
E	7.2	15.0	7.4	6.1	4.0	7.1	6.8	4.3	3.9	4.8	3.9	3.5
F	5.0	10.2	3.4	2.6	1.6	3.3	2.1	2.5	1.4	1.6	1.7	1.7
IRL	7.2	12.8	3.2	2.6	1.7	1.7	2.0	4.1	1.2	1.2	2.1	2.5
I	5.5	16.2	6.9	5.6	4.1	7.7	4.7	4.4	3.5	5.0	4.4	3.5
L	4.4	6.7	4.0	6.5	3.0	4.5	5.0	10.0	3.6	4.1	2.0	2.4
NL	6.0	5.5	0.8	2.3	2.0	2.7	2.3	2.0	2.3	2.1	1.6	2.0
A	4.6	5.5	2.9	3.8	2.2	4.0	4.1	3.4	3.4	2.1	1.9	1.4
P	3.9	20.8	13.3	11.7	4.5	14.2	13.5	7.4	5.4	5.1	3.8	3.6
FIN	6.8	10.7	5.6	1.9	2.2	2.5	0.7	2.4	1.1	3.7	2.0	2.1
S	4.9	9.8	7.0	3.7	2.9	7.6	1.0	2.6	2.8	4.1	2.0	2.7
UK	5.1	12.4	5.5	4.7	2.4	6.5	4.4	3.2	2.1	2.4	2.7	2.6
EUR*	5.2	10.5	4.9	4.6	2.7	5.5	4.5	3.7	2.7	3.0	2.6	2.4
USA	3.6	7.0	3.6	2.6	2.8	3.5	2.4	2.0	2.3	2.5	3.2	3.1
JAP	6.0	5.3	1.2	1.4	0.6	2.0	1.5	0.8	0.2	-0.3	0.7	1.8

TABLE 3 : Final domestic demand, volume (percentage change at constant prices on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	4.8	1.2	3.8	0.8	1.7	2.0	2.2	-1.8	1.4	1.6	1.4	2.1
DK	4.6	1.3	0.4	0.1	3.4	-0.4	-0.1	0.8	5.8	4.5	1.1	2.4
D*	4.5	1.3	3.5	2.1	1.5	4.8	2.8	-1.3	2.8	1.7	0.3	1.2
GR	7.9	2.0	2.5	1.1	2.6	3.7	0.3	-0.7	1.2	3.3	2.9	3.2
E	7.7	1.3	6.6	-0.2	2.4	2.9	1.0	-4.2	1.1	3.2	2.2	3.3
F	5.6	1.8	3.8	-0.5	2.0	0.6	0.4	-2.3	2.9	2.0	1.2	2.1
IRL	5.1	2.1	3.3	-0.2	4.6	-0.1	-1.2	0.8	4.2	5.9	4.5	3.7
I	5.3	2.4	3.6	-0.9	2.0	1.8	0.7	-5.1	1.3	2.3	1.8	2.7
L	4.1	1.5	5.5	2.7	2.8	7.7	0.8	-0.3	2.3	3.2	3.0	2.7
NL	4.9	1.6	3.0	0.7	2.3	1.9	1.6	-1.2	3.3	2.5	1.3	2.4
A	4.9	1.9	3.4	1.6	2.5	2.8	2.2	-0.2	5.9	3.0	0.5	0.7
P	7.3	1.1	7.6	2.6	2.6	4.3	4.3	-0.9	1.8	2.5	2.7	3.2
FIN	5.0	2.5	4.0	-7.3	4.2	-9.2	-6.4	-6.4	3.7	4.5	4.1	4.3
S	3.7	1.5	2.9	-3.1	1.6	-2.1	-1.8	-5.2	1.8	1.6	1.2	1.6
UK	3.2	1.2	4.0	-0.3	2.5	-3.1	0.2	2.1	3.3	1.6	2.3	2.7
EUR*	4.9	1.6	3.9	0.1	2.1	1.2	1.1	-1.9	2.6	2.2	1.4	2.2
USA	4.0	2.5	2.4	2.0	2.6	-1.1	2.9	4.4	4.0	2.1	2.0	2.4
JAP	9.8	2.8	5.4	1.1	2.2	2.9	0.3	-0.0	0.9	1.6	3.3	2.8

\* Notes : see page 27.

TABLE 4 : Gross national product at current market prices (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	9.2	8.5	6.3	4.7	4.1	5.6	5.2	3.5	5.1	4.0	3.3	4.2
DK	11.6	10.8	5.4	3.4	5.0	3.8	3.8	2.7	6.0	5.0	3.7	5.3
D*	8.9	5.9	5.9	6.1	3.5	9.0	7.4	2.2	4.8	4.0	1.8	3.3
GR	12.5	20.3	18.9	17.5	11.0	24.0	14.9	14.0	12.8	11.6	10.1	9.7
E	14.9	17.1	12.3	6.7	6.5	9.4	7.4	3.4	5.1	8.9	6.0	6.2
F	10.7	12.5	6.7	2.8	3.8	4.0	3.2	1.1	4.2	4.2	2.9	3.8
IRL	11.7	15.9	7.7	5.4	8.1	5.6	5.0	5.6	8.7	9.3	7.4	7.2
I	11.0	19.3	10.0	5.6	6.8	8.7	5.0	3.2	5.9	8.2	6.4	6.6
L	9.0	11.3	7.9	3.7	5.0	9.1	2.5	-0.4	5.1	6.2	3.9	4.7
NL	11.1	7.4	3.9	3.9	4.4	5.0	4.1	2.6	5.6	4.4	3.3	4.5
A	9.7	7.9	6.0	5.6	3.9	6.7	6.5	3.8	6.7	4.0	2.6	2.5
P	11.2	22.8	20.3	12.5	6.5	16.9	15.5	5.4	6.0	7.2	6.2	6.5
FIN	12.0	13.6	9.0	-3.3	6.9	-5.8	-4.1	0.1	7.3	9.1	5.4	6.1
S	9.2	11.4	9.3	1.7	5.2	6.6	-1.2	-0.1	5.5	7.2	3.0	5.4
UK	8.5	13.9	8.7	4.9	5.4	4.4	4.8	5.5	6.2	4.9	4.9	5.6
EUR*	10.0	10.8	7.3	3.7	4.5	6.7	4.2	0.3	4.8	4.1	4.4	4.3
USA	7.7	9.5	6.5	4.4	5.2	2.9	4.8	5.4	5.5	4.5	5.3	5.7
JAP	16.2	9.1	5.9	3.2	2.3	6.3	2.8	0.6	0.6	0.6	3.7	4.4

TABLE 5 : Investment in construction, volume (percentage change on preceding year, 1971-97)\*

	1971-73	1974-85	1986-90	1991-93	1994-97	1992	1993	1994	1995	1996	1997*
B	2.3	-2.9	7.6	1.9	2.3	5.5	-2.1	1.4	1.8	2.9	2.9
DK	5.1	-3.4	0.0	-6.7	5.1	0.3	-8.8	3.2	8.3	4.2	4.6
D*	4.0	-1.4	3.1	4.4	1.6	9.7	0.9	7.8	1.2	-3.1	0.5
GR	12.6	-3.2	1.7	-2.7	4.0	-6.0	-5.1	-3.0	2.1	8.5	8.9
E	7.3	-1.5	10.9	-2.4	4.1	-4.3	-6.6	1.2	7.0	2.6	5.7
F	6.1	-0.8	5.3	-2.8	0.8	-2.5	-5.9	0.2	0.5	0.9	1.6
IRL	8.0	0.6	2.6	-0.7	9.6	0.3	-3.7	9.9	13.6	9.0	6.0
I	0.5	-1.3	2.1	-2.5	0.1	-2.4	-6.3	-5.8	0.5	2.8	3.1
L	12.2	-2.8	10.2	-	-	-	-	-	5.1	6.2	3.6
NL	0.1	-1.7	3.8	0.3	2.6	2.6	-1.6	4.6	2.0	1.4	2.3
A	9.8	-0.7	5.0	4.9	0.8	5.6	2.9	5.5	-0.2	-1.5	-0.5
P	-	-	6.4	3.0	4.6	5.4	-1.0	1.0	5.5	5.0	7.0
FIN	6.3	0.7	4.0	-16.9	2.1	-17.3	-18.8	-5.6	1.3	4.7	8.6
S	-0.5	-1.1	3.9	-10.9	-1.4	-7.7	-19.2	-11.5	-3.1	7.8	2.0
UK	2.0	-0.4	6.2	-2.8	2.1	0.3	0.1	2.1	-1.7	3.8	4.3
EUR* <sup>1</sup>	4.3	-1.1	4.7	-0.1	1.9	2.6	-2.7	2.8	1.5	0.9	2.6
USA	6.4	1.2	-0.7	-0.2	3.8	4.5	3.9	5.7	2.2	4.0	3.5
JAP	9.1	0.1	6.8	0.3	3.6	-0.6	-0.7	6.0	-2.7	7.5	4.0

<sup>1</sup> EUR without Portugal up to 1985.

TABLE 6 : Investment in equipment, volume (percentage change on preceding year, 1971-97)\*

	1971-73	1974-85	1986-90	1991-93	1994-97	1992	1993	1994	1995	1996	1997*
B	3.1	2.4	11.7	-7.9	3.1	-6.1	-12.4	-0.8	4.0	4.9	4.5
DK	3.8	3.5	1.6	-3.0	6.4	-8.3	-0.9	3.2	13.5	3.5	5.6
D*	0.2	1.6	7.2	-3.0	1.7	-3.5	-14.1	-1.2	2.0	0.5	5.5
GR	11.8	0.7	2.7	5.5	7.9	7.5	1.1	6.3	11.5	7.0	7.0
E	10.9	-0.5	13.0	-8.5	6.8	-4.0	-18.1	1.7	11.0	8.3	6.5
F	9.2	1.0	6.9	-3.3	4.3	-4.1	-5.8	2.3	6.2	2.4	6.5
IRL	13.8	1.6	5.6	-7.6	6.7	-8.2	4.0	3.3	10.0	7.0	6.5
I	9.2	3.2	6.9	-7.3	8.3	-1.2	-19.5	7.5	11.5	5.6	8.6
L	5.4	-2.6	20.4	-	-	-	-	-	7.3	7.0	2.9
NL	2.2	2.8	3.6	-2.1	4.0	-1.5	-5.3	0.3	9.0	3.7	3.2
A	6.4	2.6	4.9	-2.0	5.2	-3.6	-8.2	8.8	6.1	2.7	3.5
P	-	-	13.2	-1.5	4.7	5.4	-9.2	5.4	3.0	4.6	5.8
FIN	6.2	1.8	6.2	-22.3	15.3	-16.0	-20.0	4.9	21.4	21.0	14.8
S	4.6	3.2	6.9	-14.2	15.4	-16.0	-14.7	18.1	28.5	12.4	3.9
UK	4.0	2.1	5.3	-4.6	4.1	-3.8	1.2	5.8	0.6	4.6	5.7
EUR* <sup>1</sup>	5.5	2.0	7.0	-4.8	4.9	-3.5	-10.3	3.0	6.3	4.0	6.3
USA	8.4	3.4	3.5	8.0	7.4	7.3	19.7	10.2	8.7	6.0	4.7
JAP	7.5	4.3	11.8	0.1	1.5	-1.7	-3.1	-5.1	2.7	4.5	4.0

<sup>1</sup> EUR without Portugal up to 1985.

\* Notes : see page 27.



TABLE 7 : Total investment, volume (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	5,1	-0,7	9,5	-2,7	2,7	-1,5	0,2	-6,7	0,5	2,7	3,8	3,6
DK	6,5	-0,9	0,9	-4,9	5,7	-5,7	-4,2	-4,7	3,0	11,0	3,8	5,2
D*	3,9	-0,3	4,8	1,2	1,6	6,0	3,5	-5,6	4,3	1,5	-1,7	2,5
GR	10,0	-1,6	1,7	0,1	5,6	4,8	-1,4	-2,8	0,5	6,3	7,8	8,0
E	10,5	-0,9	11,6	-4,5	5,1	1,6	-4,2	-10,6	1,4	8,4	4,7	6,0
F	7,7	-0,2	5,9	-3,0	2,2	0,0	-3,1	-5,8	1,1	2,8	1,5	3,7
IRL	9,9	0,7	4,0	-3,7	8,5	-7,1	-3,1	-0,8	7,3	12,2	8,3	6,2
I	4,7	0,5	4,4	-4,8	4,0	0,8	-1,8	-12,8	0,2	5,9	4,2	6,0
L	4,9	-2,7	13,9	3,7	4,5	9,8	-2,1	3,9	2,4	6,0	6,5	3,3
NL	5,3	-0,1	3,7	-0,8	3,2	0,2	0,6	-3,1	3,0	5,0	2,4	2,7
A	6,5	0,5	4,9	2,1	2,6	6,3	1,7	-1,6	6,8	2,4	0,3	1,2
P	7,9	-1,3	9,9	0,9	4,7	2,4	5,4	-4,8	3,5	4,0	4,8	6,3
FIN	4,8	1,1	4,8	-18,8	7,4	-20,3	-16,9	-19,2	-0,3	8,1	11,0	11,2
S	4,4	0,6	5,4	-12,2	5,8	-8,4	-10,8	-17,2	-0,2	10,6	10,1	3,0
UK	4,6	0,7	5,7	-3,5	3,0	-9,5	-1,5	0,6	3,7	-0,7	4,2	4,9
EUR*	5,7	-0,1	5,7	-2,6	3,1	-0,3	-0,9	-6,5	2,5	3,5	2,2	4,2
USA	4,7	2,1	1,2	3,9	5,6	-5,3	5,8	11,9	7,9	5,4	5,0	4,1
JAP	14,0	1,7	8,8	0,2	1,9	3,7	-1,1	-1,8	-2,4	0,5	5,7	4,0

TABLE 8 : Private consumption, volume (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	4,3	1,8	2,9	1,7	1,4	3,1	2,9	-0,7	1,3	1,4	1,1	1,8
DK	3,8	1,5	0,5	1,8	3,3	1,2	1,9	2,4	6,6	2,3	1,8	2,4
D*	5,1	2,1	3,4	3,1	1,4	5,7	3,5	0,2	1,4	1,7	1,2	1,3
GR	6,7	3,0	2,8	1,6	1,7	2,8	1,8	0,1	1,5	1,6	1,9	2,0
E	7,2	1,6	4,7	0,9	1,7	2,9	2,1	-2,2	0,8	1,8	1,5	2,8
F	5,3	2,4	3,2	1,0	1,6	1,4	1,4	0,2	1,5	1,8	1,4	1,6
IRL	3,8	2,2	3,6	2,1	3,6	2,0	2,9	1,4	4,3	3,5	3,5	3,0
I	6,0	3,1	4,0	0,2	1,7	2,7	1,3	-3,4	1,0	1,7	1,9	2,1
L	4,6	2,6	4,0	2,4	2,4	6,5	1,7	-0,9	2,5	2,4	2,2	2,4
NL	5,6	2,0	2,8	2,2	2,0	3,1	2,5	0,9	2,1	2,1	1,8	2,1
A	4,6	2,4	3,0	2,1	1,5	2,9	2,8	0,7	2,5	1,9	0,9	0,7
P	6,0	1,4	5,6	3,0	1,6	4,8	3,7	0,4	0,0	1,8	2,1	2,4
FIN	5,2	2,5	3,7	-3,8	3,4	-3,6	-4,9	-2,9	1,8	4,2	4,1	3,4
S	3,3	1,1	2,7	-1,1	1,1	1,1	-1,4	-3,1	0,8	0,3	1,0	2,2
UK	3,0	1,6	4,7	0,1	2,8	-2,2	-0,1	2,6	3,0	2,3	3,0	2,7
EUR*	4,9	2,2	3,7	1,2	1,8	2,2	1,8	-0,3	1,7	1,8	1,8	2,0
USA	4,2	2,7	2,8	2,1	2,4	-0,2	3,0	3,5	3,0	2,4	2,0	2,3
JAP	8,7	3,3	4,2	1,6	2,3	2,2	1,7	1,0	2,2	1,6	2,8	2,5

TABLE 9 : Public consumption, volume (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	5,5	2,2	0,1	1,2	0,8	2,4	0,3	0,8	1,5	0,6	0,4	0,6
DK	5,8	3,0	0,6	1,1	0,8	-0,1	0,4	3,0	1,4	0,2	1,0	0,7
D*	3,8	1,5	1,0	0,1	0,2	-2,9	2,7	0,5	-2,3	2,1	1,2	0,0
GR	6,2	5,2	2,3	-0,5	0,8	-1,5	-0,8	0,7	1,1	1,4	0,4	0,2
E	4,5	5,0	6,6	4,0	0,6	5,6	4,0	2,3	-0,3	0,9	0,9	0,8
F	4,0	2,9	2,1	3,2	0,8	2,8	3,5	3,4	1,2	0,9	1,0	0,0
IRL	5,2	3,7	-0,6	2,1	2,7	2,5	2,5	1,3	3,9	3,0	1,7	2,2
I	4,0	2,7	2,2	1,1	0,0	1,7	1,2	0,5	-0,0	-0,5	-0,2	0,8
L	3,4	2,4	2,9	3,0	2,0	3,8	3,5	1,8	2,1	2,3	2,0	1,5
NL	2,8	2,7	2,2	1,1	1,2	1,5	1,7	0,2	0,9	0,2	2,3	1,5
A	3,2	2,9	0,9	2,6	1,2	2,6	2,1	3,1	2,2	2,1	0,3	0,0
P	9,1	6,7	5,8	1,5	1,7	3,0	1,4	0,0	1,4	2,5	2,0	1,0
FIN	5,4	4,3	3,2	-1,7	1,2	2,5	-2,2	-5,3	0,9	1,1	1,4	1,5
S	4,9	2,7	1,6	1,1	-1,1	3,2	-0,0	0,2	-0,8	-2,3	-0,0	-1,1
UK	2,5	1,4	1,4	0,9	1,0	2,6	-0,1	0,3	2,0	0,9	0,6	0,6
EUR*	3,8	2,5	2,0	1,5	0,6	1,7	1,7	1,1	0,4	0,9	0,8	0,4
USA	2,5	2,3	2,4	-0,1	-0,2	1,5	-1,0	-0,8	0,2	-0,3	-0,7	-0,2
JAP	5,8	3,9	2,2	2,0	1,6	1,6	2,7	1,7	2,8	1,9	1,2	0,2

\* Notes : see page 27.

TABLE 10 : Price deflator of private consumption (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	3.7	7.5	2.3	2.5	2.1	2.5	2.0	3.1	3.0	1.5	2.0	1.8
DK	6.6	9.6	3.7	1.6	1.9	2.4	2.0	0.3	1.7	1.8	1.8	2.4
D*	3.5	4.3	1.5	4.2	2.0	3.9	4.8	3.9	2.7	2.0	1.6	1.6
GR	3.5	17.5	17.0	16.1	8.8	19.7	15.0	13.7	10.8	9.3	8.3	7.0
E	6.5	15.4	6.6	6.1	4.1	6.4	6.4	5.5	4.9	4.6	3.6	3.2
F	4.8	10.5	2.9	2.6	1.7	3.2	2.4	2.2	1.8	1.6	1.8	1.6
IRL	6.3	13.8	3.2	2.4	2.5	2.8	2.5	1.7	2.7	2.5	2.3	2.4
I	4.9	16.0	5.9	6.0	4.5	6.9	5.6	5.4	4.6	5.7	4.1	3.5
L	3.0	7.4	3.5	3.7	2.0	2.6	1.6	7.0	2.4	2.0	1.7	2.1
NL	5.0	5.8	0.9	2.9	1.9	3.2	3.1	2.3	2.4	1.1	1.9	2.0
A	4.1	5.9	2.1	3.6	2.2	3.4	3.9	3.4	3.0	2.2	2.1	1.6
P	3.9	22.2	11.7	10.2	3.9	12.6	11.1	7.1	5.2	4.2	3.1	3.0
FIN	5.7	10.8	4.5	4.6	1.2	5.6	4.1	4.2	1.4	1.1	1.0	1.5
S	4.8	10.2	6.5	6.0	2.5	10.2	2.2	5.7	3.1	2.7	1.7	2.5
UK	4.8	12.0	5.0	5.2	2.6	7.4	4.7	3.5	2.5	2.6	2.7	2.5
EUR*	4.7	10.7	4.2	4.8	2.8	5.6	4.7	4.1	3.2	3.0	2.6	2.4
USA	3.1	7.1	4.1	3.0	2.7	3.8	2.8	2.4	2.4	2.3	2.8	3.1
JAP	6.1	6.4	1.0	1.9	0.3	2.5	2.1	1.3	0.3	-0.3	0.2	1.0

TABLE 11 : Compensation of employees per head (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	9.0	9.4	3.8	5.7	2.6	7.9	6.0	3.3	4.8	1.9	1.7	2.2
DK	10.7	10.1	5.1	3.2	3.6	4.3	3.8	1.6	3.6	3.3	3.9	3.6
D*	9.1	5.8	3.5	6.9	3.0	5.9	10.5	4.3	3.2	3.8	2.6	2.4
GR	10.1	21.6	17.9	10.9	11.3	14.3	8.2	10.1	11.9	12.5	11.1	9.6
E	14.6	18.0	7.7	8.2	3.2	8.6	9.7	6.5	3.1	2.4	3.8	3.6
F	9.9	12.9	4.2	3.6	2.3	4.3	4.3	2.2	2.1	2.4	2.3	2.5
IRL	11.3	16.6	6.0	5.2	3.8	3.8	7.0	4.9	3.2	3.1	4.0	5.0
I	11.5	18.2	8.8	6.0	4.6	8.7	5.8	3.7	3.0	5.2	5.4	4.8
L	7.4	9.2	5.2	5.7	3.7	6.4	5.5	5.2	3.4	3.9	3.5	3.8
NL	11.4	6.6	1.7	4.1	2.4	4.5	4.7	3.1	2.3	3.0	1.9	2.5
A	9.6	7.9	4.4	5.6	3.2	6.4	5.9	4.6	3.1	3.8	3.0	2.9
P	10.9	24.1	16.4	11.0	4.7	14.7	9.4	9.1	5.4	4.6	4.6	4.0
FIN	11.2	13.4	8.8	2.8	4.0	5.7	1.9	1.0	2.7	5.3	4.0	4.0
S	8.4	10.7	9.2	5.0	4.5	6.8	3.9	4.4	5.4	3.0	5.2	4.5
UK	8.3	13.9	8.3	6.0	3.4	8.6	5.2	4.3	3.5	3.1	3.6	3.6
EUR*	9.9	12.4	6.2	5.9	3.3	7.0	6.8	4.0	3.2	3.5	3.4	3.2
USA	5.6	7.5	4.4	4.5	3.1	4.6	5.3	3.5	2.0	3.2	3.7	3.7
JAP	14.2	8.3	4.0	2.3	1.3	4.6	1.5	0.8	1.7	0.9	0.8	1.8

TABLE 12 : Real compensation of employees per head<sup>1</sup> (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	5.1	1.8	1.5	3.1	0.6	5.3	4.0	0.2	1.8	0.4	-0.3	0.4
DK	3.8	0.5	1.4	1.6	1.6	1.8	1.7	1.4	1.8	1.5	2.1	1.2
D*	5.4	1.4	2.0	2.6	1.0	1.9	5.5	0.3	0.5	1.8	1.0	0.7
GR	6.4	3.5	0.7	-4.5	2.2	-4.5	-5.9	-3.2	1.0	3.0	2.6	2.4
E	7.6	2.3	1.0	2.0	-0.8	2.0	3.1	0.9	-1.7	-2.2	0.2	0.4
F	4.9	2.2	1.3	0.9	0.6	1.1	1.9	-0.1	0.3	0.7	0.5	0.8
IRL	4.7	2.5	2.7	2.8	1.3	1.0	4.4	3.1	0.4	0.6	1.7	2.6
I	6.3	1.9	2.7	0.1	0.1	1.6	0.2	-1.6	-1.6	-0.5	1.2	1.2
L	4.2	1.7	1.7	1.9	1.6	3.7	3.8	-1.6	1.0	1.9	1.8	1.7
NL	6.0	0.8	0.8	1.2	0.6	1.2	1.5	0.8	-0.0	1.9	-0.0	0.5
A	5.3	1.9	2.3	2.0	0.9	2.9	1.9	1.1	0.1	1.5	0.8	1.2
P	6.7	1.6	4.2	0.7	0.7	1.8	-1.5	1.9	0.2	0.4	1.5	0.9
FIN	5.2	2.4	4.1	-1.7	2.7	0.0	-2.2	-3.0	1.3	4.2	2.9	2.5
S	3.5	0.4	2.5	-0.9	2.0	-3.0	1.7	-1.2	2.2	0.3	3.5	1.9
UK	3.3	1.7	3.2	0.8	0.9	1.1	0.5	0.8	1.0	0.5	0.9	1.0
EUR*	5.0	1.5	1.9	1.1	0.5	1.3	2.0	-0.0	0.0	0.5	0.7	0.8
USA	2.5	0.4	0.3	1.4	0.5	0.8	2.4	1.1	-0.4	0.8	0.9	0.6
JAP	7.6	1.8	3.0	0.3	1.0	2.1	-0.6	-0.4	1.4	1.2	0.6	0.8

<sup>1</sup> Deflated by the price deflator of private consumption.

TABLE 13 : Real GDP per occupied person (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	4,3	2,1	1,9	1,3	1,8	2,1	2,3	-0,4	2,9	1,6	1,2	1,5
<b>DK</b>	3,2	1,5	1,2	2,1	2,3	2,9	0,9	2,5	5,0	1,1	1,3	2,0
<b>D*</b>	4,0	1,9	1,9	2,4	2,2	2,5	4,1	0,6	3,6	2,2	1,3	1,8
<b>GR</b>	8,1	1,6	1,0	0,2	0,7	4,9	-1,0	-3,2	-0,4	1,1	1,0	1,3
<b>E</b>	6,5	3,4	1,2	2,0	1,2	1,3	2,2	2,6	2,7	0,3	0,5	1,5
<b>F</b>	4,7	2,1	2,4	0,8	1,5	0,7	2,1	-0,4	2,6	1,0	1,0	1,5
<b>IRL</b>	4,3	3,7	3,6	2,7	3,8	2,2	3,5	2,5	4,0	4,6	3,2	3,2
<b>I</b>	5,5	1,8	2,4	1,2	2,7	0,3	1,6	1,8	3,7	3,4	1,6	2,3
<b>L</b>	3,0	1,2	1,5	-1,1	0,7	-1,0	-0,6	-1,7	0,8	0,7	0,8	0,5
<b>NL</b>	3,9	2,0	1,2	0,8	1,3	0,9	1,0	0,4	2,6	1,0	0,7	1,1
<b>A</b>	5,0	1,6	2,2	1,1	1,1	1,1	1,5	0,8	-0,8	1,9	1,7	1,5
<b>P</b>	6,6	2,6	3,9	1,0	2,3	-0,6	2,9	0,7	1,2	3,1	2,4	2,3
<b>FIN</b>	4,5	2,4	3,2	2,4	2,6	-2,0	3,7	5,7	5,7	2,0	1,3	1,4
<b>S</b>	3,5	1,0	1,2	2,2	1,7	0,4	3,2	3,2	3,6	1,4	0,6	1,0
<b>UK</b>	2,9	1,6	1,5	2,1	2,2	1,1	1,4	3,7	3,8	1,8	1,5	1,9
<b>EUR*</b>	4,4	2,0	1,9	1,7	2,0	1,3	2,4	1,3	3,1	1,9	1,2	1,7
<b>USA</b>	1,9	0,5	0,6	1,6	0,9	0,5	2,6	1,6	0,4	0,6	1,5	1,1
<b>JAP</b>	8,1	3,0	3,0	0,5	1,3	2,2	-0,0	-0,6	0,5	0,6	2,3	2,1

TABLE 14 : Unit labour costs, whole economy<sup>1</sup> (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	4,5	7,1	1,9	4,4	0,9	5,7	3,7	3,7	1,9	0,4	0,5	0,6
<b>DK</b>	7,3	8,5	3,9	1,1	1,3	1,4	2,9	-0,8	-1,4	2,2	2,6	1,9
<b>D*</b>	4,9	3,8	1,6	4,4	0,7	3,3	6,2	3,6	-0,4	1,5	1,2	0,6
<b>GR</b>	1,8	19,8	16,7	10,6	10,5	9,0	9,3	13,7	12,3	11,3	10,1	8,2
<b>E</b>	7,6	14,2	6,4	6,1	1,9	7,2	7,4	3,7	0,4	2,1	3,2	2,1
<b>F</b>	4,9	10,6	1,8	2,8	0,8	3,6	2,1	2,6	-0,5	1,3	1,3	1,0
<b>IRL</b>	6,8	12,5	2,3	2,5	0,1	1,5	3,4	2,4	-0,8	-1,4	0,8	1,8
<b>I</b>	5,6	16,1	6,2	4,8	1,8	8,3	4,1	1,9	-0,7	1,7	3,8	2,4
<b>L</b>	4,3	7,9	3,7	6,9	3,0	7,4	6,1	7,1	2,6	3,2	2,7	3,4
<b>NL</b>	7,1	4,5	0,5	3,3	1,1	3,5	3,7	2,7	-0,2	2,0	1,2	1,4
<b>A</b>	4,5	6,2	2,2	4,4	2,1	5,2	4,3	3,7	4,0	1,8	1,2	1,3
<b>P</b>	4,0	20,9	11,9	9,9	2,4	15,4	6,3	8,3	4,1	1,4	2,2	1,7
<b>FIN</b>	6,4	10,8	5,4	0,4	1,4	7,8	-1,8	-4,4	-2,9	3,3	2,7	2,5
<b>S</b>	4,7	9,6	7,8	2,7	2,8	6,4	0,8	1,2	1,7	1,6	4,5	3,5
<b>UK</b>	5,3	12,0	6,6	3,9	1,2	7,5	3,7	0,5	-0,3	1,3	2,1	1,6
<b>EUR*</b>	5,2	10,2	4,2	4,2	1,4	5,6	4,3	2,7	0,1	1,7	2,2	1,5
<b>USA</b>	3,6	7,0	3,8	2,8	2,2	4,1	2,6	1,9	1,6	2,6	2,2	2,6
<b>JAP</b>	5,6	5,2	1,0	1,8	-0,0	2,4	1,5	1,4	1,2	0,3	-1,4	-0,3

<sup>1</sup> 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<sup>1</sup> (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	0,4	0,4	-1,2	0,9	-1,3	3,0	0,1	-0,4	-0,7	-1,5	-1,6	-1,2
<b>DK</b>	0,2	-0,4	0,0	-0,9	-0,6	-0,8	-0,3	-1,5	-3,0	0,5	0,7	-0,4
<b>D*</b>	0,5	-0,3	-0,8	-0,0	-1,1	-0,6	0,7	-0,1	-2,6	-0,7	-0,1	-1,0
<b>GR</b>	-2,5	1,8	0,2	-4,8	1,5	-9,0	-4,6	-0,4	1,3	1,9	1,6	1,2
<b>E</b>	0,5	-0,8	-0,9	0,0	-2,0	0,1	0,5	-0,5	-3,4	-2,6	-0,7	-1,3
<b>F</b>	-0,1	0,4	-1,6	0,1	-0,8	0,3	0,1	0,1	-1,9	-0,3	-0,5	-0,7
<b>IRL</b>	-0,4	-0,2	-0,8	-0,2	-1,6	-0,1	1,4	-1,7	-2,0	-2,6	-1,2	-0,6
<b>I</b>	0,1	-0,1	-0,6	-0,8	-2,2	0,6	-0,5	-2,4	-4,0	-3,1	-0,7	-1,1
<b>L</b>	-0,2	1,1	-0,3	0,4	-0,0	2,8	1,1	-2,6	-0,9	-0,8	0,6	1,0
<b>NL</b>	1,0	-0,9	-0,3	0,9	-0,9	0,8	1,4	0,6	-2,5	-0,1	-0,4	-0,6
<b>A</b>	-0,2	0,7	-0,7	0,5	-0,1	1,2	0,1	0,3	0,6	-0,3	-0,7	-0,1
<b>P</b>	0,1	0,1	-1,2	-1,6	-2,0	1,0	-6,4	0,8	-1,2	-3,5	-1,5	-1,8
<b>FIN</b>	-0,4	0,1	-0,2	-1,4	-0,8	5,2	-2,5	-6,6	-3,9	-0,4	0,7	0,4
<b>S</b>	-0,2	-0,1	0,8	-0,9	-0,1	-1,1	-0,3	-1,4	-1,1	-2,4	2,5	0,7
<b>UK</b>	0,1	-0,3	1,0	-0,8	-1,2	0,9	-0,6	-2,6	-2,4	-1,0	-0,6	-0,9
<b>EUR*</b>	0,0	-0,3	-0,7	-0,4	-1,3	0,1	-0,2	-1,0	-2,5	-1,3	-0,4	-0,9
<b>USA</b>	-0,0	-0,1	0,2	0,2	-0,5	0,5	0,1	-0,0	-0,7	0,1	-0,9	-0,5
<b>JAP</b>	-0,4	-0,0	-0,3	0,3	-0,6	0,4	0,0	0,6	1,1	0,7	-2,1	-2,1

<sup>1</sup> Nominal unit labour costs divided by GDP price deflator.

TABLE 16 : Total employment (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	0,6	-0,3	1,1	-0,5	0,1	0,1	-0,4	-1,2	-0,6	0,4	-0,1	0,7
DK	1,1	0,5	0,3	-1,0	0,4	-1,5	-0,6	-1,0	-0,6	1,5	-0,0	0,7
D*	0,3	-0,2	1,5	-0,4	-0,5	2,5	-1,8	-1,8	-0,7	-0,3	-0,8	-0,1
GR	-0,5	1,0	0,9	0,6	1,3	-1,8	1,4	2,2	1,9	0,9	1,0	1,2
E	0,7	-1,4	3,3	-1,4	1,2	1,0	-1,5	-3,7	-0,6	2,7	1,4	1,5
F	0,7	0,1	0,8	-0,6	0,5	0,1	-0,7	-1,1	0,1	1,2	0,0	0,6
IRL	0,1	0,1	1,0	0,4	2,6	0,0	0,4	0,6	2,6	3,8	2,3	1,7
I	-0,2	0,9	0,6	-1,0	-0,3	0,8	-1,0	-2,9	-1,5	-0,4	0,2	0,4
L	1,1	0,5	3,1	2,8	2,3	4,1	2,5	1,8	2,5	2,5	1,7	2,6
NL	0,9	-0,1	1,9	0,7	1,0	1,3	1,0	-0,2	0,1	1,4	1,0	1,4
A	-0,1	0,7	0,7	0,6	0,6	1,7	0,5	-0,4	3,9	-0,1	-1,0	-0,4
P	0,3	-0,4	1,1	-0,3	-0,1	2,8	-1,8	-1,9	-0,2	-0,6	-0,1	0,5
FIN	0,5	0,3	0,2	-6,2	1,2	-5,2	-7,0	-6,5	-1,3	2,2	1,7	2,1
S	0,6	0,8	1,0	-3,7	0,5	-1,5	-4,4	-5,2	-1,0	1,6	0,6	1,0
UK	0,3	-0,2	1,8	-2,1	0,6	-3,1	-1,9	-1,5	0,1	0,6	0,9	1,0
EUR*	0,3	0,0	1,3	-1,0	0,3	0,1	-1,4	-1,9	-0,3	0,6	0,2	0,6
USA	1,9	1,8	2,1	0,2	1,6	-1,0	-0,2	1,8	3,1	1,5	0,6	1,4
JAP	1,3	0,7	1,5	1,2	0,4	2,1	1,1	0,4	0,0	0,3	0,6	0,5

TABLE 17 : Employment in manufacturing industries (percentage change on preceding year, 1974-97)\*

	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	-2,9	-0,3	-1,9	-0,5	-1,0	-1,5	-5,1	-1,9	-0,0	-0,5	0,4
DK	-0,5	-0,1	-2,0	1,2	-2,3	-1,6	-4,6	0,6	3,2	-0,3	1,4
D*	-1,3	1,2	-4,4	-1,8	1,4	-8,5	-7,5	-5,6	-2,3	0,3	0,3
GR	1,6	0,5	-3,6	-0,3	-3,8	-4,9	-6,0	-0,3	-0,3	-0,3	-0,3
E	-	2,8	-3,5	-1,2	-1,6	-4,7	-9,2	-4,3	0,0	-0,8	0,2
F	-1,5	-0,9	-2,4	-0,8	-1,6	-3,4	-4,6	-2,5	0,2	-0,7	-0,0
IRL	-1,2	0,6	0,9	3,2	-0,2	-0,3	0,1	2,3	3,4	4,1	2,8
I	-1,0	0,3	-3,2	-0,1	-2,2	-4,3	-5,7	-0,2	-1,4	0,4	0,6
L	-2,0	-1,2	-3,0	-0,6	4,8	-5,4	-3,4	-2,7	0,0	0,0	0,3
NL	-2,3	1,4	-0,8	-1,0	-0,3	-0,8	-3,6	-4,4	-0,5	0,0	1,0
A	-1,0	-0,4	-2,0	-2,7	-0,3	-2,6	-4,4	-3,0	-3,0	-2,5	-2,3
P	-	0,8	-1,8	-1,4	-2,3	-3,4	-3,8	-1,7	-3,7	-0,5	0,5
FIN	-0,3	-2,3	-6,1	2,8	-7,3	-9,6	-6,1	0,2	6,7	2,2	2,3
S	-0,9	-0,8	-6,8	3,0	-6,6	-9,5	-7,6	2,4	5,4	1,5	2,9
UK	-3,1	-1,0	-3,0	0,0	-7,6	-4,0	-3,3	-1,0	1,2	-0,1	0,0
EUR* <sup>1</sup>	-1,7	0,3	-3,5	-0,8	-2,0	-5,5	-5,9	-2,8	-0,6	-0,0	0,3

<sup>1</sup> EUR without Portugal, Spain up to 1985.

TABLE 18 : Number of unemployed (as a percentage of civilian labour force, 1964-97)<sup>1\*</sup>

	1964-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
B	2,0	7,7	8,7	7,6	10,0	6,6	7,3	8,9	10,0	9,9	10,1	9,8
DK	0,9	6,4	6,4	9,2	6,7	8,4	9,2	10,1	8,2	6,8	6,1	5,8
D*	0,7	4,2	5,9	6,7	8,9	5,6	6,6	7,9	8,4	8,3	9,3	9,4
GR	4,2	3,8	6,6	7,8	9,0	7,0	7,9	8,6	8,9	9,1	9,1	9,0
E	2,8	11,3	18,9	19,2	22,9	16,4	18,5	22,8	24,1	22,9	22,5	22,1
F	2,2	6,4	9,8	10,5	11,8	9,5	10,4	11,7	12,3	11,5	11,7	11,7
IRL	5,7	10,6	15,5	15,3	13,8	14,8	15,4	15,7	14,7	14,4	13,4	12,8
I	5,2	7,0	9,6	9,4	11,7	8,8	9,0	10,3	11,4	11,8	11,8	11,7
L	0,0	1,7	2,1	2,2	3,0	1,7	2,1	2,7	3,2	2,9	3,0	2,9
NL	1,3	7,1	7,4	6,0	7,2	5,8	5,6	6,6	7,2	7,3	7,2	7,0
A	1,7	2,5	3,4	3,8	4,5	3,5	3,6	4,2	4,1	4,0	4,6	5,1
P	2,5	6,9	6,1	4,6	7,2	4,0	4,2	5,7	7,0	7,2	7,4	7,2
FIN	2,3	5,3	4,7	12,9	16,7	7,6	13,1	17,9	18,4	17,2	16,3	15,0
S	2,0	2,5	2,1	6,2	9,0	3,3	5,8	9,5	9,8	9,2	8,8	8,3
UK	2,0	6,9	9,0	9,8	8,7	8,8	10,1	10,4	9,6	8,8	8,4	8,0
EUR*	2,4	6,4	9,0	9,5	11,0	8,3	9,4	10,9	11,3	10,9	10,9	10,8
USA <sup>2</sup>	4,6	7,5	5,9	7,0	5,7	6,7	7,4	6,8	6,1	5,6	5,6	5,4
JAP <sup>2</sup>	1,2	2,2	2,5	2,3	3,0	2,1	2,2	2,5	2,9	3,1	3,2	2,9

<sup>1</sup> Series following SOEC definition, based on the labour force survey.

<sup>2</sup> In percentage of total labour force.

\* Notes : see page 27.

TABLE 19 : General government total expenditure (as a percentage of GDP, 1970-97)\*

	1970-73	1974-85	1986-90	1991-93	1994-97	1992	1993	1994	1995	1996	1997*
<b>B</b>	43,6	56,9	57,0	55,8	54,3	55,7	56,3	55,6	54,4	53,7	53,6
<b>DK</b>	42,1	53,0	56,8	60,0	60,1	59,8	62,2	62,3	59,7	60,0	58,2
<b>D*</b>	40,1	47,6	46,0	49,0	49,6	48,8	50,0	49,3	49,8	50,0	49,2
<b>GR</b>	-	-	43,7	46,3	46,1	46,0	48,5	48,0	46,0	45,5	44,9
<b>E</b>	23,0	32,6	41,9	46,9	45,9	46,3	49,5	47,9	46,0	45,2	44,3
<b>F</b>	38,2	47,2	51,0	53,0	54,3	52,7	55,2	54,7	54,3	54,6	53,6
<b>IRL</b>	35,9	47,4	45,3	41,1	39,3	41,3	41,3	41,6	39,7	38,6	37,4
<b>I</b>	34,6	42,9	51,3	54,8	52,2	53,8	57,0	54,2	51,8	52,0	51,0
<b>L</b>	32,6	46,9	-	-	41,3	-	42,9	42,4	41,3	40,9	40,5
<b>NL</b>	43,4	55,1	57,0	56,0	51,9	56,1	56,3	54,1	51,9	51,3	50,4
<b>A</b>	40,0	48,6	51,0	51,7	52,6	51,1	53,7	52,6	53,1	52,7	52,0
<b>P</b>	21,9	-	39,4	43,0	44,4	42,2	43,4	43,8	44,8	44,7	44,2
<b>FIN</b>	31,5	40,5	45,5	59,4	57,8	60,7	61,9	60,9	58,4	57,0	54,7
<b>S</b>	44,9	59,4	60,5	68,0	67,3	68,6	72,6	70,4	67,6	66,7	64,4
<b>UK</b>	37,7	43,7	40,3	42,7	42,6	43,3	43,7	43,2	43,6	42,4	41,4
<b>EUR*</b>	37,1 <sup>1</sup>	45,7 <sup>2</sup>	47,7	50,6	50,6	50,2	52,4	51,4	50,8	50,6	49,6
<b>USA</b>	31,3	34,1	36,4	38,0	35,1	38,5	38,1	35,4	35,7	34,9	34,3
<b>JAP</b>	21,2	30,8	32,3	33,2	35,4	32,8	34,7	33,9	34,8	36,0	36,8

<sup>1</sup> EUR without Greece.<sup>2</sup> EUR without Greece and Portugal.

TABLE 20 : General government total current receipts (as a percentage of GDP, 1970-97)\*

	1970-73	1974-85	1986-90	1991-93	1994-97	1992	1993	1994	1995	1996	1997*
<b>B</b>	40,1	48,9	49,8	49,0	50,2	48,7	49,6	50,4	49,9	50,5	49,8
<b>DK</b>	46,3	50,2	57,6	57,0	58,5	57,0	58,3	58,8	58,3	59,1	57,6
<b>D*</b>	40,3	44,9	44,5	45,8	46,3	46,0	46,5	46,8	46,3	46,0	46,3
<b>GR</b>	-	27,6	31,3	33,6	37,0	33,7	34,4	35,8	36,8	37,4	37,9
<b>E</b>	23,1	29,6	38,1	41,5	40,5	42,2	42,0	41,0	39,9	40,4	40,6
<b>F</b>	38,9	45,5	49,2	49,0	49,8	48,8	49,3	48,9	49,3	50,4	50,5
<b>IRL</b>	31,8	36,9	39,8	38,7	37,3	38,8	38,9	39,5	37,3	36,6	35,8
<b>I</b>	29,2	33,3	40,5	45,0	45,4	44,3	47,4	45,2	44,8	45,7	45,8
<b>L</b>	35,3	48,8	-	-	42,1	-	44,7	44,6	41,6	41,5	40,8
<b>NL</b>	43,7	51,8	51,9	52,7	48,7	52,1	53,1	50,8	48,6	47,9	47,5
<b>A</b>	41,5	46,2	47,8	48,7	48,0	49,0	49,4	48,1	46,9	48,1	48,9
<b>P</b>	23,3	29,7	34,7	37,4	39,6	38,9	36,3	38,0	39,4	40,3	40,5
<b>FIN</b>	36,1	44,3	49,5	54,2	53,6	54,9	53,8	54,6	52,8	53,8	53,1
<b>S</b>	49,1	57,5	63,7	60,9	60,5	60,9	60,3	59,6	59,5	61,6	61,3
<b>UK</b>	37,3	40,0	39,2	37,1	37,5	37,0	35,9	36,4	37,6	38,1	37,7
<b>EUR*</b>	36,4 <sup>1</sup>	41,6	44,0	45,3	46,0	45,0	46,2	45,9	45,7	46,2	46,2
<b>USA</b>	30,6	32,2	34,0	34,1	33,0	34,1	34,0	32,8	33,4	33,0	32,8
<b>JAP</b>	22,0	27,6	33,6	34,2	31,9	34,3	33,4	32,3	31,5	31,5	32,1

<sup>1</sup> EUR without Greece.

TABLE 21 : General government lending (+) or borrowing (-) (as a percentage of GDP, 1970-97)\*

	1970-73	1974-85	1986-90	1991-93	1994-97	1992	1993	1994	1995	1996	1997*
<b>B</b>	-3,4	-8,0	-7,2	-6,8	-4,2	-7,1	-6,7 <sup>3</sup>	-5,3 <sup>3</sup>	-4,5	-3,2	-3,7
<b>DK</b>	4,3	-2,8	0,9	-3,0	-1,6	-2,9	-3,9	-3,5	-1,4	-0,9	-0,6
<b>D*</b>	0,2	-2,8	-1,5	-3,2	-3,2	-2,8	-3,5	-2,5	-3,5 <sup>4</sup>	-3,9	-2,9
<b>GR</b>	-	-	-12,4	-12,7	-9,1	-12,3	-14,2	-12,1	-9,2	-8,1	-6,9
<b>E<sup>5</sup></b>	0,4	-2,8	-3,8	-5,5	-5,4	-4,1	-7,5	-6,9	-6,2	-4,8	-3,7
<b>F</b>	0,7	-1,7	-1,8	-4,0	-4,5	-3,9	-5,9	-5,8	-5,0	-4,2	-3,0
<b>IRL</b>	-4,1	-10,5	-5,5	-2,3	-2,0	-2,4	-2,4	-2,0	-2,4	-2,0	-1,6
<b>I</b>	-5,4	-9,6	-10,8	-9,8	-6,9	-9,5	-9,6	-9,0	-7,1	-6,3	-5,2
<b>L</b>	2,7	1,9	-	1,5	0,9	0,8	1,8	2,2	0,3	0,7	0,3
<b>NL</b>	-0,5	-3,6	-5,1	-3,3	-3,2	-3,9	-3,2	-3,2	-3,4	-3,5	-2,9
<b>A</b>	1,5	-2,4	-3,2	-3,0	-4,6	-2,1	-4,3	-4,5	-6,2	-4,6	-3,1
<b>P</b>	1,7	-	-4,7	-5,6	-4,8	-3,3	-7,1	-5,8	-5,4	-4,4	-3,7
<b>FIN</b>	4,6	3,7	4,0	-5,1	-4,2	-5,9	-8,0	-6,3	-5,6	-3,3	-1,6
<b>S</b>	4,5	-1,7	3,2	-7,1	-6,8	-7,8	-12,3	-10,8	-8,1	-5,2	-3,1
<b>UK</b>	-0,4	-3,7	-1,1	-5,6	-5,2	-6,3	-7,8	-6,8	-6,0	-4,4	-3,7
<b>EUR*</b>	-0,7 <sup>1</sup>	-4,0 <sup>2</sup>	-3,7	-5,3	-4,6	-5,1	-6,2	-5,5	-5,0	-4,4	-3,4
<b>USA</b>	-0,7	-1,9	-2,4	-3,9	-2,1	-4,3	-4,1	-2,6	-2,3	-2,0	-1,5
<b>JAP</b>	0,8	-3,2	1,3	1,0	-3,5	1,5	-1,4	-1,6	-3,3	-4,5	-4,7

<sup>1</sup> EUR without Greece.<sup>2</sup> EUR without Greece and Portugal.<sup>3</sup> The figures for 1993 and 1994 include the proceeds from the sale of participations, indirectly owned by the public sector. The amounts involved are BFR 32.2 bn in 1993 and 12.7 bn in 1994.<sup>4</sup> Not including unification-related debt and asset assumptions by the federal government in 1995 (Treuhand, eastern housing companies and Deutsche Kreditbank), equal to 229 bn DM.<sup>5</sup> This time series includes social security contributions still on a cash basis. New information on social security contributions on an accruals basis, available after the cut-off date for the forecasts shows net borrowing of -6.3% in 1994 and -5.8% in 1995. The time series will be updated in the next forecasting round.

\* Notes : see page 27.

TABLE 22 : Government gross debt (as a percentage of GDP, 1980-97)\*<sup>1</sup>

	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	78.8	123.1	130.9	130.9	130.3	131.5	137.9	136.0	133.7	132.2	130.6
<b>DK<sup>2</sup></b>	38.5	72.0	59.5	59.6	64.6	68.7	80.1	76.0	71.9	71.0	68.7
<b>D*</b>	31.7	41.7	41.8	43.8	41.5	44.1	48.2	50.4	58.1	61.5	62.4
<b>GR</b>	-	-	-	81.5	83.3	99.2	111.8	110.4	111.5	111.8	111.4
<b>E</b>	17.5	43.7	43.2	45.1	45.8	48.4	60.5	63.1	65.7	67.8	68.0
<b>F</b>	20.1	31.0	34.4	35.4	35.8	39.7	45.4	48.4	52.4	56.1	57.8
<b>IRL</b>	70.9	103.3	101.7	96.5	96.7	94.4	97.5	91.1	85.5	81.3	77.3
<b>I</b>	57.8	82.4	95.7	98.0	101.4	108.5	119.4	125.6	124.8	124.5	122.8
<b>L</b>	12.5	12.9	7.2	4.7	4.2	5.2	6.2	5.9	5.9	6.2	6.8
<b>NL</b>	46.9	71.5	79.1	78.8	78.8	79.4	81.1	77.6	79.0	79.4	78.7
<b>A</b>	37.3	50.5	58.9	58.3	58.7	58.3	62.8	65.0	69.4	72.4	73.9
<b>P</b>	32.7	62.3	63.1	68.6	70.2	62.4	67.2	70.0	71.6	72.2	71.8
<b>FIN</b>	11.8	16.5	15.0	14.5	23.0	41.5	57.3	59.5	59.4	62.5	63.2
<b>S</b>	41.0	63.8	45.5	43.5	53.0	67.1	76.0	79.3	79.9	80.8	79.6
<b>UK</b>	54.3	53.8	37.5	35.3	35.7	41.9	48.5	50.3	54.0	55.5	56.2
<b>EUR*</b>	38.1	52.9	53.2	55.2	56.0	60.4	66.2	68.2	71.2	73.9	74.3

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

<sup>2</sup> Government deposits with the central bank, government holdings of non-government bonds and public enterprise related debt amounted to some 19 % of GDP in 1995.

TABLE 23 : Trade balance total (fob/cif) (in bn. ECU, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	-0.1	-3.6	-2.3	-1.0	10.7	-7.4	-6.5	8.3	12.0	10.5	10.1	11.0
<b>DK</b>	-0.7	-1.8	0.6	4.1	4.4	2.7	4.4	5.3	4.7	4.1	4.3	4.5
<b>D*</b>	3.6	16.0	55.8	19.1	51.9	9.8	15.7	32.0	38.6	49.9	53.9	65.1
<b>GR</b>	-0.9	-4.3	-6.9	-10.9	-11.5	-10.4	-10.8	-11.6	-10.2	-11.3	-12.8	-14.4
<b>E</b>	-1.9	-7.5	-13.3	-18.1	-17.5	-21.4	-21.8	-11.0	-10.1	-17.8	-19.8	-22.3
<b>F</b>	-0.8	-11.0	-13.2	-6.0	5.7	-15.3	-6.9	4.3	5.2	6.5	6.0	5.0
<b>IRL</b>	-0.4	-1.0	2.2	4.8	8.7	2.7	5.0	6.8	7.4	8.2	9.4	10.7
<b>I</b>	-1.3	-8.8	-7.8	-0.1	23.0	-10.4	-8.0	18.0	18.5	20.8	25.9	26.9
<b>L<sup>1</sup></b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>NL</b>	-1.0	0.9	2.1	0.9	11.5	-2.9	-4.9	10.5	9.8	11.1	12.1	12.9
<b>P</b>	-0.5	-3.1	-4.8	-8.3	-8.1	-8.1	-9.2	-7.5	-7.6	-7.6	-8.2	-8.9
<b>UK</b>	-2.7	-7.7	-31.3	-24.3	-19.6	-22.2	-26.7	-23.9	-26.4	-17.3	-17.9	-17.1
<b>EUR*</b>	-6.6	-31.8	-18.7	-39.7	59.1	-83.1	-69.8	31.2	41.8	57.1	63.1	73.4

<sup>1</sup> Included in the figures for Belgium.

TABLE 24 : Balance on current account (as a percentage of GDP, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	1.0	-1.6	1.4	2.6	4.6	1.7	2.1	3.9	4.3	5.0	4.6	4.6
<b>DK</b>	-2.0	-3.5	-2.1	2.1	0.8	1.1	2.3	2.9	1.4	0.4	0.6	0.9
<b>D*</b>	0.7	0.8	4.2	-1.0	-0.9	-1.0	-1.0	-0.9	-1.3	-1.0	-0.9	-0.5
<b>GR</b>	-2.4	-2.4	-3.5	-2.9	-2.4	-3.8	-3.2	-1.7	-1.0	-2.7	-2.8	-3.0
<b>E</b>	-0.7	-1.4	-1.3	-2.7	-0.3	-3.6	-3.6	-1.0	-1.2	0.3	0.0	-0.5
<b>F</b>	0.4	-0.3	-0.3	0.2	1.5	-0.5	0.1	1.0	1.1	1.6	1.6	1.6
<b>IRL</b>	-2.4	-7.7	-1.2	3.4	6.2	2.0	3.3	4.9	5.1	6.6	6.3	6.7
<b>I</b>	1.4	-0.7	-0.7	-1.2	2.2	-2.1	-2.4	1.0	1.5	2.3	2.5	2.4
<b>L</b>	6.3	24.4	28.1	21.6	16.3	25.2	24.5	15.2	15.9	17.5	16.3	15.6
<b>NL</b>	0.5	1.9	3.0	3.7	4.8	3.4	3.1	4.4	4.4	4.8	5.0	4.9
<b>A</b>	0.1	-1.0	0.2	-0.1	-1.4	0.1	-0.1	-0.4	-1.0	-2.0	-1.6	-1.1
<b>P</b>	0.4	-5.8	-0.5	-2.0	-1.0	-1.9	-1.9	-2.1	-1.2	-0.4	-1.1	-1.2
<b>FIN</b>	-1.4	-2.0	-3.2	-3.8	2.4	-5.4	-4.6	-1.3	1.3	3.6	2.5	2.1
<b>S</b>	0.2	-1.7	-1.6	-2.2	1.3	-2.1	-3.1	-1.4	-0.7	2.0	1.5	2.3
<b>UK</b>	-0.1	-0.1	-3.8	-2.6	-1.2	-2.7	-2.6	-2.5	-2.1	-1.0	-1.1	-0.8
<b>EUR*</b>	0.2	-0.1	0.1	-0.4	0.6	-0.6	-0.5	-0.0	0.0	0.7	0.7	0.8
<b>USA</b>	0.5	-0.4	-2.5	-0.8	-1.8	0.1	-1.0	-1.5	-2.1	-2.0	-1.7	-1.5
<b>JAP</b>	0.6	0.9	2.8	3.0	2.1	2.5	3.3	3.2	2.7	2.2	1.8	1.7

\* Notes : see page 27.

TABLE 25 : Rates of change of demand components, EUR (1992-97)<sup>1\*</sup>

	Percentage change on preceding period at constant prices											
	1992	1993	1994	1995	1996	1997*	1995-I	1995-II	1996-I	1996-II	1997-I*	1997-II*
Private consumption	1,8	-0,3	1,7	1,8	1,8	2,0	2,1	1,2	2,0	2,0	2,0	2,0
Government consumption	1,7	1,1	0,4	0,9	0,8	0,4	1,3	1,2	0,6	0,7	0,1	0,5
Fixed capital formation	-0,9	-6,5	2,5	3,5	2,2	4,2	4,8	0,7	2,3	3,6	4,2	4,9
— Construction	2,6	-2,7	2,8	1,5	0,9	2,6	2,2	0,3	0,6	2,1	2,7	3,0
— Equipment	-3,5	-10,3	3,0	6,3	4,0	6,3	8,4	1,3	4,6	5,6	6,0	7,3
Change in stocks (as % of GDP)	0,1	-0,4	0,5	0,8	0,5	0,6	0,7	0,9	0,5	0,5	0,6	0,6
Domestic demand	1,1	-1,9	2,6	2,2	1,4	2,2	2,1	1,5	1,1	2,2	2,2	2,3
Exports of goods and services	3,7	1,7	8,5	6,9	4,0	5,9	6,6	3,9	3,2	5,6	5,6	6,7
Imports of goods and services	3,9	-2,7	7,6	5,9	4,0	5,5	5,3	4,6	3,0	5,6	5,0	6,1
Gross domestic product	1,0	-0,6	2,8	2,5	1,5	2,4	2,7	1,1	1,2	2,3	2,3	2,6

<sup>1</sup> Half-yearly figures at annual rates, seasonally adjusted (95-I = first half of 1995 etc.).

TABLE 26 : Imports of goods, volume (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	9,3	2,1	7,3	2,4	5,6	1,5	4,5	1,1	6,6	7,7	3,2	4,9
<b>DK</b>	7,9	1,5	1,5	0,4	6,0	5,1	1,2	-4,9	12,3	5,1	2,4	4,4
<b>D*</b>	8,7	3,8	7,1	2,1	4,3	13,7	1,2	-7,5	7,8	2,7	2,1	4,8
<b>GR</b>	12,8	2,9	9,9	4,1	5,7	6,8	4,6	1,0	4,1	6,5	5,9	6,4
<b>E</b>	-	1,9	15,8	4,3	6,3	8,8	4,9	-0,6	0,8	11,0	6,5	7,3
<b>F</b>	11,3	2,2	7,5	-0,1	5,3	2,9	0,6	-3,8	7,0	5,7	2,9	5,6
<b>IRL</b>	9,2	4,2	6,6	4,3	9,8	1,0	4,7	7,2	12,0	12,0	8,9	6,2
<b>I</b>	10,2	2,8	6,4	-0,3	8,1	4,9	3,4	-8,6	11,0	9,3	5,2	7,0
<b>L</b>	6,2	2,4	6,5	-	-	8,1	0,2	-	-	3,2	2,5	3,2
<b>NL</b>	9,4	2,3	5,6	1,2	5,7	4,3	2,0	-2,6	7,9	6,7	2,9	5,3
<b>A</b>	-	4,4	8,7	2,2	5,5	5,9	2,6	-1,9	7,8	6,8	3,4	4,0
<b>P</b>	-	-	17,7	4,3	9,0	5,4	11,1	-3,2	11,4	9,4	8,3	7,1
<b>FIN</b>	-	2,1	5,7	-5,1	10,3	-14,3	0,9	-1,0	16,7	9,1	8,0	7,8
<b>S</b>	-	3,3	4,6	-1,3	8,6	-5,1	-0,6	2,0	15,3	10,0	4,6	4,8
<b>UK</b>	5,2	2,6	7,2	1,5	4,7	-5,3	6,7	3,6	5,2	3,5	4,8	5,3
<b>EUR*<sup>1</sup></b>	9,0	2,8	7,9	1,6	5,9	4,1	3,3	-2,6	7,6	6,2	4,1	5,6
<b>USA</b>	9,1	5,4	4,7	7,5	8,5	0,5	10,3	11,9	13,5	9,1	5,0	6,5
<b>JAP</b>	-	2,1	10,1	0,6	11,7	-3,5	-1,5	7,0	13,3	13,5	10,0	10,1

<sup>1</sup> Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 27 : Exports of goods, volume (percentage change on preceding year, 1961-97)\*

	1961-73	1974-85	1986-90	1991-93	1994-97	1991	1992	1993	1994	1995	1996	1997*
<b>B</b>	10,1	2,7	6,2	2,6	5,9	1,7	4,2	1,8	7,8	7,8	2,9	5,1
<b>DK</b>	6,8	4,9	3,7	2,9	3,9	7,2	3,2	-1,5	9,7	-0,9	2,7	4,6
<b>D*</b>	8,0	4,7	4,8	2,0	5,8	11,0	0,4	-4,8	9,2	4,1	3,2	6,7
<b>GR</b>	12,0	6,5	7,8	4,1	4,4	5,8	7,2	-0,5	4,5	3,5	4,1	5,6
<b>E</b>	-	8,5	7,0	11,6	11,6	10,5	8,3	16,0	25,0	9,9	5,9	6,5
<b>F</b>	10,0	4,3	5,1	2,5	5,5	3,9	4,7	-1,0	6,5	7,6	2,7	5,4
<b>IRL</b>	8,1	8,7	9,0	10,0	11,7	4,9	15,6	9,8	14,9	15,0	9,8	7,4
<b>I</b>	11,5	5,3	5,4	4,9	8,8	1,1	4,8	9,0	13,2	10,9	4,6	6,7
<b>L</b>	5,3	1,9	5,1	-	-	3,1	0,2	-	-	3,0	1,0	3,5
<b>NL</b>	10,3	3,3	5,4	2,7	5,4	4,8	2,6	0,6	6,8	6,3	3,5	5,3
<b>A</b>	-	6,3	7,8	3,2	6,6	6,5	2,2	1,0	8,0	8,1	4,8	5,8
<b>P</b>	-	-	11,9	0,4	11,0	0,5	6,1	-5,1	14,6	12,4	10,0	7,3
<b>FIN</b>	-	3,7	1,6	6,4	6,8	-5,9	9,3	17,0	12,9	5,4	4,0	4,9
<b>S</b>	-	3,1	2,5	2,8	9,3	-2,5	1,3	9,9	15,8	12,6	4,2	5,2
<b>UK</b>	5,0	3,9	5,4	2,4	6,9	1,2	2,5	3,6	10,0	6,3	5,1	6,3
<b>EUR*<sup>1</sup></b>	8,8	4,7	5,5	3,7	7,0	5,1	3,6	2,5	10,5	7,3	4,1	6,1
<b>USA</b>	6,7	2,5	10,4	6,5	9,1	7,5	6,6	5,5	10,1	10,7	7,4	8,2
<b>JAP</b>	-	9,0	2,6	0,7	4,7	2,3	0,7	-1,0	1,5	5,0	5,5	7,0

<sup>1</sup> Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 28 : **Export markets and export performance**  
(percentage change on preceding year, 1995-97)\*

	Export markets			Export performance <sup>1</sup>		
	1995	1996	1997*	1995	1996	1997*
B	6.8	4.5	6.3	0.9	-1.5	-1.1
DK	6.9	5.1	6.1	-7.3	-2.3	-1.4
D	7.7	5.5	6.6	-3.4	-2.2	0.1
GR	7.4	5.3	6.7	-3.6	-1.2	-1.1
E	7.4	4.7	6.2	2.3	1.1	0.3
F	7.8	5.1	6.4	-0.2	-2.3	-0.9
IRL	6.5	4.6	5.8	8.0	5.0	1.5
I	7.1	5.2	6.6	3.6	-0.6	0.1
L <sup>2</sup>	-	-	-	-	-	-
NL	5.7	4.4	5.7	0.6	-0.9	-0.4
A	7.1	4.8	6.5	0.9	-0.0	-0.7
P	7.8	4.5	6.1	4.3	5.3	1.1
FIN	8.1	5.3	6.5	-2.5	-1.2	-1.5
S	7.1	5.3	6.5	5.2	-1.0	-1.2
UK	8.3	5.6	6.6	-1.8	-0.5	-0.3
EUR*	7.4	5.1	6.4	-0.1	-0.9	-0.3
USA	10.5	7.2	7.6	0.1	0.2	0.6
JAP	10.8	7.3	8.1	-5.2	-1.7	-1.0

<sup>1</sup> Index of export volume growth divided by index of market growth (includes intra-EC trade).

<sup>2</sup> Included in the figures for Belgium.

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

	1992	1993	1994	1995	1996	1997*
	as a % of GDP					
EUR	-0.4	0.9	1.1	1.5	1.5	1.7
USA	-1.6	-2.0	-2.4	-2.5	-2.1	-1.9
Japan	3.6	3.2	3.1	2.7	2.6	2.6
	in billions of USD					
EUR	-9.5	70.9	99.1	122.2	129.6	149.1
USA	-96.1	-132.6	-166.4	-177.6	-157.9	-154.1
Japan	132.4	141.6	145.9	138.9	119.9	127.0
	in billions of ECU					
EUR	-7.3	60.5	83.4	93.5	101.9	116.9
USA	-74.2	-113.1	-140.1	-135.8	-124.2	-120.7
Japan	102.2	120.8	122.9	106.2	94.3	99.5

TABLE 30 : **World export prices<sup>1</sup>**  
(percentage change on preceding year)\*

	1992	1993	1994	1995	1996	1997*
Fuels	-3.3	-11.9	-7.1	7.8	0.4	-1.8
Other primary commodities	-0.5	-7.3	8.5	8.6	1.0	2.4
Manufactures	3.0	-3.9	15.8	8.2	-0.6	2.4

<sup>1</sup> In US dollars.

Source : United Nations and forecasts by Commission services.

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

	1992	1993	1994	1995	1996	1997*
EUR	1.0	-0.6	2.8	2.5	1.5	2.4
USA	2.5	3.4	3.5	2.0	2.1	2.5
Japan	1.1	-0.2	0.5	0.9	2.9	2.6
Canada	0.8	2.3	4.6	2.2	1.9	2.7
Rest OECD	3.5	4.4	1.2	-0.7	2.1	3.3
Total OECD	1.8	1.3	2.9	1.8	2.0	2.5
CCEE	-18.0	-8.4	-7.4	-2.0	3.2	4.3
OPEC	5.8	3.1	2.6	4.2	4.3	4.6
Other developing countries	5.9	6.0	6.7	6.7	6.5	6.7
— DAE's	6.3	6.8	7.9	8.0	7.3	7.4
— Other Asia	8.7	8.2	8.9	8.2	7.6	7.7
— Latin America	2.1	5.0	5.8	3.7	4.0	4.5
— Africa	-0.2	1.2	3.2	2.3	4.3	4.0
World	1.4	2.2	3.6	3.2	3.5	4.0
World excluding EUR	1.5	3.0	3.8	3.4	4.1	4.5

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

	1992	1993	1994	1995	1996	1997*
EUR	3.3	-2.6	7.6	6.2	4.1	5.6
USA	10.3	11.9	13.5	9.1	5.0	6.5
Japan	-1.5	7.0	13.3	13.5	10.0	10.1
Canada	7.1	11.1	13.7	9.7	5.0	6.1
Rest OECD	-2.1	6.6	9.0	1.7	8.1	7.6
Total OECD	3.8	2.1	9.6	7.4	5.3	6.5
CCEE	2.2	4.6	7.0	7.4	10.9	11.1
OPEC	7.8	-2.7	-2.4	8.2	5.1	6.0
Other developing countries	10.7	12.4	11.5	15.4	10.5	10.3
— DAE's	10.1	13.4	15.8	18.0	12.5	12.1
— Other Asia	17.6	25.0	8.9	9.9	9.8	9.6
— Latin America	17.9	20.3	19.3	18.3	5.8	6.4
— Africa	-0.3	0.8	5.5	6.6	4.5	5.2
World	5.5	5.3	10.0	9.2	6.6	7.5
World excluding EUR	7.1	10.1	11.4	11.0	8.2	8.6

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

	1992	1993	1994	1995	1996	1997*
EUR	-78.3	8.9	10.5	58.4	59.6	76.2
USA	-67.8	-103.9	-155.7	-147.8	-128.4	-119.6
Japan	117.6	131.5	129.2	111.9	85.9	84.3
Canada	-22.1	-23.9	-18.2	-9.6	-6.5	-1.5
Rest OECD	4.6	1.5	6.6	2.3	-2.1	-4.2
Total OECD	-70.4	-9.4	-56.2	15.2	8.6	35.3
CCEE	1.8	-9.3	-10.1	-4.3	-13.4	-24.7
OPEC	-29.5	-15.8	-14.7	-7.1	-6.9	-11.7
Other developing countries	-38.8	-47.7	-47.7	-51.7	-47.2	-47.2
— DAE's	4.4	9.3	4.3	-6.5	-4.9	-5.7
— Other Asia	-2.9	-19.5	-9.2	-2.9	0.2	2.7
— Latin America	-5.6	-17.8	-21.1	-31.1	-31.9	-33.2
— Africa	-5.2	-4.1	-6.9	-11.3	-10.7	-11.1
Errors and omissions	-107.3	-66.4	-114.0	-48.0	-58.9	-48.3

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

	1992	1993	1994	1995	1996	1997*
EUR	-9.5	70.9	99.1	122.2	129.6	149.1
USA	-96.1	-132.6	-166.4	-177.6	-157.9	-154.1
Japan	132.4	141.6	145.9	138.9	119.9	127.0
Canada	6.0	7.6	12.8	20.6	23.5	25.4
Rest OECD	4.0	-2.4	4.4	-16.0	-21.7	-26.9
Total OECD	16.1	66.2	71.5	88.2	93.3	120.5
CCEE	-8.8	-3.3	-1.1	0.9	-10.9	-22.8
OPEC	39.9	45.0	50.4	54.9	57.1	53.3
Other developing countries	21.4	3.6	8.6	-55.6	-50.7	-51.3
— DAE's	-2.5	-3.0	-10.7	-17.5	-16.4	-17.7
— Other Asia	-14.1	-28.3	-14.6	-9.9	-7.1	-4.9
— Latin America	8.0	-1.0	-5.6	-16.1	-15.4	-16.2
— Africa	-9.9	-9.0	-10.9	-12.2	-11.9	-12.6
Errors and omissions	28.7	66.5	79.1	88.4	88.8	99.8

\* Notes : see page 27.



TABLE 35 : Demand components at constant prices <sup>1</sup> and contributions to real GDP growth <sup>2</sup>, EUR countries and EUR, 1991-97\*

	1991	1992	1993	1994	1995	1996	1997*		1991	1992	1993	1994	1995	1996	1997*
<b>B<sup>5</sup></b>	<b>Demand components</b>							<b>F<sup>3</sup></b>	<b>Demand components</b>						
Private consumption	3.1	2.9	-0.7	1.3	1.4	1.1	1.8	Private consumption	1.4	1.4	0.2	1.5	1.8	1.4	1.6
Government consumption	2.4	0.3	0.8	1.5	0.6	0.4	0.6	Government consumption	2.8	3.5	3.4	1.2	0.9	1.0	0.0
Fixed capital formation	-1.5	0.2	-6.7	0.5	2.7	3.8	3.6	Fixed capital formation	0.0	-3.1	-5.8	1.1	2.8	1.5	3.7
— Construction	2.3	5.5	-2.1	1.4	1.8	2.9	2.9	— Construction	0.2	-2.5	-5.9	0.2	0.5	0.9	1.6
— Equipment	-5.1	-6.1	-12.4	-0.8	4.0	4.9	4.5	— Equipment	0.2	-4.1	-5.8	2.3	6.2	2.4	6.5
Exports of goods and services	2.6	3.9	1.6	8.1	7.7	2.9	4.8	Exports of goods and services	4.1	4.9	-0.3	5.8	5.9	2.4	5.2
Imports of goods and services	2.3	4.2	1.3	7.2	7.4	3.2	4.7	Imports of goods and services	3.0	1.0	-3.3	6.6	5.0	2.8	5.2
GDP		1.8	-1.6	2.2	1.9	1.1	2.3	GDP	0.8	1.3	-1.5	2.7	2.2	1.0	2.1
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	2.0	2.0	-1.7	1.2	1.6	1.5	2.0	Final domestic demand	1.3	0.8	-0.5	1.4	1.8	1.3	1.7
Stockbuilding	-0.0	0.2	-0.2	0.3	0.1	0.1	0.2	Stockbuilding	-0.7	-0.4	-1.8	1.6	0.1	0.2	0.3
Foreign balance	0.2	-0.4	0.2	0.8	0.3	0.3	0.1	Foreign balance	0.2	1.0	0.8	-0.2	0.2	-0.1	-0.0
<b>DK<sup>3</sup></b>	<b>Demand components</b>							<b>IRL<sup>8</sup></b>	<b>Demand components</b>						
Private consumption	1.2	1.9	2.4	6.6	2.3	1.8	2.4	Private consumption	2.0	2.9	1.4	4.3	3.5	3.5	3.0
Government consumption	0.1	0.4	3.0	1.4	0.2	1.0	0.7	Government consumption	2.5	2.5	1.3	3.9	3.0	1.7	2.2
Fixed capital formation	-5.7	-4.2	-4.7	3.0	11.0	3.8	5.2	Fixed capital formation	-7.1	-3.1	-0.8	7.3	12.2	8.3	6.2
— Construction	-11.2	0.3	-8.8	3.2	8.3	4.2	4.6	— Construction	1.3	0.3	-3.7	9.9	13.6	9.0	6.0
— Equipment	0.5	-8.3	-0.9	3.2	13.5	3.5	5.6	— Equipment	-17.5	-8.2	4.0	3.3	10.0	7.0	6.5
Exports of goods and services	7.7	1.4	-1.6	7.9	1.0	2.7	4.6	Exports of goods and services	5.1	13.8	9.2	13.9	13.9	9.2	7.0
Imports of goods and services	4.1	0.8	-3.9	12.3	5.4	2.4	4.1	Imports of goods and services	1.4	6.3	6.8	11.9	11.7	8.8	6.1
GDP	1.3	0.2	1.5	4.4	2.6	1.3	2.7	GDP	2.2	3.9	3.1	6.7	8.6	5.6	4.9
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	-0.4	0.4	1.2	4.3	2.9	1.8	2.3	Final domestic demand	0.3	1.6	0.9	4.1	4.2	3.3	2.8
Stockbuilding	0.0	0.5	-0.5	1.0	1.3	-0.8	-0.1	Stockbuilding	-0.3	-2.7	-0.2	-0.5	0.8	0.3	0.2
Foreign balance	1.8	0.3	0.7	-0.9	-1.6	0.3	0.5	Foreign balance	2.3	5.1	2.4	3.1	3.6	2.0	1.9
<b>D<sup>9</sup>*</b>	<b>Demand components</b>							<b>I<sup>8</sup></b>	<b>Demand components</b>						
Private consumption	5.7	3.5	0.2	1.4	1.7	1.2	1.3	Private consumption	2.7	1.3	-3.4	1.0	1.7	1.9	2.1
Government consumption	-2.9	2.7	0.5	-2.3	2.1	1.2	0.0	Government consumption	1.7	1.2	0.5	-0.0	-0.5	-0.2	0.8
Fixed capital formation	6.0	3.5	-5.6	4.3	1.5	-1.7	2.5	Fixed capital formation	0.8	-1.8	-12.8	0.2	5.9	4.2	6.0
— Construction	2.7	9.7	0.9	7.8	1.2	-3.1	0.5	— Construction	1.4	-2.4	-6.3	-5.8	0.5	2.8	3.1
— Equipment	10.0	-3.5	-14.1	-1.2	2.0	0.5	5.5	— Equipment	0.2	-1.2	-19.5	7.5	11.5	5.6	8.6
Exports of goods and services	12.3	0.3	-4.7	7.5	3.8	3.1	6.4	Exports of goods and services	0.1	6.8	9.8	10.1	11.6	4.7	6.8
Imports of goods and services	12.8	2.2	-5.2	7.1	2.7	2.2	4.4	Imports of goods and services	3.3	7.4	-8.8	7.3	9.6	5.3	7.1
GDP	5.0	2.2	-1.2	2.9	1.9	0.5	1.8	GDP	1.1	0.6	-1.2	2.1	3.0	1.8	2.7
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	4.4	3.4	-1.1	1.6	1.7	0.5	1.3	Final domestic demand	2.1	0.7	-4.6	0.6	1.9	1.9	2.5
Stockbuilding	0.1	-0.6	-0.2	1.2	4.0	-0.2	0.0	Stockbuilding	0.3	0.1	-0.6	0.6	0.3	-0.1	0.1
Foreign balance	0.5	-0.6	0.1	0.1	0.3	0.2	0.5	Foreign balance	-0.6	-0.2	4.0	0.9	0.7	0.0	0.2
<b>GR<sup>7</sup></b>	<b>Demand components</b>							<b>I<sup>5</sup></b>	<b>Demand components</b>						
Private consumption	2.8	1.8	0.1	1.5	1.6	1.9	2.0	Private consumption	6.5	1.7	-0.9	2.5	2.4	2.2	2.4
Government consumption	-1.5	-0.8	0.7	1.1	1.4	0.4	0.2	Government consumption	3.8	3.5	1.8	2.1	2.3	2.0	1.5
Fixed capital formation	4.8	-1.4	-2.8	0.5	6.3	7.8	8.0	Fixed capital formation	9.8	-2.1	3.9	2.4	6.0	6.5	3.3
— Construction	3.2	-6.0	-5.1	-3.0	2.1	8.5	8.9	— Construction	8.7	-	-	-	5.1	6.2	3.6
— Equipment	7.9	7.5	1.1	6.3	11.5	7.0	7.0	— Equipment	11.2	-	-	-	7.3	7.0	2.9
Exports of goods and services	3.7	8.7	0.6	7.7	1.8	3.7	5.4	Exports of goods and services	3.6	1.3	-2.4	5.0	3.7	2.3	3.9
Imports of goods and services	6.0	4.9	1.1	4.1	6.2	6.0	6.3	Imports of goods and services	8.1	0.2	-2.5	3.9	3.7	2.6	3.6
GDP	3.1	0.4	-1.0	1.5	2.0	2.0	2.5	GDP	3.1	1.9	0.0	3.3	3.2	2.6	3.0
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	3.0	0.9	-0.5	1.4	2.8	3.3	3.5	Final domestic demand	6.9	1.0	0.6	2.5	3.1	3.0	2.4
Stockbuilding	1.1	-0.5	0.1	0.4	0.9	-0.0	0.1	Stockbuilding	0.7	-0.2	-0.9	-0.1	0.1	0.0	0.3
Foreign balance	1.1	0.1	-0.2	0.2	-1.7	-1.3	-1.1	Foreign balance	-4.2	1.1	0.1	1.0	-0.0	-0.4	0.3
<b>E<sup>6</sup></b>	<b>Demand components</b>							<b>NI<sup>8</sup></b>	<b>Demand components</b>						
Private consumption	2.9	2.1	-2.2	0.8	1.8	1.5	2.8	Private consumption	3.1	2.5	0.9	2.1	2.1	1.8	2.1
Government consumption	5.6	4.0	2.3	-0.3	0.9	0.9	0.8	Government consumption	1.5	1.7	0.2	0.9	0.2	2.3	1.5
Fixed capital formation	1.6	-4.2	-10.6	1.4	8.4	4.7	6.0	Fixed capital formation	0.2	0.6	-3.1	3.0	5.0	2.4	2.7
— Construction	3.9	-4.3	-6.6	1.2	7.0	2.6	5.7	— Construction	-0.0	2.6	-1.6	4.6	2.0	1.4	2.3
— Equipment	-2.5	-4.0	-18.1	1.7	11.0	8.3	6.5	— Equipment	0.6	-1.5	-5.3	0.3	9.0	3.7	3.2
Exports of goods and services	7.9	7.3	8.5	16.2	9.3	5.8	6.4	Exports of goods and services	4.7	2.9	1.6	5.8	5.6	3.5	5.2
Imports of goods and services	9.0	6.9	-5.1	10.4	9.7	6.0	7.2	Imports of goods and services	4.1	2.1	-1.1	7.5	6.1	2.8	5.3
GDP	2.3	0.7	-1.2	2.1	3.0	2.0	2.9	GDP	2.3	2.0	0.2	2.7	2.4	1.8	2.5
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	3.1	1.0	-3.6	0.8	3.1	2.1	3.3	Final domestic demand	2.1	1.9	-0.1	2.0	2.2	1.9	2.0
Stockbuilding	0.1	0.1	-1.0	0.3	0.2	0.1	0.1	Stockbuilding	-0.3	-0.4	-1.1	1.1	0.1	-0.7	0.2
Foreign balance	-0.8	-0.4	3.3	1.0	-0.4	-0.2	-0.4	Foreign balance	0.5	0.6	1.4	-0.4	0.1	0.6	0.3

TABLE 35 (continued)

	1991	1992	1993	1994	1995	1996	1997*		1991	1992	1993	1994	1995	1996	1997*
<b>A<sup>1</sup> Demand components</b>								<b>S<sup>9</sup> Demand components</b>							
Private consumption	2.9	2.8	0.7	2.5	1.9	0.9	0.7	Private consumption	1.1	-1.4	-3.1	0.8	0.3	1.0	2.2
Government consumption	2.6	2.1	3.1	2.2	2.1	0.3	0.0	Government consumption	3.2	-0.0	0.2	-0.8	-2.3	0.0	-1.1
Fixed capital formation	6.3	1.7	-1.6	6.8	2.4	0.3	1.2	Fixed capital formation	-8.4	-10.8	-17.2	-0.2	10.6	10.1	3.0
— Construction	6.2	5.6	2.9	5.5	-0.2	-1.5	-0.5	— Construction	-5.2	-7.7	-19.2	-11.5	-3.1	7.8	2.0
— Equipment	6.5	-3.6	-8.2	8.8	6.1	2.7	3.5	— Equipment	-11.9	-16.0	-14.7	18.1	28.5	12.4	3.9
Exports of goods and services	5.8	1.2	-1.5	5.2	5.0	3.9	4.8	Exports of goods and services	-2.4	2.3	7.6	14.1	11.4	3.9	5.0
Imports of goods and services	6.4	1.8	-0.7	8.2	7.1	3.3	3.9	Imports of goods and services	-5.0	1.1	-2.5	13.4	8.7	4.4	4.6
GDP	2.8	2.0	0.4	3.0	1.8	0.7	1.1	GDP	-1.1	-1.4	-2.2	2.6	3.0	1.2	2.0
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	3.7	2.4	0.5	3.6	2.1	0.6	0.7	Final domestic demand	-0.4	-2.9	-4.6	0.2	1.1	2.1	1.3
Stockbuilding	-0.9	-0.2	-0.7	2.3	0.9	-0.1	0.1	Stockbuilding	-1.7	1.1	0.5	1.5	0.5	-0.9	0.2
Foreign balance	-0.3	0.3	-0.4	-1.5	-1.2	0.1	0.3	Foreign balance	1.0	0.4	2.9	0.9	1.4	0.1	0.5
<b>P<sup>8</sup> Demand components</b>								<b>UK<sup>8</sup> Demand components</b>							
Private consumption	4.8	3.7	0.4	0.0	1.8	2.1	2.4	Private consumption	-2.2	-0.1	2.6	3.0	2.3	3.0	2.7
Government consumption	3.0	1.4	0.0	1.4	2.5	2.0	1.0	Government consumption	2.6	-0.1	0.3	2.0	0.9	0.6	0.6
Fixed capital formation	2.4	5.4	-4.8	3.5	4.0	4.8	6.3	Fixed capital formation	-9.5	-1.5	0.6	3.7	-0.7	4.2	4.9
— Construction	4.7	5.4	-1.0	1.0	5.5	5.0	7.0	— Construction	-8.4	0.3	0.1	2.1	1.7	3.8	4.3
— Equipment	-0.1	5.4	-9.2	5.4	3.0	4.6	5.8	— Equipment	-10.8	-3.8	1.2	5.8	0.6	4.6	5.7
Exports of goods and services	0.5	6.1	-5.1	9.4	11.8	9.0	7.4	Exports of goods and services	-0.7	4.0	3.3	8.2	5.7	4.9	5.8
Imports of goods and services	5.4	11.1	-3.2	9.1	9.5	8.4	7.2	Imports of goods and services	-5.3	6.5	2.9	6.2	3.1	4.7	5.0
GDP	2.1	1.1	-1.2	1.0	2.5	2.3	2.8	GDP	-2.0	-0.5	2.2	3.8	2.4	2.4	3.0
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	4.5	4.5	-1.2	1.2	2.8	3.1	3.6	Final domestic demand	-2.7	-0.3	1.8	3.0	1.5	2.7	2.6
Stockbuilding	0.4	0.6	0.2	0.8	0.0	-0.0	0.1	Stockbuilding	-0.5	0.5	0.4	0.4	0.2	-0.4	0.1
Foreign balance	-2.8	-4.0	-0.1	-1.0	-0.3	-0.8	-0.9	Foreign balance	1.3	-0.7	0.0	0.4	0.7	0.1	0.2
<b>FIN<sup>8</sup> Demand components</b>								<b>EUR<sup>5*</sup> Demand components</b>							
Private consumption	-3.6	-4.9	-2.9	1.8	4.2	4.1	3.4	Private consumption	2.2	1.8	-0.3	1.7	1.8	1.8	2.0
Government consumption	2.5	2.2	-5.3	0.9	1.1	1.4	1.5	Government consumption	1.7	1.7	1.1	0.4	0.9	0.8	0.4
Fixed capital formation	-20.3	-16.9	-19.2	-0.3	8.1	11.0	11.2	Fixed capital formation	0.3	-0.9	-6.5	2.5	3.5	2.2	4.2
— Construction	-14.5	-17.3	-18.8	-5.6	1.3	4.7	8.6	— Construction	0.2	2.6	-2.7	2.8	1.5	0.9	2.6
— Equipment	-30.2	-16.0	-20.0	4.9	21.4	21.0	14.8	— Equipment	-0.3	-3.5	-10.3	3.0	6.3	4.0	6.3
Exports of goods and services	-6.6	10.0	16.7	13.3	7.6	4.0	4.9	Exports of goods and services	4.8	3.7	1.7	8.5	6.9	4.0	5.9
Imports of goods and services	-11.7	1.1	0.8	12.6	9.6	7.8	7.5	Imports of goods and services	3.9	3.9	-2.7	7.6	5.9	4.0	5.5
GDP	-7.1	-3.6	-1.2	4.4	4.2	3.0	3.6	GDP	1.5	1.0	-0.6	2.8	2.5	1.5	2.4
<b>Contributions to growth</b>								<b>Contributions to growth</b>							
Final domestic demand	-6.8	-7.1	-6.6	0.4	3.7	4.2	4.0	Final domestic demand	1.6	1.2	-1.4	1.6	2.0	1.7	2.2
Stockbuilding	2.4	0.7	0.5	2.2	0.6	-0.4	0.0	Stockbuilding	-0.3	0.1	-0.5	1.0	0.2	-0.2	0.1
Foreign balance	1.4	2.1	4.3	0.8	-0.0	-0.8	-0.5	Foreign balance	0.2	-0.1	1.3	0.3	0.2	-0.1	0.1

<sup>1</sup> Percentage change on preceding year.

<sup>2</sup> Change as a percentage of GDP of preceding period.

<sup>3</sup> 1980 prices.

<sup>4</sup> 1983 prices.

<sup>5</sup> 1985 prices.

<sup>6</sup> 1986 prices.

<sup>7</sup> 1988 prices.

<sup>8</sup> 1990 prices.

<sup>9</sup> 1991 prices.

Source : Commission services.

\* Notes : see page 27.

## Notes on technicalities, concepts and sources

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

### 2. *Concepts and sources*

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

The historical part of the time series presented in the tables (in the present case, until 1994) is based on ESA national accounts (European System of Integrated Economic Accounts) which are published once a year by Eurostat. In the prospective part (1995 estimates, 1996 forecasts and 1997 scenario of unchanged economic policies) the concepts are generally in line with national economic accounting practice and, therefore, do not always follow the ESA definitions.

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

3. *Community (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, Mexico, 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 Slovenia
- OPEC : Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela
- Dynamic Asian Economies (DAE) : Hong Kong, 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.

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

Forecasts for year 1997 should be treated as a scenario based on the "unchanged economic policies" assumption.

## Principal economic policy measures – April 1996

### Community (EUR-15)

None.

### Belgium (B)

18.4 A draft agreement on employment between the Government and the two sides of industry is adopted, the prime objective being to halve the number of wholly unemployed within five to six years by pursuing wage moderation and preserving competitiveness. A series of measures are taken to promote part-time employment and early retirement on half time, foster investment and scientific research, promote risk capital, step up efforts to boost exports and create conditions for reviving private consumption. The draft agreement, after being submitted to their leaders, is rejected by the members of the socialist trade union. The government responds by setting out in preliminary draft laws and decrees the measures envisaged in the draft agreement.

18.4 The central bank reduces its discount rate from 3% to 2.50%. It also reduces its rate on advances outside the ceiling from 7% to 6%.

### Denmark (DK)

1.4 The Nationalbank lowers the repo rate by 10 basis points to 3.90%.

18.4 The Nationalbank lowers the discount rate by 50 basis points to 3.25%. The repo rate is lowered by 10 basis points to 3.80%.

### Germany (D)

18.4 The Bundesbank reduces the discount and Lombard rates by 0.50 point to 2.5% and 4.5% respectively. The repo rate is left unchanged.

26.4 The Federal Government unveils a financial consolidation programme involving savings of DM 50 billion at general government level and of some DM 20 billion in the case of the social security funds. It will itself make savings of DM 25 billion. Many of the measures, the details of which will be disclosed later, will also need to be approved by the upper house of parliament (Bundesrat), where the governing coalition does not have a majority. While no timetable has as yet been fixed, most of the proposed measures will take effect in 1997. In addition to spending cuts, the measures include initiatives to improve labour market flexibility, introduce elements of deregulation, facilitate access to risk capital and simplify the tax system.

### Greece (GR)

20.4 The Bank of Greece cuts its discount and Lombard rates by half a percentage point to 17.5% and 21% respectively and the overdraft rate by 100 basis points to 26%. It also cuts its intervention bid on the overnight rate to 13.4% from 13.6%.

### Spain (E)

4.4 The Bank of Spain lowers its key money rate by 50 basis points to 7.75% at the regular ten-day repurchase tender for central bank certificates.

### France (F)

11.4 The Bank of France cuts its intervention rate to 3.70% from 3.80%. The five- to ten-day lending rate remains unchanged at 5.50%.

24.4 The Government passes three decrees to tighten control over medical spending, a key element in the Government's drive to cut the deficit of the state welfare system. The reforms, which need to be formally ratified by Parliament, will rein in hospital spending, give the government a greater say over social security funding and impose sanctions on doctors who overspend.

25.4 The Bank of France cuts its five- to ten-day rate to 4.90% from 5.50%. The intervention rate remains unchanged at 3.70%.

### Ireland (IRL)

19.4 The central bank reduces its key short-term facility (STF) by 25 basis points to 6.25%

### Italy (I)

None.

### Luxembourg (L)

24.4 The Government, the management of the Arbed steel group and the unions conclude an agreement in principle to do away with between 2 400 and 2 700 jobs at Arbed's various plants in the Grand Duchy. Between now and 2001, these surplus workers are to be catered for by several training and rehabilitation programmes, an early retirement scheme for those over 55 and a range of severance grants co-financed by the State. The agreement also provides for some of Arbed's workforce to be subcontracted to private-sector firms. In 2001 Arbed is expected to employ fewer than 4 000 people in the Grand Duchy. The total cost of the package is put at LFR 6.9 billion.

### Austria (A)

18.4 The National Bank reduces the Lombard rate from 5.25% to 4.75% and the discount rate from 3.0% to 2.5%.

### Netherlands (NL)

2.4 The Nederlandsche Bank reduces its rate on special advances from 2.90% to 2.80%.

18.4 The Nederlandsche Bank reduces its central rate from 2.50% to 2% and its rate on special advances from 2.80% to 2.70%.

### Portugal (P)

12.4 The Banco de Portugal lowers its main money market intervention rates. The repo rate is reduced by 20 basis points to 7.6%, while the overnight standing facility rate is cut by 75 basis points to 9.5% (from 10.25%). The rate for draining liquidity is also lowered, by 30 basis points, to 7.2%.

19.4 The Banco de Portugal cuts its main money market intervention rates. The repo rate is reduced by 10 basis points to 7.5%, while the overnight standing facility rate is lowered by 50 basis points to 9%. The rate for draining liquidity is cut by 40 basis points to 6.8%.

24.4 The Banco de Portugal lowers the discount rate by 50 basis points to 8.25%.

### Finland (FIN)

None.

### Sweden (S)

9.4 The central bank lowers the repo rate by 25 basis points to 7.15%.

15.4 In the draft spring economic law, the Government proposes new budget consolidation measures totalling SKR 10 billion in 1997 and SKR 2 billion in 1998. Some of the new measures are one-off savings, while around SKR 8 billion are permanent budget improvements. In addition, a fixed ceiling for central government expenditure for the coming three years is proposed. Lastly, a comprehensive education reform is presented to combat unemployment.

23.4 The central bank lowers the repo rate by 25 basis points to 6.90%.

25.4 The "corridor" between lending and deposit rates is lowered by 75 basis points to 6.00%–7.50%.

### United Kingdom (UK)

16.4 The Government announces a series of measures to support the domestic livestock industry as a consequence of the BSE scare and the European Commission's total ban on exports of British beef and bovine products:

- Cattle over 30 months old will be destroyed and farmers will be paid UK£ 500 for each animal. The total cost is estimated at UK£ 550 million per year; of this, 70% will be borne by the EU.
- A one-off support package for the abattoir industry costing UK£ 110 million.
- A payment of up to UK£ 80 million to kill young male calves as a means of preventing future gluts in beef supply.
- A UK£ 80 million top-up payment in compensation to specialist beef farmers whose animals usually take longer than 30 months to mature.

Around UK£ 118 million in aid to the rendering industry has already been announced.

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