

EUROPEAN ECONOMY

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Supplement A

Recent economic trends

Upturn in activity in third quarter of 1981. — Provisional estimates based on national accounts data for the four major EC Member States indicate a progressive upturn in activity in the Community in the second half of 1981. After falling in the first two quarters of the year, output is estimated to have grown by 1,0% (annual rate, seasonally adjusted, in the third quarter, largely as a result of the turn-around in domestic demand. The major boost to output came from consumption. With no change in the rate of inventory formation—the first time since the fourth quarter of 1979 that stockbuilding has not fallen—the rise in these components was sufficient to more than offset the relatively small decline in investment and provide a 1,1% rise in domestic demand. The change in the trend of the stock cycle is also reflected in the foreign sector. Import volume rose sharply, for the first time since the first quarter of 1980, and export volume also rose, but to a lesser extent such that the contribution from the foreign balance was slightly negative (see table below).

Major supply and demand components at constant prices, EC total

Percentage change on preceding period, annual rates, seasonally adjusted

	GDP ¹	Imports ²	Exports ²	Foreign Balance ^{2,3}	Domestic demand	Change in stocks ³	Gross fixed investment	Government consumption	Private consumption
1978 Q1	3,7	4,3	5,1	0,3	3,5	-1,3	3,5	5,8	5,2
Q2	5,5	9,4	8,2	-0,2	5,8	1,0	8,1	1,6	4,6
Q3	1,3	11,4	-0,3	-2,7	4,1	0,6	2,1	3,0	4,1
Q4	5,6	11,0	10,8	0,0	5,7	2,4	5,5	2,9	2,6
1979 Q1	1,5	6,4	-1,1	-1,8	3,4	0,9	-5,5	2,2	5,4
Q2	5,7	20,6	14,5	-1,3	7,1	-1,6	18,2	2,0	8,0
Q3	2,5	13,4	5,4	-1,9	4,5	4,7	8,3	1,4	-3,5
Q4	5,6	7,0	5,4	-0,4	6,0	0,5	9,2	2,6	5,3
1980 Q1	4,5	11,5	13,3	0,4	4,1	-0,4	4,6	3,6	5,0
Q2	-6,3	-6,2	-12,7	-1,8	-4,5	-1,5	-5,2	2,4	-3,8
Q3	-1,4	-3,3	-6,0	-0,7	-0,7	-2,6	-2,8	3,6	3,3
Q4	0,9	-5,1	2,7	2,2	-1,3	-2,3	2,7	-1,5	1,2
1981 Q1	-0,2	-1,8	10,6	3,2	-3,3	-2,5	-8,6	8,5	-0,6
Q2	-0,5	-5,4	10,1	4,2	-4,6	-3,4	1,7	-5,4	-0,9
Q3	1,0	14,0	13,1	-0,1	1,1	0,0	-2,5	4,1	1,4

FR Germany: GNP.

Goods and services; including intra-Community trade; FR Germany: including factor incomes.

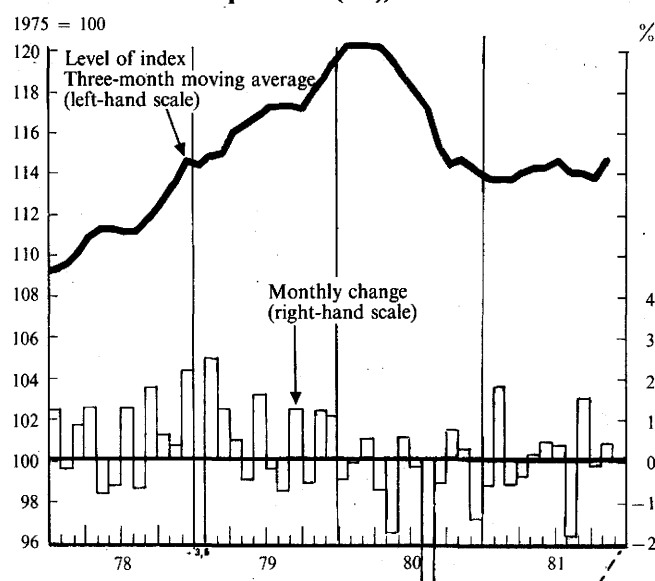
Change on previous period as per cent of previous period's GDP.

Source: Estimates by the Commission services based on national accounts data for the Federal Republic of Germany, France, Italy and the United Kingdom; United Kingdom 1981 Q2 and Q3: partly estimates of Commission services.

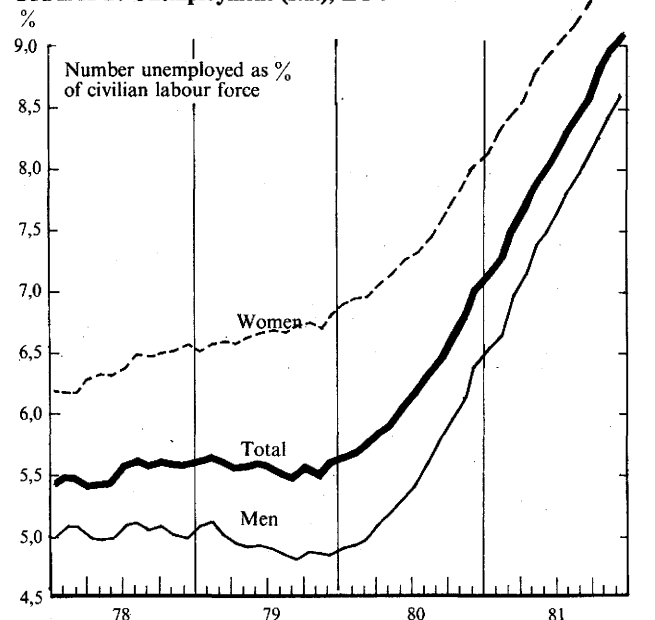
Upturn in industrial production. — The index of industrial production in the Community (seasonally adjusted) rose by 0,4% in November after falling 0,1% in October (revised figure). The underlying trend, as shown by the three-monthly moving average has therefore turned up. In the individual Member States, industrial production continues to stagnate in the Federal Republic of Germany, where it has not changed for two consecutive months, and has fallen again in the United Kingdom and France. The principal boost to industrial production over the last three months has in fact come from Italy, where a rise of 6,6% in November, and the large rise of 18,8% in September, have more than offset the fall of 2,9% in October.

Unemployment passes the 10 million mark in December. — The number of unemployed in the Community, seasonally adjusted rose by 153 000 to reach 10,1 million in December 1981. This is equivalent to 9,1% of the labour force and a rise of 0,2% points over the November rate. This brings the average rate for the year as a whole to 8,1%, nearly 2% points higher than the 1980 figure of 6,2%. Among the Member States, unemployment is still rising fastest in the Federal Republic of Germany, where it rose another 0,3% points to 6,1%, and 52,3% higher than a year previously.

GRAPH 1: Industrial production (s.a.), EC 10



GRAPH 2: Unemployment (s.a.), EC 9



Monthly rate of increase in prices eases in December. — The rise in Community prices in the Community fell to 0.7% in December after rises of 1% or more in the three preceding months. However, despite this favourable monthly figure, the six-month trend rate, at annual rates, edged up slightly. In December seasonal foods exerted an upward influence on the index in the Federal Republic of Germany, Belgium and the United Kingdom and the Netherlands (where, notwithstanding this factor, overall prices were stable). The cost of energy generally had a stabilizing effect on prices except in Denmark where fuel rose by 1.9% and Luxembourg where heating charges rose.

Recovery in retail sales in the third quarter. — The latest results for the volume of retail sales in the Community (seasonally adjusted) indicate a slight recovery of sales in the third quarter (estimated at 0.3%); with the slight falls in August and September being insufficient to offset the rise in July. This is in line with the upturn in private consumption in the third quarter noted above. Provisional results for October indicate a strong rise in all eight Member States for which data is presently available, and estimated at 3.6% for the Community as a whole.

External trade: trend favourable. — In November, the Community's trade deficit (fob-cif s.a.) seems to have been held to under 2 000 million ECU, which means a continuing improvement in the trend as expressed by the three-month moving average. In the Netherlands, the trade balance surplus again increased and in France the deficit narrowed slightly. A deterioration took place in Denmark, Italy and Ireland followed in the latter Member State by an improvement in December. In the Federal Republic of Germany, the surplus in November was slightly down on the particularly high surplus of October, but it increased markedly again in December. In the United Kingdom the figures (not seasonally adjusted because of the absence of data for much of 1981) fluctuate widely from one month to the next.

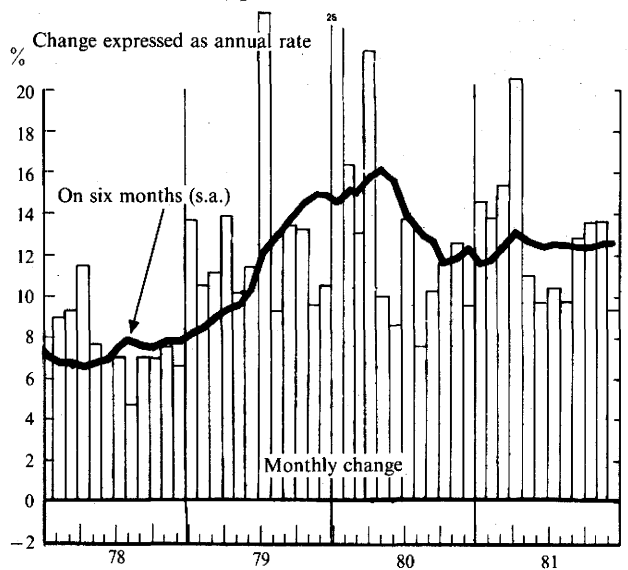
Monetary expansion steadies. — After moderating in September, average monetary expansion in the Community in October steadied at the same rate as in the preceding month (up 0.5% s.a.). It slowed down in Italy and the money supply fell in the Federal Republic of Germany, due to an exceptional rise in the non-monetary liabilities of German banks. In contrast, money supply increased markedly in Denmark, France and the Netherlands, mainly because of the Treasury's substantial recourse to monetary financing in these three Member States. In November and December, M3 in the Federal Republic of Germany was back to a positive rate of increase (+0.4%). In the United Kingdom, monetary expansion slowed in the last quarter of 1981 because of large tax inflows resulting in an equivalent reduction in the public sector's recourse to monetary financing, while the rate at which credit was granted to firms and individuals accelerated.

Interest rates; contrasting trends in the United States and Europe. — The announcement of large increases in the United States money supply boosted expectations that US interest rates would rise, and this in turn triggered an increase in money market yields; the yield on three-month Treasury bills rose from 11.6% in late December to 13.4% in late January. In Europe, by contrast, rates tended to go on easing. The central banks of the United Kingdom, the Federal Republic of Germany and the Netherlands encouraged short-term rates to fall, in particular by reducing the key rate in the latter two Member States. Overall, the Community average of short-term rates stood at 14.4%, or a level three-tenths of a point lower than in December and one-tenth lower than in November. In December, the Community average for long-term rates remained stable, because positive and negative variations in the Member States more or less evened each other out.

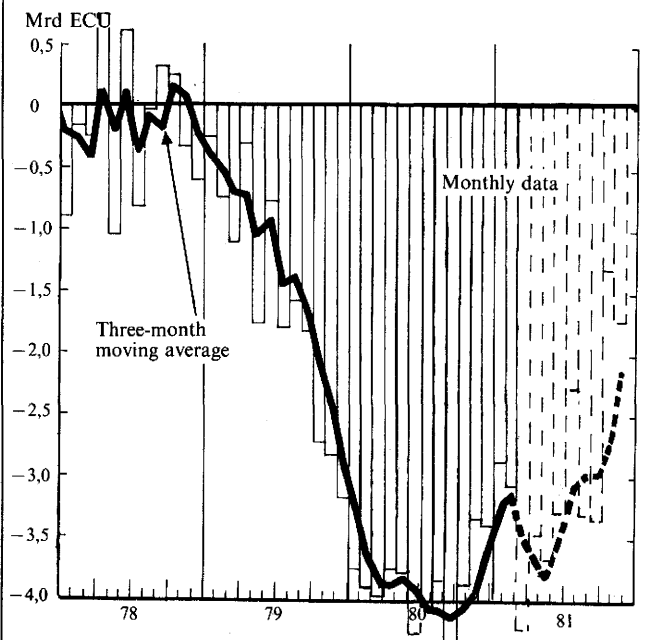
Dollar surges. — The start of the year saw a certain amount of agitation on the foreign exchange markets, due to the continued upward movement of the dollar which started in December (gaining 1.6% against the ECU in January). The strengthening of the dollar took the markets by surprise in early January and was encouraged by the rise in interest rates on the other side of the Atlantic. The Bundesbank tried to check the movement by massive sales of dollars. Despite a fall in interest rates in the United Kingdom, sterling proved firm and gained 0.5% against the ECU. Within the EMS exchange rate system, the severe strains observed in December eased. The guilder and the French franc moved to the top of the exchange rate system, closely followed by the lira. The Irish pound and the Danish krone lost ground slightly while the mark strengthened and the Belgian franc remained stable as the weakest member of the system but well within its divergence limit.

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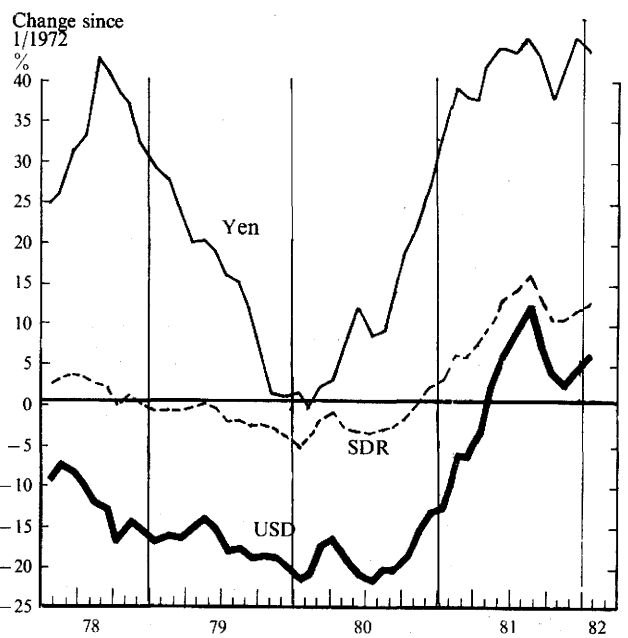
GRAPH 3: Consumer prices EC 10



GRAPH 4: Trade balance (s.a.), EC 9



GRAPH 5: Value of USD, yen and SDR in ECUs



GRAPH 6: Trade balance: Member States, EC, USA and Japan - fob/cif million ECU
(seasonally adjusted, monthly rates)

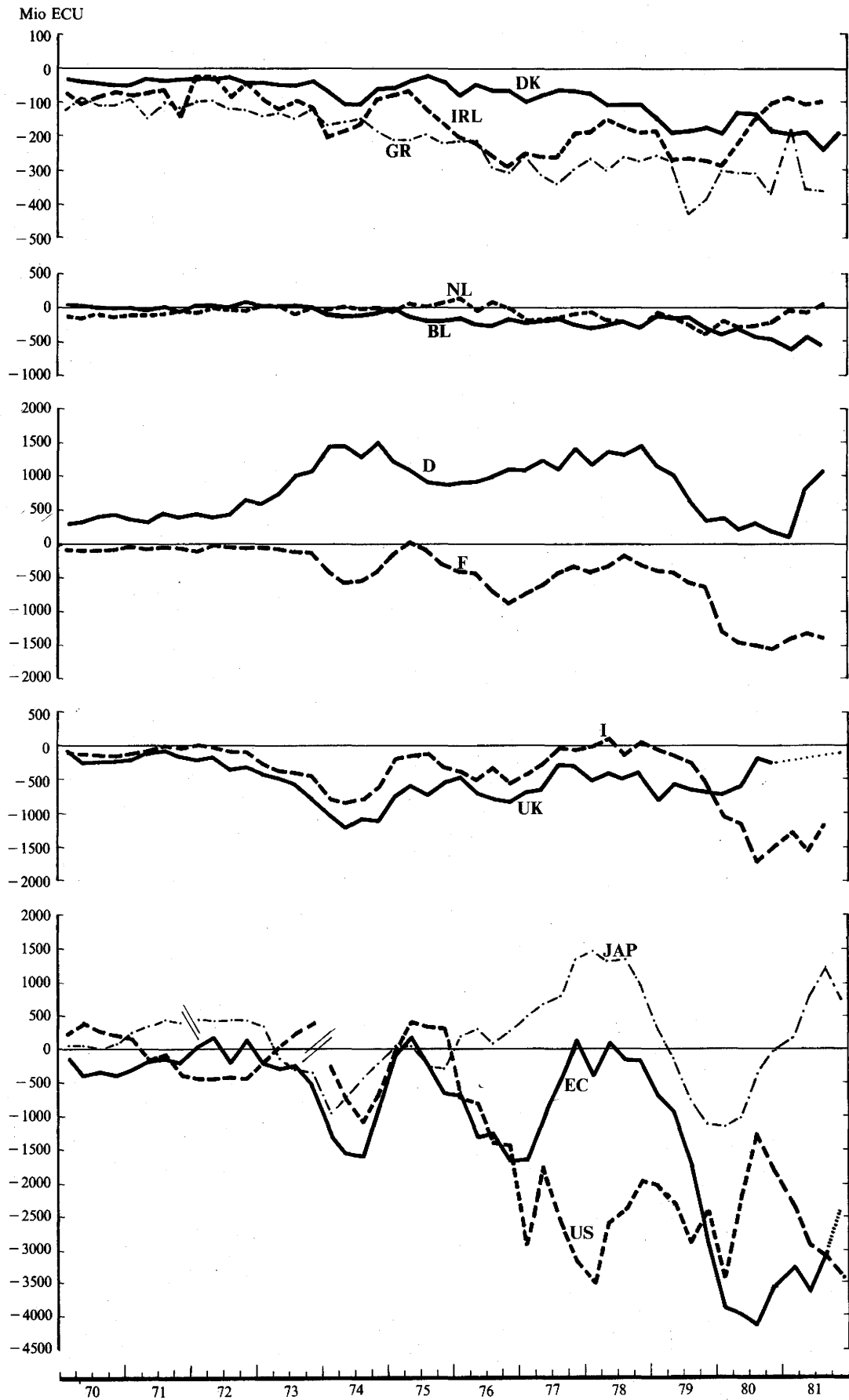


TABLE 6: Money supply⁸ - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1980				1981				Change over 12 months % ²				
						IV	I	II	III	IV	June	July	August		Sept.	Oct.	Nov.	Dec.
B (M2)	9,9	9,7	6,1	2,7	..	1,3	0,8	3,4	0,4	..	..	..	..	..	..	..	..	6,0
DK (M2)	9,8	6,7	9,9	10,9	10,8	5,3	2,3	2,6	1,4	4,1	1,4	-0,2	3,6	-2,0	0,7	2,0	1,4	10,8
D (M3)	11,1	11,0	6,0	6,2	4,8	2,5	1,3	2,3	1,1	0,3	0,8	0,4	0,3	-0,5	0,4	0,4	0,4	4,8
F (M2)	13,9	12,2	14,4	9,7	..	2,4	3,7	3,9	2,6	..	0,5	1,6	1,5	-0,5	0,8	..	..	13,2
IRL (M3)	16,3	28,7	19,0	16,9	13,7	3,8	4,5	1,8	6,4	0,5	-0,2	3,2	4,0	-0,8	-1,0	0,4	1,1	13,7
I (M2)	21,8	22,8	20,4	12,3	..	5,3	2,1	1,4	1,0	..	1,0	0,0	-0,1	1,0	0,2	..	..	9,1
NL (M2)	3,6	4,2	7,0	3,6	..	0,6	4,1	0,8	1,0	..	-1,0	1,0	-0,1	0,1	0,9	..	..	6,4
UK (£M3)	9,3	13,3	11,7	19,6	13,9	4,9	1,7	4,2	5,3	2,2	0,2	2,2	1,0	2,0	1,6	0,4	0,2	13,9
EC 8 ⁹	12,7	13,3	11,7	10,6	..	3,3	2,2	2,9	2,3	..	0,6	1,0	0,9	0,5	(0,5)	..	..	(10,4)
USA (M2)	10,8	8,3	8,8	9,6	..	1,5	2,9	1,8	2,1	..	0,3	0,6	1,0	0,5	0,7	1,4	..	9,3
JAP (M2)	11,1	13,1	9,1	7,2	..	2,1	2,3	3,7	2,1	..	-0,7	0,9	0,9	0,2	1,8	(1,4)	..	(10,4)

TABLE 7: Short-term interest rates¹⁰

	1977	1978	1979	1980	1981	1980				1981				Change over 12 months % ²				
						IV	I	II	III	IV	July	August	Sept.		Oct.	Nov.	Dec.	Jan.
B	7,3	7,3	10,9	14,2	15,6	13,1	17,0	15,3	16,0	16,0	16,5	16,0	16,0	15,8	15,0	16,0	15,3	2,9
DK	14,5	15,4	12,5	16,9	14,9	12,0	15,2	18,1	20,6	11,6	18,3	17,0	20,6	17,4	8,8	11,6	13,9	0,8
D	4,3	3,7	6,9	9,5	12,3	10,2	13,4	13,0	12,3	10,8	13,0	12,9	12,3	11,7	10,8	10,8	10,3	0,7
F	9,1	7,8	9,7	12,0	15,3	11,1	12,5	17,8	18,6	15,1	17,0	17,1	18,6	15,3	15,4	15,1	15,2	3,8
IRL	8,4	9,9	16,0	16,2	16,6	13,6	14,6	15,8	18,9	18,8	17,4	17,8	18,9	18,3	18,5	18,8	18,4	4,6
I	14,0	11,5	12,0	17,2	19,7	17,7	19,7	20,0	20,3	20,6	20,2	20,3	20,3	20,5	20,6	20,6	20,8	4,3
NL	4,8	7,0	9,6	10,6	11,8	9,4	10,3	11,8	12,9	10,9	13,3	13,8	12,9	12,9	11,2	10,9	10,1	0,6
UK	8,0	9,4	13,9	16,8	14,2	14,9	12,6	12,7	16,9	15,8	14,7	14,1	16,9	16,5	15,1	15,8	14,5	0,7
EC 8 ⁹	8,1	7,7	10,3	13,3	(14,8)	12,7	14,1	15,4	16,4	(14,8)	15,7	15,6	16,4	15,3	14,5	14,7	14,4	2,6
USA	5,3	7,4	10,8	11,6	13,9	13,6	12,5	13,9	14,7	11,6	15,1	15,6	14,7	13,0	10,6	11,6	13,4	-1,6
JAP	6,2	5,1	5,9	10,7	(7,4)	9,4	7,4	7,3	7,2	..	7,1	7,3	7,2	7,3	7,3	..	..	-2,5

TABLE 8: Long-term interest rates¹¹

	1977	1978	1979	1980	1981	1980				1981				Change over 12 months % ²				
						IV	I	II	III	IV	June	July	August		Sept.	Oct.	Nov.	Dec.	Jan.
B	8,8	8,5	9,7	12,2	13,8	13,0	13,6	14,2	14,0	14,0	14,2	14,0	14,1	14,0	13,8	13,9	14,0	1,0
DK	16,2	16,8	16,7	18,7	19,3	18,6	18,6	19,5	20,4	19,5	19,5	20,2	20,3	20,4	19,2	19,0	19,5	1,1
D	6,2	5,7	7,4	8,5	10,4	8,9	10,3	10,9	11,1	9,7	10,9	11,0	11,2	11,1	10,4	10,0	9,7	0,8
F	11,0	10,6	10,9	13,7	16,3	14,3	15,0	17,3	17,1	16,5	17,3	17,1	17,0	17,1	16,9	16,8	16,5	2,2
IRL	12,9	12,8	15,1	15,4	17,2	15,6	16,1	17,2	18,2	18,2	17,2	17,4	17,6	18,2	18,2	18,0	18,2	2,6
I	14,6	13,7	14,1	16,1	20,6	16,9	18,4	21,8	22,4	21,4	21,8	22,0	22,2	22,4	21,7	21,7	21,4	3,5
L	7,0	6,6	6,8	7,4	8,6	7,9	8,0	8,7	9,2	9,3	8,7	8,9	9,0	9,2	9,2	9,2	9,3	1,4
NL	8,5	8,1	9,2	10,7	12,2	11,2	12,1	12,3	13,1	11,8	12,3	12,4	13,0	13,1	12,7	12,4	11,8	1,3
UK	12,5	12,6	13,0	13,9	14,8	13,8	13,4	14,7	16,1	15,8	14,7	15,0	15,2	16,1	16,0	15,1	15,8	2,0
EC 9 ⁹	10,4	10,1	10,9	12,6	14,8	13,0	13,8	15,4	15,8	15,0	15,4	15,5	15,6	15,8	15,4	15,0	15,0	2,3
USA	7,1	7,9	8,7	10,8	13,1	11,9	12,2	14,8	14,1	13,1	14,8	13,1	13,6	14,1	14,1	12,3	13,1	1,2
JAP	7,3	6,1	7,7	9,2	(8,7)	9,4	8,3	8,8	9,0	..	8,8	8,9	9,2	9,0	8,8	8,3	..	-1,2

TABLE 9: Value of ECU — 1 ECU = units of national currency or SDRs

	1977	1978	1979	1980	1981	1980				1981				Change over 12 months % ²				
						IV	I	II	III	IV	July	Aug.	Sept.		Oct.	Nov.	Dec.	Jan.
BFR/LFR	40,88	40,06	40,17	40,60	41,29	41,07	41,61	41,42	41,07	41,10	41,29	41,15	40,76	40,81	41,02	41,47	41,61	0,3
DKR	6,86	7,02	7,21	7,83	7,92	7,86	7,97	7,98	7,88	7,88	7,91	7,91	7,81	7,84	7,87	7,93	7,99	0,6
DM	2,65	2,56	2,51	2,53	2,51	2,56	2,57	2,54	2,51	2,44	2,52	2,52	2,49	2,44	2,44	2,45	2,44	-5,3
DR	42,04	46,80	50,78	59,24	61,62	60,36	61,43	61,83	61,47	61,74	61,63	61,62	61,17	61,48	61,82	61,93	62,70	3,0
FF	5,61	5,74	5,83	5,87	6,04	5,92	5,98	6,03	5,99	6,15	5,99	6,02	5,96	6,10	6,17	6,19	6,21	4,1
IRL	0,654	0,664	0,669	0,676	0,691	0,684	0,695	0,694	0,688	0,688	0,691	0,689	0,683	0,687	0,690	0,688	0,692	0,1
LIT	1,007	1,080	1,138	1,189	1,263	1,213	1,233	1,263	1,254	1,302	1,255	1,252	1,255	1,293	1,306	1,308	1,309	6,8
HFL	2,80	2,75	2,75	2,76	2,78	2,77	2,81	2,81	2,79	2,69	2,81	2,80	2,76	2,70	2,68	2,68	2,68	-4,5
UKL	0,654	0,664	0,646	0,598	0,553	0,562	0,534	0,536	0,562	0,578	0,551	0,553	0,582	0,589	0,577	0,568	0,565	5,7
USD	1,141	1,274	1,371	1,391	1,116	1,340	1,233	1,116	1,033	1,090	1,034	1,007	1,057	1,086	1,099	1,084	1,067	-17,0
YEN	305,8	267,1	300,5	315,0	245,4	282,1	253,1	245,0	239,1	244,4	239,9	235,1	242,4	251,1	245,3	236,9	239,4	-7,8
SDR	0,977	1,018	1,061	1,068	0,946	1,042	0,992	0,943	0,911	0,938	0,910	0,898	0,925	0,941	0,942	0,931	0,925	-8,8

TABLE 10: Effective exchange rates: export aspect¹² - Percentage change on preceding period

	1977	1978	1979	1980	1981	1980				1981				Change over 12 months % ²				
						IV	I	II	III	IV	July	Aug.	Sept.		Oct.	Nov.	Dec.	Jan.
B/L	6,1	3,7	1,5	-0,5	-6,0	-3,2	-2,6	-1,4	-0,9	1,2	-0,6	0,1	1,8	0,7	-0,4	-1,4	-1,3	-4,7
DK	-0,4	0,4	-0,9	-8,2	-7,4	-3,5	-3,5	-2,5	-0,1	2,2	-0,3	-0,2	3,5	0,9	-0,6	-1,4	-1,9	-4,9
D	8,6	6,8	5,1	0,3	-6,2	-4,1	-2,6	-1,2	-1,1	5,2	-0,7	-0,3	2,9	3,6	-0,1	-0,7	-1,3	0,4
F	-4,8	-1,1	0,6	0,3	-8,4	-3,2	-3,0	-3,1	-1,1	-1,6	-0,3	-0,8	2,3	-1,7	-1,1	-1,0	-1,5	-9,3
IRL	-2,9	1,4	0,4	-3,0	-9,6	-6,2	-4,1	-2,1	0,2	2,5	-0,9	1,0	3,8	0,5	-0,9	-0,6	-2,1	-3,9
I	-8,1	-5,8	-3,2	-3,7	-12,0	-3,4	-4,8	-4,9	-1,3	-2,6	-0,4	-0,2	0,9	-2,2	-1,1	-0,7	-1,4	-12,3
NL	5,8	3,0	1,7	0,0	-4,8	-2,3	-2,7	-2,0	-0,4	5,1	-0,5	0,2	2,2	3,1	0,7	-0,3	-0,9	0,5
UK	-4,6	1,3	6,4	10,2	-0,5	4,9	0,9	-3,8	-6,4	-2,0	-0,1	-4,5	-3,6	0,3	2,1	1,0	-1,1	-13,0
ECU	1,5	4,5	5,7	1,9	..	-4,6	-6,3	-5,7	-4,4	..	-1,5	-1,6	3,3	2,1	-0,4	..	-0,4	..
USA	-1,2	-9,7	-2,6	0,1	11,9	3,0	3,4	7,4	5,6	-3,5	2,4	2,1	-3,1	-1,0	-1,7	0,1	8,4	21,3
JAP	10,9	21,5	-6,9	-4,1	13,4	7,3	6,5	-2,0	-1,8	1,0	-2,4	1,0	-0,3	-1,9	2,8	2,8	-4,5	-4,3

⁸ National sources for the Federal Republic of Germany, France, Ireland and

TABLE 1: Industrial production¹ - Percentage change on preceding period (s.a.)

	1976	1977	1978	1979	1980	1980		1981			1981							Change over 12 months % ²
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.	Nov.	
B	8,1	0,4	2,4	4,3	-1,0	-2,8	-4,0	2,4	0,4	-1,5	3,1	1,4	-5,2	1,8	2,2	2,8	:	5,9
DK	9,3	0,8	2,3	3,6	0,2	-1,3	-1,6	2,3	-0,7	3,2	-4,9	5,3	3,3	-5,8	6,7	-5,6	0,5	6,0
D	7,4	2,8	2,0	5,5	-0,8	-1,8	-0,9	0,9	-0,9	0,9	0	-1,9	1,9	0,9	0,9	0	0	-0,9
GR	10,5	1,5	7,5	6,0	1,0	-0,9	-1,6	-3,1	3,1	0,3	3,5	0,2	-2,4	1,6	1,3	:	:	-1,2
F	9,7	1,6	1,6	4,7	-0,8	0	-1,0	-1,5	0,8	0	1,6	0,8	-1,5	0	1,6	0	0	3,8
IRL	8,8	9,2	8,1	6,1	-1,7	-5,1	-1,9	3,7	1,6	2,0	0,2	-0,7	4,7	-4,2	1,6	-4,8	:	2,3
I	11,6	0	2,1	6,7	5,0	-7,6	5,2	1,1	-2,8	-4,1	-5,9	0,2	3,0	-15,7	18,8	-2,8	6,6	-0,1
L	3,8	0,5	3,2	3,4	-3,3	-7,5	-1,3	-4,9	1,6	1,1	8,5	-1,8	-1,2	1,7	-0,7	4,9	-1,4	0
NL	8,0	(0)	(0,9)	(2,8)	-0,9	(-4,2)	(3,7)	(0,6)	-3,3	-1,5	-1,8	0	2,8	-4,5	-1,9	5,8	-1,8	:
UK	2,7	4,7	3,3	3,8	-6,7	-3,0	-2,1	-1,0	0,4	0,6	-0,8	1,5	-0,4	0,1	0,6	2,4	-1,7	1,5
EC 10	7,4	2,4	2,4	4,9	-0,9	-2,5	-1,2	0,4	-0,1	-0,3	0,2	0,3	0,2	-1,9	1,8	-0,1	(0,4)	(0,3)
USA	10,2	6,5	5,7	4,4	-3,6	-1,7	4,7	2,0	0,5	0,4	0,5	0,1	0,6	-0,1	-1,2	-1,4	-2,1	-1,8
JAP	11,1	4,1	6,2	8,3	7,0	-2,0	1,6	1,6	-0,3	1,6	-1,8	2,6	1,0	-2,6	3,8	1,7	-0,3	6,8

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

	1977	1978	1979	1980	1981	1980		1981				1981							Change over 12 months % ²
						IV	I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.		
B	7,8	8,4	8,7	9,4	11,5	10,1	10,6	11,3	12,0	12,5	11,5	11,8	12,0	12,2	12,3	12,5	12,7	22,0	
DK ³	5,8	6,5	5,3	6,2	(8,2)	7,3	8,0	8,3	8,4	(8,8)	8,1	8,1	8,5	8,6	8,8	9,0	(8,7)	(13,4)	
D	4,0	3,9	3,4	3,4	4,9	3,8	4,2	4,6	5,1	5,8	4,7	5,0	5,1	5,2	5,5	5,8	6,1	52,3	
F	4,8	5,2	6,0	6,4	7,8	6,6	7,1	7,5	7,9	8,4	7,6	7,8	7,8	8,1	8,3	8,4	8,5	23,4	
IRL	9,2	8,4	7,4	8,3	10,3	9,4	9,9	10,3	10,6	10,9	10,4	10,5	10,5	10,8	10,8	10,9	11,1	15,5	
I	6,4	7,1	7,5	8,0	(8,8)	8,1	8,3	8,6	8,8	(9,4)	8,7	8,8	8,8	8,9	9,3	9,4	(9,4)	(16,0)	
L	0,5	0,7	0,7	0,7	1,0	0,8	0,9	0,9	1,0	1,1	0,9	0,9	0,9	1,1	1,1	1,1	1,2	39,8	
NL	4,1	4,1	4,1	4,8	7,3	5,6	6,2	6,9	7,7	8,4	7,2	7,5	7,6	7,8	8,2	8,4	8,7	46,9	
UK	5,7	5,7	5,3	6,9	10,5	8,3	9,4	10,3	11,1	11,7	10,6	10,7	11,0	11,4	11,6	11,6	11,7	31,0	
EC 9	5,3	5,5	5,5	6,2	(8,1)	6,8	7,3	7,8	8,3	(8,9)	8,0	8,2	8,3	8,5	8,8	8,9	9,1	28,4	
USA	7,0	6,0	5,8	7,1	7,6	7,5	7,4	7,4	7,2	8,4	7,3	7,0	7,2	7,5	8,0	8,4	8,9	21,6	
JAP ⁴	2,0	2,2	2,1	2,0	2,2	2,2	2,2	2,3	2,2	2,2	2,3	2,2	2,1	2,2	2,3	2,2	2,2	0,8	

TABLE 3: Consumer price index - Percentage change on preceding period

	1977	1978	1979	1980	1981	1980		1981				1981							Change over 12 months % ²
						IV	I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.		
B	7,1	4,5	4,5	6,6	7,6	2,2	2,2	0,8	2,6	2,1	0,6	1,6	0,5	0,9	0,4	1,0	0,6	8,1	
DK	11,1	10,1	9,6	12,3	11,7	1,9	2,6	4,3	2,4	2,2	1,0	0,7	0,4	0,9	0,5	1,2	0,4	12,2	
D	3,7	2,7	4,1	5,5	5,9	0,8	2,2	1,8	1,2	1,2	0,5	0,4	0,3	0,5	0,3	0,5	0,3	6,3	
GR	12,2	12,5	19,0	24,9	24,5	7,8	7,3	5,4	1,9	7,5	1,8	-0,5	-0,8	4,3	2,6	2,1	2,1	22,5	
F	9,5	9,3	10,7	13,6	13,0	2,8	2,9	3,3	3,9	3,3	1,0	1,7	1,3	1,2	1,2	0,9	0,6	14,0	
IRL ⁵	13,7	7,7	13,2	18,2	19,7	3,1	6,2	3,9	5,6	5,9	(1,9)	(1,9)	(1,9)	(1,9)	(1,9)	:	:	23,3	
I	17,0	12,2	14,8	21,2	19,6	5,3	5,2	4,4	3,0	4,5	1,1	0,6	0,9	1,4	1,7	1,7	1,0	18,0	
L	6,7	3,1	4,5	6,3	8,1	1,9	2,4	2,2	2,0	1,6	1,0	0,5	0,4	0,9	0,3	0,6	0,6	8,0	
NL	6,4	4,2	4,3	7,0	6,9	1,5	1,5	2,3	1,6	2,0	0,1	0,7	0,3	1,2	0,9	0,3	0	7,4	
UK	15,9	8,3	13,4	18,0	11,9	1,9	2,4	4,9	1,7	2,5	0,5	0,5	0,7	0,6	0,9	1,1	0,6	12,0	
EC 10	10,5	7,6	10,2	14,1	12,5	2,7	3,2	3,6	2,5	2,8	0,8	0,8	0,7	1,0	1,1	1,0	0,7	12,7	
USA	6,5	7,6	11,5	13,5	10,3	2,6	2,6	2,3	2,9	1,4	0,9	1,2	0,7	0,9	0,2	0,3	0,4	9,8	
JAP	8,1	3,8	3,6	8,0	4,9	1,0	1,1	1,6	0,3	1,2	0,1	-0,3	-0,6	1,6	0,4	-0,3	0,3	2,3	

TABLE 4: Volume of retail sales - Percentage change on preceding period (s.a.)

	1976	1977	1978	1979	1980	1980		1981			1981							Change over 12 months % ²
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.	Nov.	
B	5,7	1,2	2,3	3,9	1,2	-0,7	-0,4	-3,3	1,6	-1,2	-3,5	5,5	-3,0	-0,4	-0,8	3,7	:	-1,2
DK	4,8	1,1	-2,4	2,2	-1,5	-1,0	0,4	-0,3	0,1	0,6	-2,3	-3,9	8,5	-5,2	-1,8	2,5	-6,2	0,6
D	3,8	3,1	2,8	2,6	0,3	2,0	0,2	-1,7	-2,2	1,2	-2,6	-1,5	4,6	-1,8	-0,7	3,6	-4,4	-2,8
GR	:	:	:	:	2,9	5,8	-3,4	-2,2	:	:	:	:	:	:	:	:	:	:
F	2,9	0,1	2,1	2,3	-0,4	1,4	2,0	-1,8	0,5	0,6	-3,9	2,0	3,0	3,4	1,7	2,9	-1,4	2,7
IRL	2,6	4,9	8,8	3,4	-0,8	-2,4	4,1	0	1,2	1,3	-3,3	0,2	3,6	7,8	-18,0	3,9	:	-4,2
I	3,5	2,9	2,6	7,3	3,1	1,5	-0,5	0,8	-0,3	0,3	-4,0	0,2	1,1	1,1	-0,9	4,2	:	2,7
NL	2,2	4,7	4,7	-0,3	-4,1	-1,2	-1,8	0,2	-1,3	:	-2,9	-2,3	8,2	-9,0	:	:	:	-4,3
UK	-0,1	-1,7	5,6	4,8	0,6	-0,3	0,2	3,4	-1,4	-0,7	-0,7	1,0	-1,8	1,2	-0,4	1,3	-0,9	(1,7)
EC 9 ⁶	2,7	1,5	3,2	3,6	0,5	0,6	0,4	-0,2	-0,9	(0,3)	-2,8	0,3	2,1	-1,3	(+0,3)	(3,6)	:	(3,3)
USA	6,1	6,5	3,3	0,3	-4,6	1,7	0,1	2,5	-1,3	0,5	-0,6	1,8	-0,8	0,7	-0,8	-2,5	0,8	-0,4
JAP	-1,9	8,2	6,5	-4,1	-8,4	-2,5	-1,6	-3,2	-3,2	:	-2,6	-0,8	(2,3)	:	:	:	:	(-6,9)

TABLE 5: Trade balance - fob/cif, million ECUs (s.a.)

	1977	1978	1979	1980	1981	1980		1981			1981							Change over 12 months % ²
						IV	I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.	
B/L	-2 526	-2 890	-3 020	-5 172	:	-1 391	-1 960	-1 367	-1 759	:	-397	-641	-870	-247	-225	:	:	312
DK	-2 801	-2 198	-2 904	-1 911	-1 485	-313	-270	-333	-313	-453	-4	-184	-21	-108	-106	-133	-214	-73
D	14 514	15 934	8 933	3 545	11 220	501	169	2 365	3 149	5 194	691	1 690	395	1 063	1 672	1 577	1 945	+1 747
GR	-3 588	-3 347	-4 187	-3 906	:	-1 131	-562	-1 108	-1 113	:	-210	-527	-289	-297	:	:	:	+120
F	-6 117	-4 097	-6 195	-16952	:	-4 764	-4 321	-4 068	-4 263	:	-1 636	-1 607	-785	-1 871	-1 620	-1 546	:	-24
IRL	-876	-1 132	-1 955	-1 898	-2 471	-553	-593	-583	-743	-575	-191	-307	-168	-268	-189	-234	-152	+143
I	-2 444	-336	-4 103	-15696	:	-4 654	-3 953	-4 757	-3 548	:	-1 107	-773	-1 238	-1 537	-529	-887	:	+451
NL	-1 687	-2 240	-2 619	-2 184	:	-710	-149	-259	311	:	-102	69	-10	252	341	665	:	+977
UK	-5 246	-5 548	-8 705	-3 590	:	779	:	:	(132)	:	:	:	(-520)	(463)	(-551)	(+207)	:	(-280)
EC 9 ⁷	-7 184	-2 508	-20804	-43859	:	-10 751	(-10500)	(-10600)	(-8950)	:	(-3 300)	(-2 300)	(-3 300)	(-3350)	(-1350)	(-1 750)	:	(+1 650)
USA	-31907	-31014	-27146	-26113	-35547	-5 387	-7 210	-8 989	-9 529	-10333								

Major economic policy measures — January 1982

Community (EC)

None.

Belgium (B)

6.1 The Banque Nationale lowered the discount rate from 15 to 14% and the rate for advances from 17% to 15%.

7.1 The Banque Nationale lowered the interest rate on Treasury certificates. For one-month certificates, the new rate is 15%, compared with 16,5% at the end of December.

20.1 The Treasury issued a 7-year loan, with interest at 14,25%.

Denmark (DK)

None.

Federal Republic of Germany (D)

21.1 The central Council of the Bundesbank (Zentralbankrat) decided to reduce the special Lombard rate from 10,5% to 10%.

22.1 The German Parliament (Bundestag) approved the federal budget for 1982 by 262 votes to 214.

Greece (GR)

30.12 With a view to settling the public deficits built up over the last few years, the central government contracted a DR 250 000 million loan, for 20 years with the Bank of Greece and the Agricultural Bank. Repayment will begin after five years.

3.1 The Prime Minister announced a second package of economic policy measures. The chief ones are:

- the revision and decentralization of the investment incentives scheme;
- indications as to how far the minimum wage in the private sector should be raised;
- tax provisions designed to alleviate the tax burden on the lowest paid, while making budget savings and preventing tax evasion;
- measures to assist firms in difficulties;
- for enterprises to be brought under public control and which are not yet State-controlled, the establishment of 'supervisory boards' responsible for harmonizing enterprise programmes with government development plans;
- the review of all public investment commitments, the creation of agricultural processing cooperatives and the establishment of a special department for investment from abroad.

7.1 The Minister for Coordination gave details on the measures to support industry and small and medium-sized enterprises in particular (development of credit for craft industries, higher export refunds, cuts in social security charges to encourage job creation, subsidies for the creation of jobs for young people, reduction in the interest rate on equipment loans). A public investment programme, announced at the same time, provides among other things, for the establishment of public steel production units and a large vertically-organized petrochemicals group, for energy investment and for measures to assist agriculture, tourism and construction.

France (F)

1.1 From 1 January 1982, unemployed persons who have used up their rights to indemnification will receive benefits from the health insurance scheme.

1.1 With effect from 1 January, the minimum retirement pension was raised from FF 9 400 to FF 10 000 per annum and the supplementary allowance from the National Solidarity Fund from FF 11 000 to FF 13 000; this brings the minimum old-age pension to FF 24 000 per annum. At the same time eligibility for these advantages was made subject to a higher annual limit on means.

7.1 Petroleum product charges were increased by an average of 5%.

7.1 Food product prices were decontrolled, after being frozen for three months; price controls on services will be lifted in April.

13.1 The Government adopted the first two social orders:

1. The order on hours of work and paid holidays contains, *inter alia*, the following provisions:
 - statutory hours of work are fixed at 39 hours a week in all branches of industry and commerce;

- the first eight hours worked in excess of 39 hours will be paid at a 25% higher rate and any subsequent hours at a 50% higher rate;
- working hours calculated over 12 consecutive weeks may not average more than 46 hours a week;
- weekend working is authorized for groups of wage-earners working on rest-days only and paid at a rate at least 50% higher than the normal wage;
- the paid holiday entitlement for one month's actual work is set at 2,5 working days; the annual maximum is 30 days;
- for shift work, hours of work will be limited, over one year, to 35 hours per week worked, by 31 December 1983 at the latest.

2. The order on the solidarity contracts concluded between the State and firms recruiting additional staff in return for a large reduction in hours of work between 15 September 1981 and 1 September 1983, contains the following provisions:

- young people and the unemployed are to be given priority in recruitment;
- State aid will consist in an exemption from employers' social security contributions in proportion to the effort made;
- wage-earners over the age of 55 years may work half-time, and receive an income supplement, on condition that they are replaced.

21.1 The Government approved the order on the solidarity contracts concluded between central government and the local authorities who will join forces with the Government in the fight for employment. The communes will thus be temporarily exempt from charges in respect of staff recruited in return for a large reduction in hours of work and corresponding increase in the services rendered to users.

27.1 The Government published two orders designed to limit the use of temporary staff and contracts of specific length, to encourage managements to take on staff, to stop them responding to short-term economic difficulties and absenteeism by insecure work and to strengthen trade union powers with a view to stricter application of the law. A third order reduced the working week in agriculture to 39 hours.

29.1 After a number of articles which had not been approved by the Constitutional Council were amended, the nationalizations law was adopted by Parliament.

Ireland (IRL)

27.1 The Minister for Finance proposed a budget for 1982 which implied an Exchequer Borrowing Requirement of IRL1 661 million (13,8% of GDP) as compared with a provisional outturn of IRL1 722 million (16,9%) in 1981. However the proposal was defeated, the Parliament was dissolved and general elections are to be held on 18 February.

Italy (I)

None.

Luxembourg (L)

None.

Netherlands (NL)

1.1 The basic subsidies granted under the law providing for investment support (Wet Investeringsrekening - W.I.R.) will be reduced from 18 to 14% for new buildings, from 11 to 8% for existing buildings, from 13 to 12% for fixed installation and from 15 to 12% for ships. The subsidies for investment in aircraft and equipment remain unchanged (12%).

1.1 For 1982 the Government lifted price controls in six industrial sectors (paper, textiles, clothing, wood, furniture and basic metals) and in three commercial sectors (sales of household appliances, and 'sound/picture' and 'photo-film' equipment). In the other branches of industry and commerce, the maximum increases were set at 0,9% and 5-5,5% respectively. The maximum increase for public utility charges was set at 4% (basic electricity tariff: 3%).

22.1 In view of the favourable balance of payments trend and the fall in money and financial market interest rates, the Nederlandsche Bank reduced the discount rate from 9 to 8½%.

United Kingdom (UK)

None.

Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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