

EUROPEAN ECONOMY

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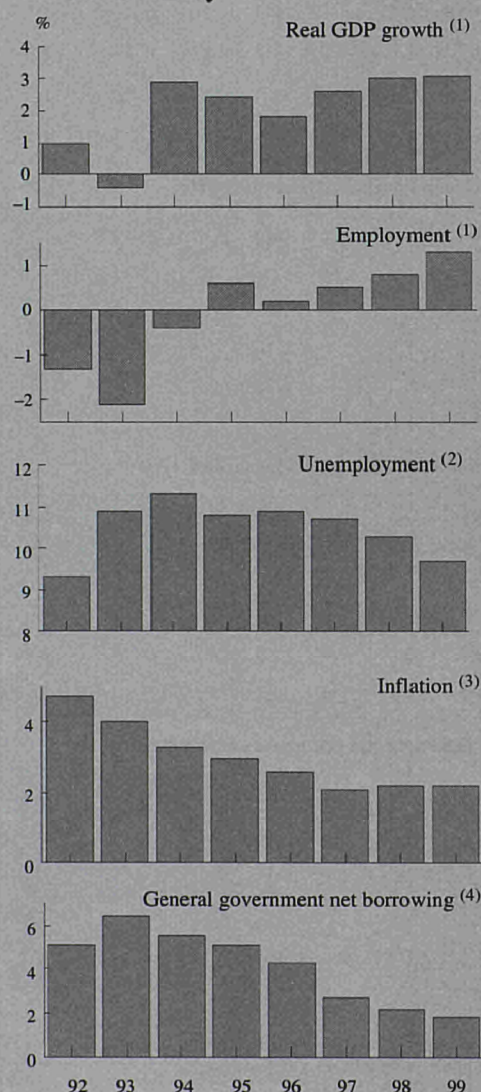
*In this number :
Economic Forecasts
for 1997–1999¹*

ECONOMIC OUTLOOK OF THE EU : 1997–1999

Economic developments in the first half of 1997 have not only confirmed economic recovery but also turned out better than expected. Increasing awareness of the opportunities stemming from the expected timely start of EMU contribute to the favourable outlook:

- Compared to the Spring 1997 Forecast economic growth in most Member States has been revised upwards slightly. Growth of EU real GDP is projected to accelerate to an annual rate of 2.6 per cent in 1997 (2.4 % in the Spring Forecast), accelerating further during 1998 to 3.0 % overall (2.8 % previously) and 3.1 % in 1999.
- Exports are expected to remain the driving force of economic expansion in 1997, supported by a healthy international environment. They have also been boosted by an improved competitive position thanks to the control of domestic costs and the appreciation of the US dollar. The endogenous development of internal demand should follow rapidly thanks to the favourable policy-mix to which the credibility of the budgetary consolidation process has contributed, bringing about a decline in interest rates. As a consequence, private consumption which is also underpinned by returning consumer confidence, and investment driven by high and improving profitability and brightening demand prospects will follow suit.
- Employment is forecast to increase by 0.5 % in 1997 and accelerate further to 0.8 % in 1998 and 1.3 % in 1999. This development implies the creation of 3.8 million new jobs over the three years (in net terms). Increasing employment helps allow the unemployment rate to decline from 10.9 % in 1996 to 9.7 % in 1999.
- Inflation rates have converged considerably towards low levels and this convergence is expected to continue. The average EU inflation rate is expected to fall from 2.6 % in 1996 to 2.1 % in 1997 and stay close to that level in 1998 and 1999.
- Assuming full implementation of known budgetary measures, the average deficit/GDP ratio in the EU is expected to fall to 2.6 % in 1997 from 6.1 % in 1993. Only two Member States have a ratio higher than 3 % in 1997. The forecast for 1998 takes on board the measures presented in the national budgets and a further improvement of the average deficit to 2.2 % of GDP is expected. The scenario for 1999 is based on the usual assumption of no change in policy and should result in continued consolidation with the deficit falling to 1.8 % of GDP. Fiscal restraint is mirrored in lower debt ratios in most Member States. By 1999 the group of countries enjoying a debt ratio at or less than 60 % of GDP will grow to eight. Most countries with ratios above 60 % will be characterised by falling debt/GDP ratios over the forecasting horizon.

EU economy : General outlook



¹ This is a summary of the Commission Services' Autumn 1997 Economic Forecasts, based on available data up to 9 October 1997. The Spring 1997 Forecasts for 1996–98 were published in Supplement A, N° 5 of May 1997.

(1) Annual percentage change.
(2) As a percentage of the civilian labour force.
(3) Private consumption deflator, annual percentage change.
(4) As a percentage of GDP.

Main features of Autumn 1997 Economic Forecasts (Annual percentage change, unless otherwise stated)

	86-90	91-95	1995	1996	Forec. 1997	Forec. 1998	Scen. 1999
Real GDP growth							
EUR ¹	3.3	1.5	2.4	1.8	2.6	3.0	3.1
Germany ¹	3.4	2.2	1.9	1.4	2.5	3.2	3.3
France	3.2	1.1	2.1	1.5	2.3	3.1	3.1
Italy	3.0	1.1	2.9	0.7	1.4	2.5	2.8
United Kingdom	3.3	1.2	2.5	2.3	3.3	2.1	2.3
Inflation²							
EUR ¹	4.3	4.1	3.0	2.6	2.1	2.2	2.2
Germany ¹	1.5	3.4	1.9	1.8	2.1	2.2	2.2
France	2.9	2.3	1.6	1.9	1.3	1.5	2.0
Italy	6.1	5.7	5.8	4.3	2.2	2.2	2.0
United Kingdom	5.0	4.2	2.6	2.6	2.4	2.4	2.3
Unemployment (%)³							
EUR ¹	8.9	10.0	10.8	10.9	10.7	10.3	9.7
Germany ¹	5.9	7.3	8.2	8.9	10.0	9.8	9.1
France	9.7	11.1	11.7	12.4	12.5	12.3	11.9
Italy	9.6	10.3	11.9	12.0	12.1	11.9	11.8
United Kingdom	9.0	9.5	8.7	8.2	6.4	5.8	5.5
General government net borrowing (% of GDP)							
EUR ¹	-3.6	-5.3	-5.1	-4.2	-2.6	-2.2	-1.8
Germany ¹	-1.5	-3.0	-3.3	-3.4	-3.0	-2.6	-1.7
France	-1.8	-4.5	-5.0	-4.1	-3.1	-3.0	-2.6
Italy	-10.9	-9.3	-8.0	-6.8	-3.0	-3.7	-3.6
United Kingdom	-0.7	-5.8	-5.5	-4.9	-2.0	-0.6	-0.3
Current account balance (% of GDP)							
EUR ¹	0.1	-0.6	0.6	0.9	1.3	1.4	1.4
Germany ¹	4.2	-1.2	-1.2	-1.2	-0.6	-0.2	-0.2
France	-0.3	0.6	1.5	1.6	2.4	2.5	2.8
Italy	-0.8	0.1	2.4	3.5	3.7	4.0	4.4
United Kingdom	-3.7	-2.3	-1.9	-0.1	0.0	-0.5	-0.7
International economic environment							
GDP growth USA	2.8	2.0	2.4	2.8	3.6	2.6	2.5
GDP growth JAP	4.6	1.4	1.4	3.5	1.3	2.3	2.9
World imports excl. EU	6.7	6.0	11.8	8.5	10.1	7.5	7.8
Extra-EU export market growth	6.4	3.4	9.0	8.6	10.5	7.7	7.7

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

² Deflator of private consumption.

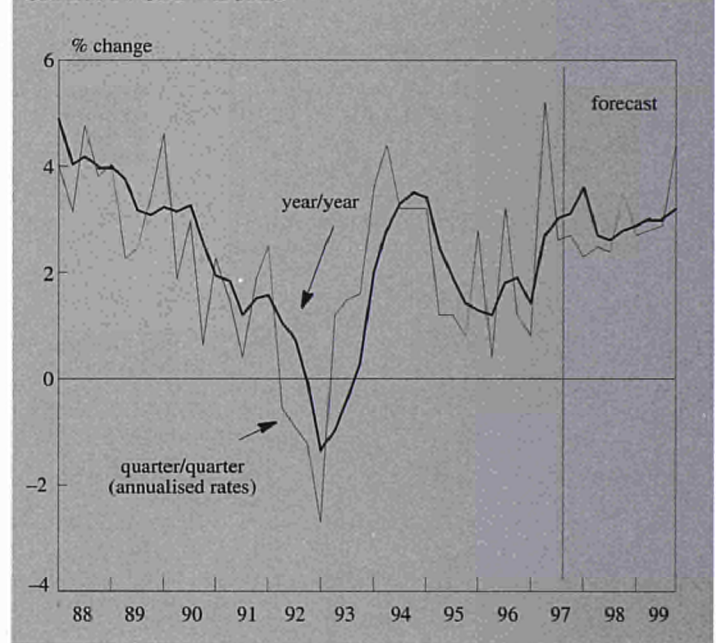
³ Eurostat definition.

THE ECONOMY OF THE EUROPEAN UNION

1. Recent developments

Economic activity in the European Union turned out much as expected in the Spring 1997 Forecast during the first half of 1997. The scenario of an ongoing recovery has been confirmed. GDP growth in the second quarter of 1997 was relatively strong: 1.3 % quarter over previous quarter (qoq) in the EU as a whole, accelerating significantly from the first quarter (0.1% qoq). Although this profile is partly due to a working day effect, the acceleration also points to a strengthening of the recovery. Preliminary information indicate that the third quarter of 1997 might be strong as well, with overall EU growth still mainly driven by exports but with an increasing contribution from domestic demand components.

GRAPH 1 : GDP – EUR15



As compared to spring 1997, the outlook for industrial production has improved further. During the second quarter of 1997, total EU industrial output grew by 1.4 % year on year, following 1.0 % in the first quarter and 0.6 % in the fourth quarter of 1996.

Given the cyclical behaviour of productivity and the increase in the activity rate, the rebound in economic activity observed in the first half of 1997 only led to a marginal reduction in the average unemployment rate. In September 1997 (latest available seasonally adjusted data from Eurostat), it stood at 10.6 %.

Since mid-1996, inflation in the EU has stabilised at a low level, close to 2%. Measured by the harmonised

indices of consumer prices, average inflation in the EU was 1.8 % in September 1997, with 10 member countries out of 15 posting a figure below the average.

Results from attitude surveys have continued to improve in the second half of 1997 (to October) with the economic sentiment indicator currently at its highest level in seven years. Industrial and consumer confidence have risen steadily over recent months, with industrial confidence above its long term average since March and consumer confidence since July. Although consumer sentiment varies across countries in the EU the improvement is shared by most Member States. Even construction confidence is showing tentative signs of a pick-up, having risen by 10 balance points between August 1996 and October 1997, although it still remains well below its long term average. New orders and export volume expectations in the manufacturing industry are both at their highest levels in two years. Capacity utilisation as assessed by firms has risen steadily through the year to stand at 83.0% in October which is 2 percentage points below its maximum. These developments confirm the view of an increasing spill-over from export-driven growth to growth driven by domestic factors.

Short term interest rates have remained roughly stable since the spring until 9 October 1997 when the Bundesbank raised its key money market rate by 30 basis points, quickly followed by several other central banks. This was the first move since 22 August 1996 and it marks the first increase in interest rates in Germany during the current recovery. The same relative stability has characterised most other EU interest rates while Italy, Spain and Portugal experienced a further marginal decrease which has contributed to the narrowing of short-term interest rate differentials between Member States. Given that the introduction of the euro will equalise short-term interest rates among

participating countries this narrowing reflects the anticipation of EMU by participants in financial markets. In Italy, short-term interest rates have declined from 11 % in spring 1995 to 6.5 % at the beginning of October 1997. The differential between the Italian lira and the German mark narrowed over the same period from 6 % to 3 %. On the other hand, in the UK, the central bank has raised the base rate four times by ¼ percentage point since May to 7% in order to cope with buoyant consumption. In the US, in the absence of any move by the Federal Reserve (the last

GRAPH 2 : Survey indicators – EUR

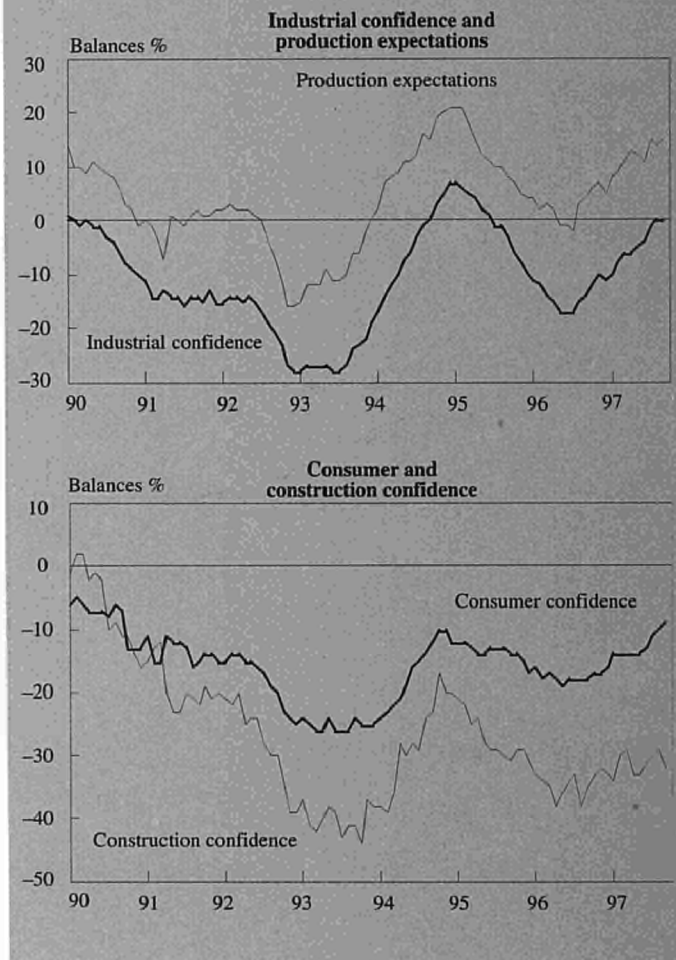


TABLE 1 : Economic activity – EUR

(Real percentage change from previous half-year at annual rate)

	95H2	96H1	96H2	97H1	Estimate 97H2	Forecast 98H1	Forecast 98H2	Scenario 99H1	Scenario 99H2
Private consumption	1.5	2.4	1.6	1.9	2.9	2.4	2.3	2.7	3.0
Government consumption	1.3	1.0	0.3	0.5	1.9	0.8	1.3	1.5	1.4
Gross fixed capital formation	1.9	-0.5	3.2	0.9	5.5	4.1	5.1	5.4	6.0
– of which equipment	3.5	2.9	2.1	4.4	6.9	5.9	6.6	7.1	7.2
– of which construction	0.8	-3.0	4.1	-1.7	4.4	2.5	3.9	4.0	5.1
Change in stocks ¹	0.5	-0.5	-0.4	0.4	0.2	0.1	0.0	0.1	0.0
Exports of goods and services ²	2.5	3.9	7.1	8.3	8.0	7.0	7.6	7.1	7.0
Imports of goods and services ²	4.6	2.8	5.6	7.0	7.2	6.8	7.0	7.1	7.7
GDP	1.4	1.5	1.7	2.4	3.9	2.6	2.9	3.2	3.2

¹ Contribution to change in GDP. ² Including intra-EU trade.

move dates back to 25 March 1997), 3-month rates remained stable and even eased somewhat. In Japan short rates were steady as well.

Long term interest rates in the EU (measured by 10 year benchmark bonds) have been, once again, very much driven by world markets where US long-term rates have declined by 60 basis points over the last 6 months. This has caused all EU yields to decrease. The

amount of decrease varies between countries, from 100 bp in Italy to 20 bp in Germany. At the same time, owing to improved market sentiment about EMU, the decline in long term rates in the high yielding countries has been faster than in the other countries, so that differentials against German rates have shrunk. Thus, long-term rates are already discounting increasing substitutability between currencies and the expectation of interest rate convergence with the approach of EMU.

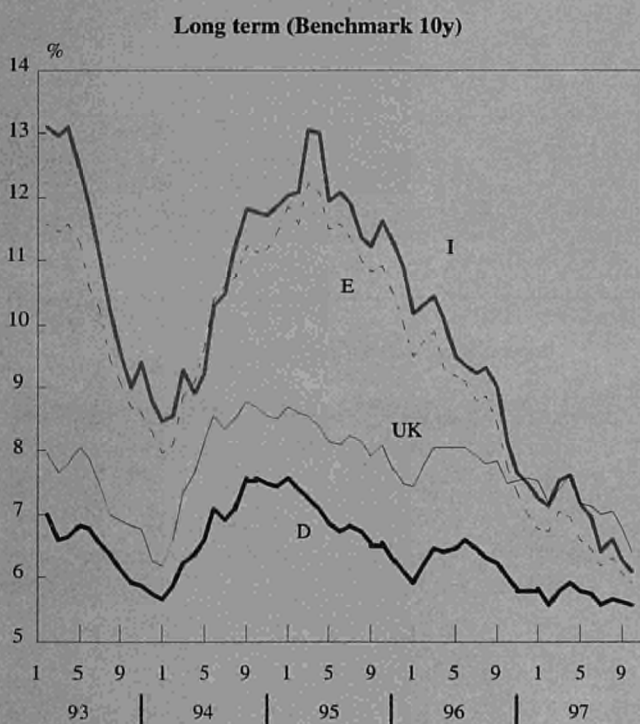
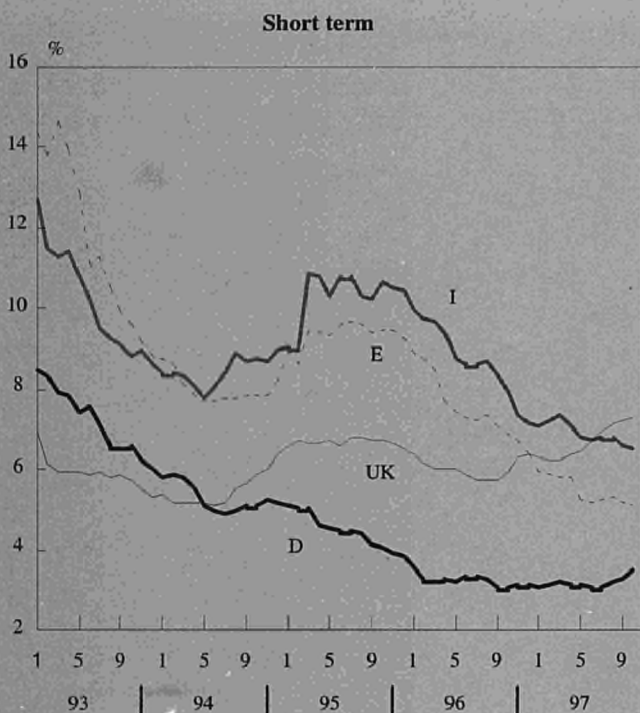
Current **exchange rate** conditions remain favourable to exports and GDP growth in continental Europe. The cyclical lag evident between the US and UK economies on the one hand, and continental European economies on the other, has led to a decoupling of monetary policies. Against this background both the dollar and sterling have continued to rise since the Spring 1997 Forecast, peaking in early August at close to 1.90 DEM/USD and in late July at well over 3.00 DEM/GBP. They have since fallen back to below 1.75 DEM/USD and around 2.90 DEM/GBP respectively. However, these levels still represent an appreciation of around 15 % and 20%, respectively, compared to their average levels of 1996. This has brought about a further significant improvement in the competitiveness of continental European goods and services in the world market in addition to the improvement generated by the control of domestic costs. Moreover the ERM has remained tension free, particularly with the Irish pound falling back recently following sterling's decline. The Irish pound is no longer near the top of its band, although it still remains the strongest currency in the ERM given extremely healthy domestic conditions.

2. Growth set to strengthen and broaden in 1997-99 based on sound foundations

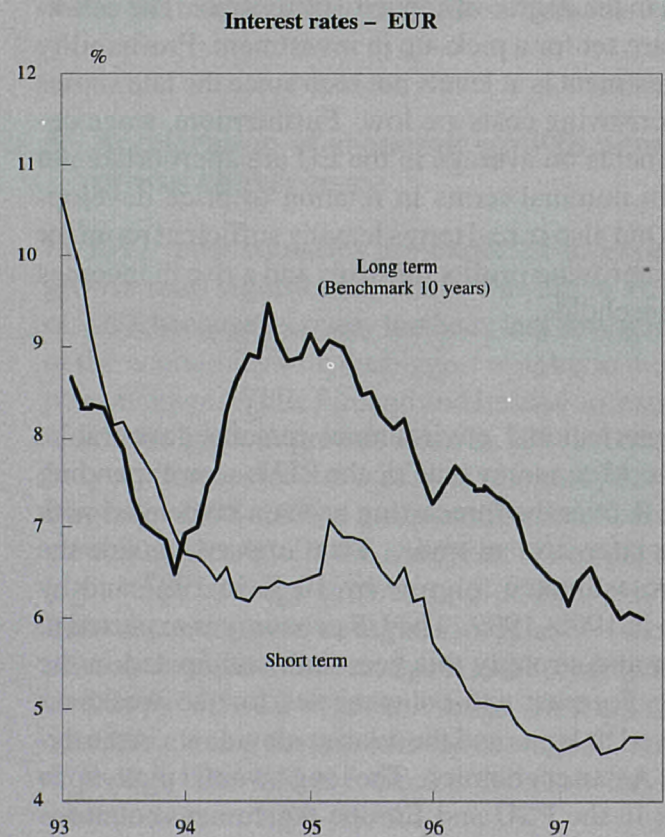
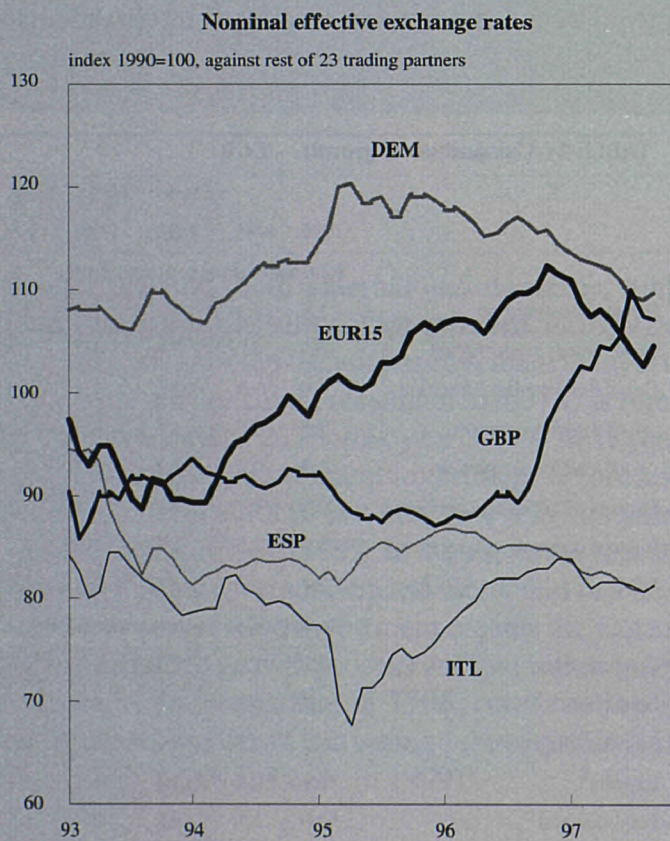
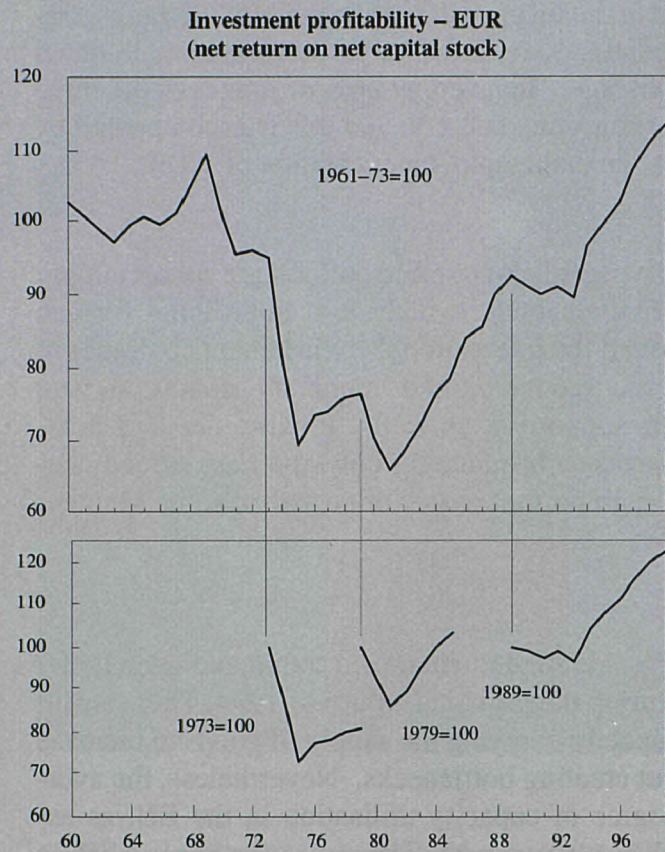
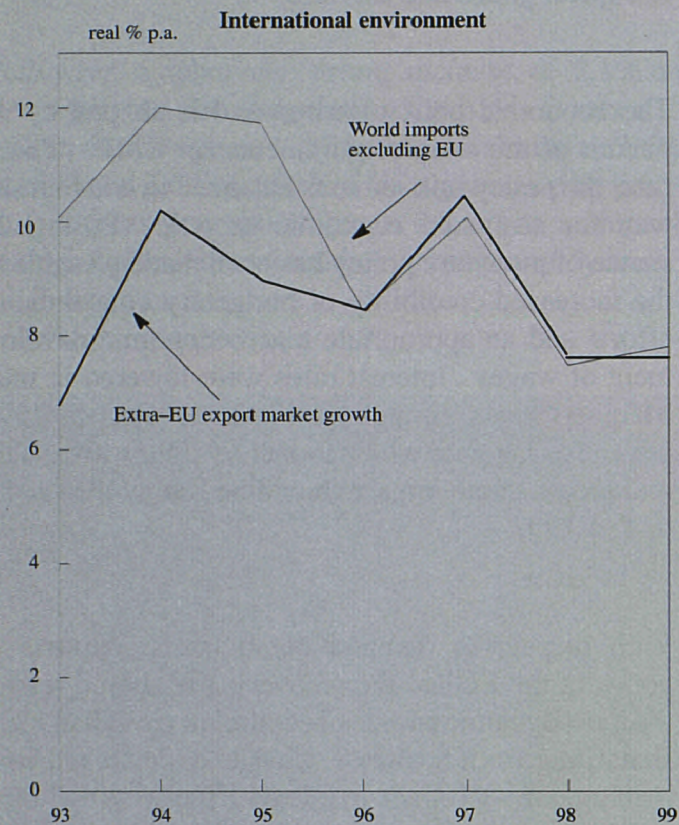
Recent developments and indicators suggest a stronger increase in economic activity than forecast in the spring of this year. For the EU as a whole the upward revision amounts to 0.2 %-point for each of the years 1997 and 1998. This results in average economic growth for the EU of 2.6 % in 1997 and 3.0 % in 1998 compared to 1.8 % in 1996. Growth is expected to accelerate further to 3.1% in 1999.

The upward revision of economic growth applies to most EU countries in 1997 and 1998. The exception is the United Kingdom in 1998 where growth is now expected to be weaker in the face of less favourable monetary conditions. Although growth rates in Luxembourg have also been revised downwards slight-

GRAPH 3 : Interest rates



GRAPH 4 : Main forces shaping activity



ly, they remain above 3%. By 1999, growth rates in most Member States are seen converging towards the European average, while Greece, Spain and Portugal should maintain growth rates in the 3½–4% range. Ireland continues its remarkable performance, initiated 10 years ago. Its average growth rate over the three forecasting years is 8.1 % and this is accompanied by average annual employment creation of 4.1 %.

Underlying this favourable outlook are robust supply side fundamentals which are improving further. Moreover, the international environment continues to back the recovery, and monetary conditions are growth-supportive as well. Finally, demand prospects are also brightening now and have already become an important source of growth in some Member States.

Supply-side fundamentals are sound and even better than during the previous upturn of 1994. There is still free capacity allowing the supply of goods to increase without creating bottlenecks. Nevertheless, the average degree of capacity utilisation in the EU, as assessed in surveys with firms, rose further to 83% in October 1997, which is in the upper half of the range formed by the recent low (77.2 % in the third quarter of 1993) and peak (85.1 % in the fourth quarter of 1989) in the degree of capacity utilisation. The conditions are set for a pick-up in investment. Profitability of investment is at levels not seen since the late sixties and borrowing costs are low. Furthermore, wage developments on average in the EU are appropriate not only in nominal terms in relation to price developments but also in real terms leaving sufficient room for both improving profits for firms and a rise in incomes for households.

The international environment remains favourable. The world economy outside the EU is seen expanding at 4 ½% over the forecasting horizon associated with strong international trade. Total imports outside the EU are estimated to grow by 10 % in 1997 and by 7½ % in 1998–1999. The US economy is expected to grow more strongly this year than anticipated in the Spring Forecast and compensates for the weakness observed in Japan and the relative slowdown in the dynamic Asian economies. The long awaited pick-up in output in the FSU and Europe Agreement countries also appears to have arrived. External demand is underpinned by the improved competitive position of European exporters. Relative unit labour costs in national currencies in the EU are expected to decline

by 1½ % in 1997 and 1998. Exchange rate developments, heavily influenced by the strength of the US dollar, have further improved the competitiveness of European goods and services.

The economic policy background is shaped by the pursuit of the entry requirements for EMU. Therefore, the policy mix remains balanced in a favourable way for sustained economic growth. Easing the stance of monetary policy has been made possible by the increased credibility of budgetary consolidation efforts and an appropriate macroeconomic development of wages. Interest rates were lowered in most Member States throughout 1996 and most of 1997. Given the lag with which monetary policy affects the real sector, some impact should be felt by the second half of 1997.

With respect to demand components, **exports** of goods in the EU led the recovery and should remain the most dynamic engine of economic growth in 1997. Benefiting from healthy extra-EU demand and from firming intra-EU trade in line with the progressive recovery in output, exports of goods and services are forecast to grow by 8½% in 1997 and by 7½% in 1998 and 1999 in the EU, significantly faster than the 4.8% rate recorded in 1996. Exports should rapidly be followed by the endogenous growth of internal demand.

TABLE 2 : Composition of growth — EUR

	1995	1996	Forec. 1997	Forec. 1998	Scen. 1999
Real annual percentage change					
Private consumption	1.8	2.1	2.1	2.5	2.6
Government consumption	0.5	1.0	0.8	1.2	1.5
Gross fixed capital formation	3.6	1.3	2.6	4.7	5.5
– of which equipment	7.5	3.0	4.5	6.3	7.0
– of which construction	1.3	0.0	1.2	3.3	4.2
Exports of goods and services ¹	7.9	4.7	7.9	7.4	7.2
Imports of goods and services ¹	6.7	3.9	6.7	7.0	7.2
GDP	2.4	1.8	2.6	3.0	3.1
Contribution to changes in GDP²					
Consumption	1.2	1.5	1.4	1.7	1.8
Investment	0.7	0.3	0.5	0.9	1.1
Stockbuilding	0.2	-0.3	0.2	0.1	0.0
Exports ³	0.9	0.9	1.4	1.1	1.1
Final demand ³	3.0	2.3	3.5	3.9	4.1
Imports ³ (minus)	-0.5	-0.6	-0.9	-0.9	-1.0

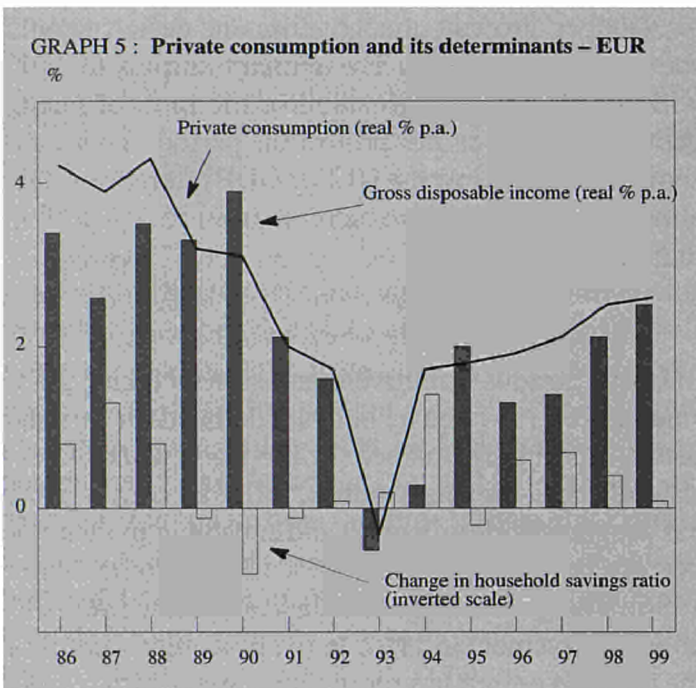
¹ Including intra-EU trade.

² GDP=C+I+Δ stocks+X-M.

³ Excluding intra-EU exports

As a consequence imports will also pick-up reducing the contribution of the external sector to GDP growth from 0.5 % in 1997 to 0.2 % in 1999.

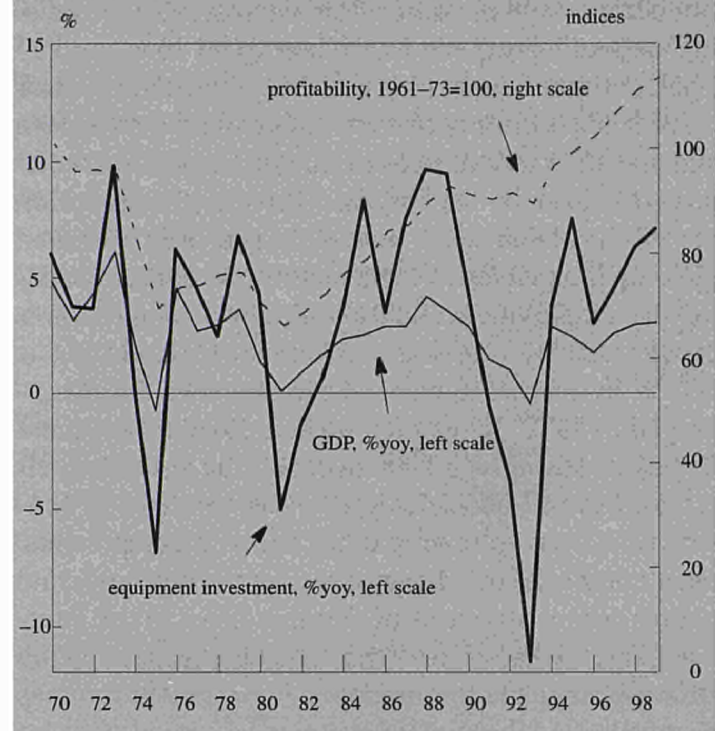
Following a relatively strong increase of 2.1% in 1996, **private consumption** in the EU is forecast to remain at this rate in 1997 and to accelerate to 2.5% in 1998 and 2.6 % in 1999. This is generated by moderate increases in real wages, a fall in precautionary savings and, more and more, by rising employment.



Stronger demand, both external and domestic, high and increasing profitability of **investment** and low interest rates, allow a significant improvement in investment performance. Total investment in the EU is forecast to accelerate to 2½% this year, 4¼% next year and 5½% in 1999. Equipment investment is forecast to rise strongly from 3 % last year to 4½% this year, 6¼% in 1998 and 7% in 1999. In the short run, investment will be an important demand factor and in a medium-term perspective investment creates the capacity for a sustained growth process without inflationary pressures. After stagnating in 1996, **construction** is also forecast to make an increasing recovery (1¼% in 1997, 3¼% in 1998, 4¼% in 1999).

In many respects this recovery is similar to the one in 1993/94 which was knocked off course by the monetary turmoil of 1995. Progress in economic convergence

GRAPH 6 : Investment in equipment and its main determinants – EUR



in the run up to EMU greatly reduces the likelihood of this reoccurring. In addition growth conditions in terms of inflation, profitability of investment, and interest and exchange rates have improved since then, while the international environment remains healthy.

3. Acceleration of economic growth ahead improves convergence

In 1997 most countries are expected to experience growth rates significantly above the Union's average of 2.6% because recovery has been less strong in some of the economies with the biggest weights in the European average. While Finland and Ireland are estimated to see the highest growth rates in 1997, Austria and Italy are forecast to grow at rates markedly below average. In 1998–1999 a more uniform cyclical movement is expected with the European Union experiencing a high average growth rate of 3%. However, Ireland continues to be significantly above the European average, and Greece, Spain and Portugal are situated in the 3.5–4.0 % growth range allowing them to continue closing the gap with the average EU standard of living. The UK is expected to show the lowest growth rates in 1998–1999.

In **Germany** the forecast improvement in the economic situation materialised in the first half of 1997. GDP increased by around 2% mainly driven by buoy-

ant export growth. Other demand components lagged behind and construction in particular remained sluggish. However, favourable supply side conditions (moderate wage increases, low interest rates, promising demand prospects) and improved international price competitiveness have already boosted investor confidence. Order books are better filled than before and the international environment (export markets' growth) also looks bright. Private consumption growth has been weak until now and only a limited pick-up is expected in 1998 mainly due to the unsatisfactory employment situation. Public consumption is constrained by ongoing consolidation efforts but is driven by increased transfer payments to the unemployed in 1997. Investment in equipment is expected to pick up strongly in 1998 as economic growth accelerates. Several obstacles prevent investment in construction from following other demand components, most notably an overhang of residential buildings and poorer competitiveness of German firms in the internal market. Exports are expected to continue growing strongly since the international environment remains promising and the recent appreciation of the US dollar has not been fully reflected in current export figures. Imports will grow slightly less than exports in 1997 and 1998, contributing to higher trade surpluses and thereby to shrinking current account deficits. Employment has fallen in Germany by ½ million jobs (in net terms) on average since 1992. This year, the weakness of the construction sector and lay-offs in the retail sector will contribute to a further decline in employment. However, accelerating economic growth and decreasing unit labour costs are expected to reverse recent employment trends and lead to a slight increase in the number of employed next year and a more pronounced increase in 1999.

In France, after a marked slowdown in 1995, activity picked up progressively to mid-1996, driven by dynamic external demand and the need for stockbuilding after the rebound in consumption at the beginning of 1996. The year-on-year GDP growth rate stood at 2.3% by mid-1997 compared with 1.1% a year ago. Export markets, triggered by a general upturn in Europe and by the continuing buoyancy of the American economy, are likely to remain dynamic over the forecasting horizon. Consumption remained sluggish until the middle of 1997 in a context of weak consumer confidence. Growth should accelerate to 3.1% in 1998 and 1999 compared to an estimated 2.3% in 1997. Inflation should remain subdued despite pressure from import prices due to the dollar's strength in 1997. Consumer price inflation is expected to rise moderately in 1998 (1.5% on average), and more sig-

nificantly in 1999 (2%). Employment should increase by 0.3% in 1997, 1.1% in 1998 and 1.4% in 1999. This development should not lead to a decline in the number of registered jobless until 1998, owing to growth in the working age population. The unemployment rate should stand at 12.3% next year, and 11.9% in 1999. The ratio of the government deficit to GDP is expected to decline from 4.1% in 1996 to 3.1% in 1997. Budgetary consolidation between 1996 and 1997 results mainly from discretionary measures, the recovery of growth contributing little to the reduction in the deficit. In 1998, general government net borrowing falls only slightly to 3.0 % of GDP. In 1999, the public finances should continue to improve thanks to stronger growth; the government deficit should stand at 2.6% of GDP. The primary surplus in 1997 will not be sufficient to stabilise the ratio of public debt to GDP over the projection period. This ratio should remain below the 60% of GDP reference value, although it is expected to increase from 55.7% in 1996 to 58.2% in 1999.

In Italy, a gradual improvement has been taking place since spring 1997, led by buoyant demand for cars and better export performance. In the framework of persistently tight monetary policy, inflation convergence has progressed significantly and consumer price inflation is expected to average 1.9% (down from 3.9% in 1996). The government accounts also show a remarkable improvement in 1997. In the first eight months of the year the deficit has more than halved with respect to the same period of 1996 and its evolution is in line with the official target of a 3.0% deficit ratio. After a moderate recovery in 1997, real GDP growth will accelerate in 1998-99 towards its trend rate, in the 2.5%-3% region. Domestic demand is expected to gradually strengthen in all its components throughout the forecast period. A significant share of the budget deficit reduction observed in 1997 is due to one-off measures expiring in 1998. In the absence of further discretionary measures, general government net borrowing in 1998 is forecast to climb back to 3.7% of GDP. In 1999, the usual no policy-change scenario implies a deficit of 3.6% of GDP; the small improvement is due to the reduced cost of debt servicing stemming from sharply falling interest rates. Additional measures were presented in the 1998 draft budget, which would have reduced the deficit to 2.7 % of GDP in 1998. The general government deficit in 1999 would also be lower. However, due to the resignation of the Italian government on 9 October 1997 and the subsequent uncertainty surrounding the budget at the moment of the finalisation of the forecasts, these measures could not be incorporated.

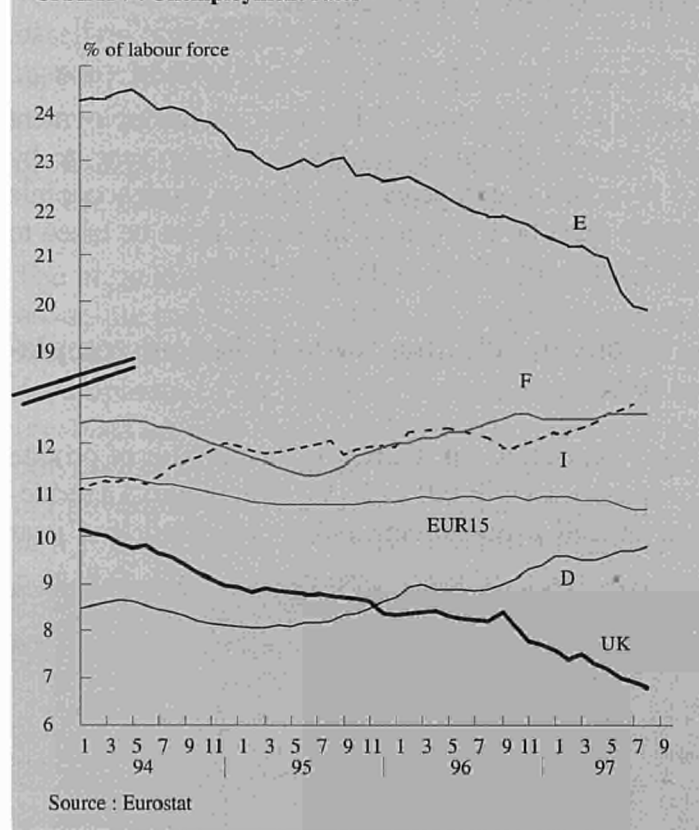
The **UK** economy is now well into its sixth year of recovery. The forecast for GDP growth this year has been revised up to 3.3% from 2.8% in the spring. Consumers' expenditure has been particularly buoyant, boosted by large windfall payments to customers from building societies converting to banks, high levels of consumer confidence, rising house and equity prices, rising employment and big falls in unemployment. Fixed investment has been picking up, and exports have remained remarkably strong. However, weakening export orders in the face of sterling's appreciation suggest exports are likely to begin falling. More generally, growth is expected to decelerate as the impact of the windfall payments fades and monetary tightening (base rates rose from 6% to 7% between May and August) and fiscal tightening (in July's budget worth $\frac{3}{4}$ % of GDP) begin to bite. Against this background GDP growth is forecast to slow to 2.1% in 1998 and to 2.3% in 1999.

The optimistic outlook has also been confirmed for the other Member States. In eight of them GDP will grow at a rate of more than 3 % in 1997 and this remains so over the forecasting horizon. The strongest growth is again experienced by **Ireland**, continuing the remarkable performance initiated 10 years ago. Its average growth rate over the three forecasting years is 8.1 % and this is accompanied by an average annual employment creation of 4.1 %. The driving force there is strong domestic demand, particularly investment which is expected to continue growing at double-digit rates over the forecasting horizon. Due to very strong investment growth in **Portugal** and **Greece**, domestic demand has already been the main engine of growth in 1997, growing faster than GDP, and is expected to remain so over the rest of the forecast. In **Denmark** where domestic demand components are also growing faster than GDP in 1997, domestic demand and GDP are expected to move in parallel in 1998 and 1999. In **Spain** domestic demand is expected to become the driving force of economic growth next year due to strong capital formation at rates which are more than double the growth of consumption. In the **Netherlands** and **Luxembourg** domestic demand will lose strength in 1998 and 1999 falling below GDP growth, due to strong export growth in 1998 in the former country. In contrast, in **Belgium**, **Austria**, **Finland**, and **Sweden** GDP grows faster than domestic demand and this relation is expected to hold in 1998/99. The strong increase in intra-EU trade in 1997 and in the following years transmits strong economic activity across borders within the internal market and allows all EU Member States to reap the fruits of the recovery.

4. Outlook for employment becoming brighter

Employment in the EU is responding with the usual time lag to the acceleration in economic activity. In 1997, on average employment is expected to grow by 0.5%, compared with 0.2% in 1996. In most countries employment has already shown signs of strengthening but in Germany employment may well fall by 1.3% and in Sweden by 1.1% in 1997, which is reflected in strong productivity increases in these two countries. In 1998 and 1999 employment creation in the EU should strengthen progressively to rates of 0.8% and 1.3% respectively, with all Member countries showing positive rates of employment growth in 1998/99. This corresponds to the creation of 700,000 jobs in 1997, about 1.3 million in 1998 and about 1.8 million in 1999, adding up to the total of 3.8 million over the three years.

GRAPH 7 : Unemployment rates



Net employment creation will not, however, lead to an equivalent reduction in the unemployment rate, because of the cyclical increase in productivity. Furthermore, trend increases in the labour force tend to be boosted further at the start of a recovery as discouraged workers rejoin the labour force. As a consequence the rate of unemployment in the European Union is expected to decline only slowly during the forecasting period. The rate of unemployment should fall to 10.7% in 1997 from 10.9% in 1996, and is fore-

TABLE 3 : Labour market outlook — EUR
(Annual percentage change unless otherwise specified)

	1961-73	1974-85	1986-90	1991-95	1995	1996	Forecast 1997	Forecast 1998	Scenario 1999
Population of working age (15-64 years)	0.5	0.8	0.5	0.4	0.3	0.3	0.3	0.3	0.3
Labour force	0.4	0.7	1.0	0.1	0.3	0.5	0.3	0.4	0.7
Employment	0.3	0.0	1.3	-0.6	0.6	0.2	0.5	0.8	1.3
Unemployment rate (%) ¹	2.4	6.4	8.9	10.0	10.8	10.9	10.7	10.3	9.7
Labour productivity, whole economy	4.4	2.0	1.9	2.1	1.9	1.5	2.1	2.1	1.8

¹ Eurostat definition.

cast to decline further to 10.3% in 1998 and 9.7% in 1999. The rate of unemployment is expected to fall in all Member countries in 1998 compared to 1997 except in Luxembourg, where it should increase slightly, although it should still remain the lowest in the EU at 3¼%. The decrease in the average yearly unemployment rates between 1997 and 1998 should be over one percentage point in Finland, Spain and Ireland, and between a half and one point in Belgium, Denmark, the Netherlands, Sweden and the UK.

With growth around 3 % as expected in 1998-1999 according to the Autumn 97 Forecast the unemployment rate should decline by 0.5 %-point per year or by 2.5 %-points over 5 years. For a better result economic growth must be stronger or measures must be taken to create more jobs for a given growth rate.

5. Subdued inflation outlook but no complacency

In 1997 inflation (measured by the deflator of private consumption) will fall to 2.1%, which marks a reduction of half a percentage point compared to a year

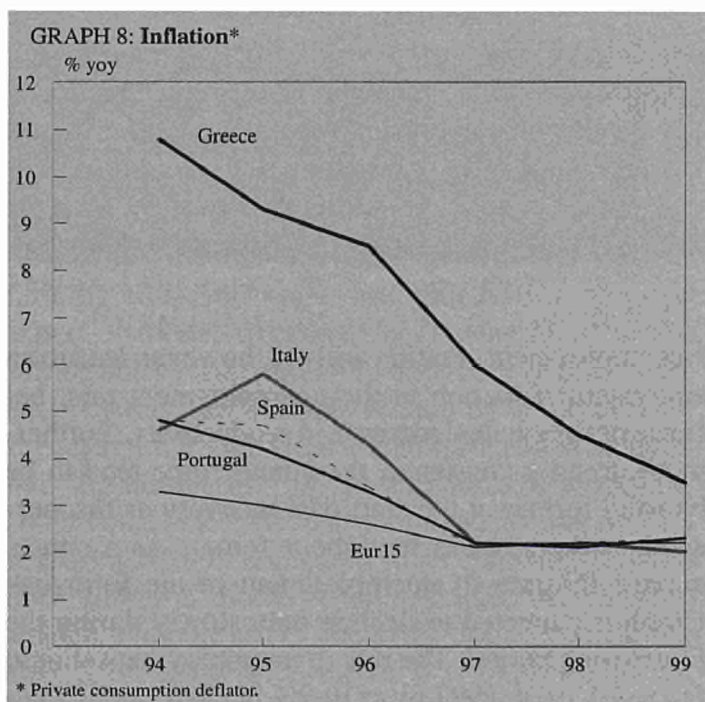
TABLE 4 : Inflation outlook — EUR
(Annual percentage change)

	'95	'96	Forec. '97	Forec. '98	Scen. '99
Private consumption deflator	3.0	2.6	2.1	2.2	2.2
GDP deflator	2.9	2.4	1.8	2.0	2.2
Compensation per employee	3.2	3.4	3.2	3.2	3.5
Unit labour costs	1.3	1.9	1.1	1.0	1.6
Import prices of goods ¹	4.0	0.3	1.1	1.9	1.9

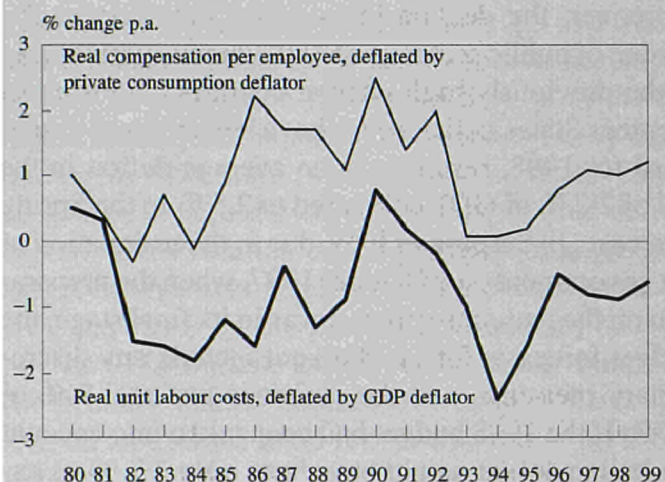
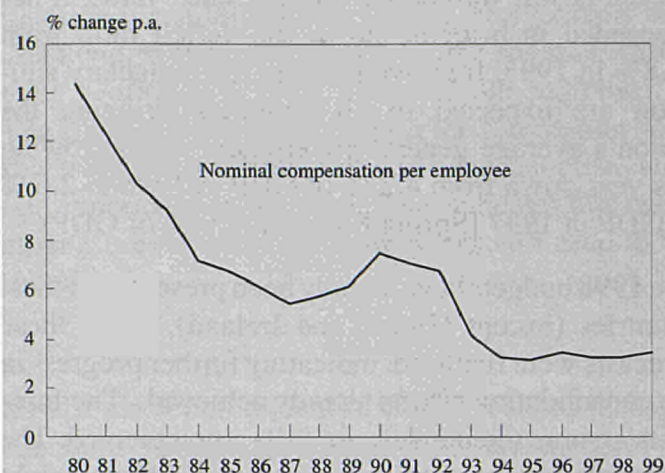
¹ Including intra-EU imports.

earlier. Average inflation in the EU is expected to continue to be low over the forecasting horizon: 2.2 % in 1998 and in 1999. The average depreciation of the EU currencies on a trade weighted basis is estimated at approximately 5½% compared to the 1996 level. The resulting upward pressure on import prices should not have a major impact on overall inflation given the existence of free productive capacity and the offsetting effects of moderate unit labour cost developments. Unit labour costs are expected to increase in the EU as a whole by about 1% in 1997 and 1998, while in 1999 some acceleration to around 1½% is forecast. In addition to subdued wage cost developments, the favourable inflation outlook for the 1998/99 period is helped by the commitment of governments to budgetary consolidation and by the expected anti-inflationary policy of the monetary authorities. Finally, increased competition in the Internal Market will exert downward pressure on prices.

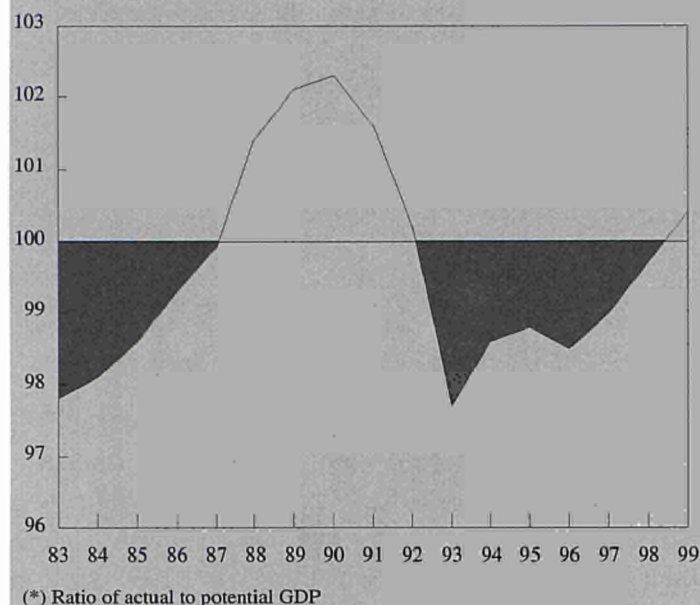
The recent trend of convergence among inflation rates in Member States is set to continue. Among 13 countries inflation differentials will be less than one percentage point in 1997 (1.3-2.2). Differentials among 11 countries are expected to be no bigger than half a percentage point in 1998 (2.0-2.5) and 1999 (1.8-2.3). Inflation rates will be at or below 2½ % in all Member States in 1997 and 1998 with the exception of Greece, where inflation should decline to 6.0% in 1997, 4.5 % in 1998 and 3.5% in 1999, which is a considerable improvement with respect to previous years. The expected rise in inflation rates beyond 2½ % towards the



GRAPH 9 : Wage developments – EUR



GRAPH 10 : Output gap(*) – EUR



rest rates. However, it should be emphasised that next year's assessment of the convergence criteria will be based on outturn data. Thus, the economic forecasts may not be used as a basis for preselection.

6. Budgetary consolidation well on track, but the effort should be maintained

The impressive efforts made in 1996 and 1997 to put order into the public finances have become apparent in strong improvements in deficit and debt ratios. This development of the budgetary situation has allowed forecasts for both deficit and debt ratios to be revised downwards in 1997 and the following years. The average government deficit in the EU declined from a peak of 6.1 % of GDP in 1993 to 4.2 % in 1996 and is expected to improve further to 1.8 % in 1999.

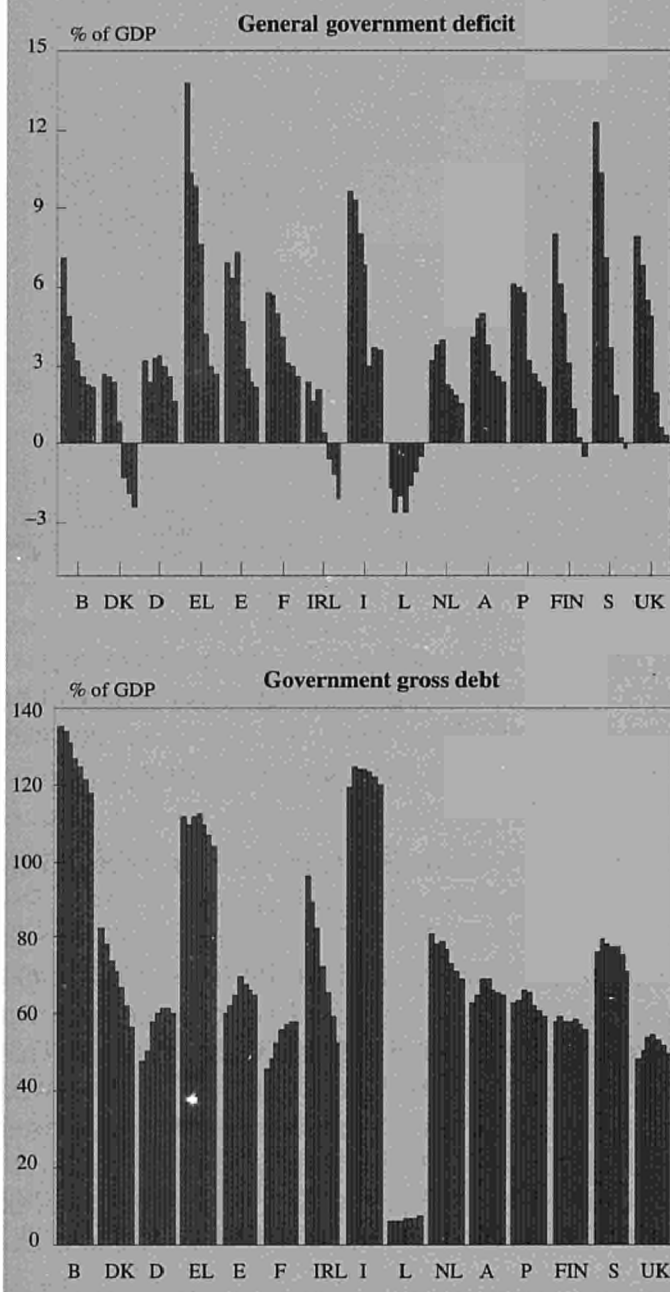
The forecasts for 1998 are based on the 1998 budgets presented by the national governments, following the usual practice of including only the measures which are adopted or known in sufficient detail. The scenario for 1999 is generated under the no policy change assumption meaning that present trends and measures, if still effective in that year, are extrapolated. Figures are compatible with ESA accounting rules, and the ratios are calculated using the GDP 4th resource in the denominator in accordance with article 2 of Regulation 3605 on the Protocol on the Excessive Deficit Procedure (OJ L 332, 31.12.1993). In countries where national accounts have been subject of revisions to meet the ESA accounting rules revised figures are included in the forecast as, for instance, in the case of Germany (revision of GDP growth rates, new classification of the hospital sector).

end of the forecasting horizon will be restricted to some of the economies which have enjoyed annual GDP growth rates in excess of 3 % in 1997-99 (Denmark, Ireland and the Netherlands).

As a result, 14 Member States have good prospects of meeting the inflation reference value when the assessment is made in spring 1998. The same prospects exist for the convergence criterion on long-term inte-

GRAPH 11 : Public finance

(7 bars for each country : the first bar on the left is 1993, the last one 1999)



Under the assumption that announced measures are fully implemented only France (3.1 % of GDP) and Greece (4.2 % of GDP) are forecast to have deficit ra-

tios above the 3% reference value in 1997. While Greece is still well above the reference value, it has succeeded in bringing down the deficit ratio from 13.8% in 1993. Improvements in the budgetary situation are expected in all countries bringing the Union's average general government net borrowing this year down from 4.2 % of GDP in 1996 to 2.6 % of GDP in 1997 (Spring Forecast: 2.9 % of GDP).

The 1998 budgets have already been presented in most countries (except Greece and Ireland), when these forecasts were finalised, indicating further progress in the consolidation efforts already achieved. The forecasts assume the budgets are fully implemented. The prospects for the public finances in 1998 are bright since the ongoing recovery will raise tax revenues. Moreover, the decline in interest rates reduces the burden of public sector interest payments, particularly in the previously high interest countries. So in most Member States deficit ratios have been revised downward for 1998, resulting in an average deficit in the EU of 2.2 % of GDP compared to 2.5 % in the Spring Forecast. In the case of Italy, due to the resignation of the government on 9 October 1997, when the preparation on the Autumn Forecast was in its final stage, the budget forecasts for 1998 do not include any discretionary measures and the deficit is just at 3.7 % of GDP. If the 1998 budget had been taken into account the Italian deficit would have been only 2.7 %, as explained in a footnote.

For 1999, the no-policy change assumption applies for all Member States which implies that presently known measures (if not one-offs) and trends are extrapolated. Based on these assumptions the deficit ratio is expected to decline further to 1.8 % of GDP on average. The positive outlook benefits from the cyclical upturn which raises revenues and reduces expenditures since many measures and programmes are procyclical. However, in some Member States this scenario for 1999 suggests there may be a need to take additional measures against the background of the Growth and Stability Pact to achieve the medium term objec-

TABLE 5 : General government budgetary position – EUR
(Percent of GDP)

	1995	1996	Forecast 1997	Forecast 1998	Scenario 1999
Current receipts	45.9	46.1	46.0	45.6	45.3
Expenditure	51.0	50.4	48.7	47.9	47.1
Actual balance	-5.1	-4.2	-2.6	-2.2	-1.8
Primary balance	0.3	1.2	2.4	2.5	2.8
Cyclically-adjusted deficit ¹	-4.7	-3.6	-2.1	-2.0	-1.9
Gross debt	71.0	73.0	72.4	71.4	69.8

¹ 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, n°60, 1995.

tive of close to budget balance or surplus. This presumption is reinforced by a look at the cyclically adjusted budget deficit. This fell for the EU as a whole to 2.1 % of GDP in 1997. However although the decline is expected to continue over the forecasting horizon, it will be at a lower rate and a few countries will even experience an increase. This indicates that one-off measures in some Member States still need to be neutralised.

Most of the deficit reduction will be realised through reductions in the share of expenditure in GDP, to which a decline in interest payments makes an important contribution. Between 1995 and 1999 the share of government expenditure in GDP in the EU as a whole is forecast to decrease by about 4 %-points accompanied by an alleviation of about 0.5 %-point in the burden of the government on the economy. However, in some Member States, a rise in government revenues has also been necessary to achieve the desired deficit targets. The evolution of the **primary balance** (the budget balance that results from the exclusion of interest payments by the general government) adds to the overall favourable assessment of public finances. The primary budget balance of Member States has been on an upward trend for several years and is expected to rise from 0.3 % of GDP in 1995 to 2.8 % of GDP in 1999.

The burden of **public debt** has been lowered by a favourable development of public deficits in most Member States. The EU average debt ratio is forecast to fall to 72.4 % GDP in 1997 (from 73.0 % in 1996) and to follow this downward trend over the forecasting horizon (71.4% in 1998; 69.8 % in 1999). In 10 of the 11 Member States that are expected to have debt ratios above 60 % in 1997 the debt ratio will go down in 1997 with Germany being the only exception. Over the forecasting horizon, the debt ratio is expected to decline further in all these 11 countries. Ireland in 1998 and Denmark, Germany and Portugal in 1999 will join the group of countries already having debt ratios at or below 60 % of GDP (now consisting of France, Luxembourg, Finland and the UK).

THE EU EXTERNAL ENVIRONMENT

Economic activity remains buoyant in North America, but the Dynamic Asian Economies have experienced a sharp slowdown and activity remains very weak in Japan.

TABLE 6 : ^{*} International economic environment
(Real annual percentage change)

				Forec.	Forec.	Scen.
	Weights*	'95	'96	'97	'98	'99
World output	100.0	3.8	3.9	4.0	4.1	4.3
EUR	24.6	2.4	1.8	2.6	3.0	3.1
World excl. EU	75.4	4.0	4.6	4.5	4.5	4.7
– USA	19.6	2.4	2.8	3.6	2.6	2.5
– Japan	7.7	1.4	3.5	1.3	2.3	2.9
– EAC ¹ + FSU ²	4.4	-1.5	-1.6	1.4	3.2	4.4
– DAEs ³	3.6	7.4	6.4	4.2	4.7	6.2
World imports excl. EU⁴	62.8	11.8	8.5	10.1	7.5	7.8
– USA	15.9	9.5	9.9	15.5	8.1	5.4
– Japan	6.6	11.4	10.0	2.5	3.7	6.6
– EAC ¹ + FSU ²	4.5	9.1	13.2	12.7	10.8	10.3
– DAEs ³	11.0	12.8	5.0	7.3	6.9	8.4
Extra-EU export market growth		9.0	8.6	10.5	7.7	7.7

* GDP weights based on GDP at current prices and PPS in 1995; Import weights based on imports at current prices and exchange rates in 1995.
¹ Europe Agreement Countries.
² Former Soviet Union (excluding the Baltic States).
³ Dynamic Asian Economies.
⁴ Goods only.

1. World Trade: driving world economic growth

Overall prospects on world output growth (excluding the EU) have been revised upwards since the Spring Forecast: 4.5% in 1997 and 1998, followed by a slight acceleration to 4.7% in 1999. The composition has changed though, with considerably weaker output than expected in Japan and the Dynamic Asian Economies (DAEs) in 1997 offset by a stronger than expected performance in all NAFTA countries. However, growth is expected to pick up in the DAEs and other Asia in 1998 and 1999. As a result, Asian countries along with Ireland and Mexico are expected to become the fastest growing in the world.

World imports (excluding EU) are assumed to grow at just over 10% this year – much stronger than forecast in the spring (previously 7.9 %), mainly due to large upward revisions in the forecasts of imports from North America in line with a higher growth forecast and the stronger dollar. The latter has been strong enough to compensate for the downward revisions in the forecasts of DAEs' imports following the deceleration there by about 2% points for 1997 and roughly 1% point in 1998.

2. United States: the “new economy” remains on track

The forecast for GDP growth in the US in 1997 has been revised up to 3.6% from 2.8% in the Spring Fore-

cast. Domestic demand has turned out stronger than expected and productivity gains have helped boost exports remarkably despite the appreciation of the dollar. Although inflation has remained subdued to date, an increase in interest rates is expected before the end of the year as capacity constraints and a tightening labour market begin to generate inflationary pressures. Growth is thus expected to slow to around 2½% in 1998 and 1999.

3. Japan: a state of diminished expectations

Prospects for both output and employment now seem significantly weaker than envisaged six months ago. A string of unfavourable data has raised fears about recession. However, the figures for the second quarter (a GDP decline of 2.9 quarter-on-quarter) were biased due to advanced purchases in the first quarter to beat the tax increases that came into effect on April 1. Moreover, favourable supply side conditions and underlying growth forces appear strong enough to offset the recent standstill of economic growth. Strong export activity in particular is expected to contribute to an acceleration of growth in 1998. The sliding stock market's impact on private consumption on the one hand and unresolved issues concerning exchange market turmoil in south east Asia in mid-1997 on the other darken the outlook.

4. Former Soviet Union and Europe Agreement Countries: catch-up ahead

This year's developments and forecast output growth reveal a significant contrast between the increasingly better performing European Agreement countries in Central and Eastern Europe (excepting Bulgaria and Romania) and the continued economic stagnation or even contraction in the countries that emerged from the Former Soviet Union. However, on average the decline in output in both country groups has come to an end in 1997 and the expected acceleration of output growth will allow most countries to reach growth rates close to the world average. Nevertheless, catching-up that requires above-average growth rates is only expected in 1999. Among these countries in 1997/98 Poland and the three Baltic countries are expected to show the highest GDP growth. In all countries inflation continues to melt away at a remarkable rate.

5. Dynamic Asian Economies: Tigers are landing between jumps

The economic outlook has turned less favourable following the outbreak of foreign exchange market tur-

moil in south east Asian countries in July. Many foreign investors lost confidence and the decline in investment has been an obstacle to economic growth in 1997. The depreciation of the currencies of some of the countries has increased import costs but at the same time it has improved price competitiveness on foreign markets. Risks stem from weak economic performance in Japan which is expected to be a less important obstacle for export growth in 1998. Therefore, growth is expected to rise again in the DAEs in 1998, to above 4½%.

RISKS AND UNCERTAINTIES SURROUNDING THE ECONOMIC OUTLOOK

Recent data indicate that the outlook for the EU described in the Spring 1997 Forecast was too prudent. It is possible that this forecast also errs on the side of caution. Both supply side fundamentals and demand factors are good and improving, the international environment is growth-supportive and the policy-mix is compatible with strong growth. The conditions are thus present for a continuation of economic expansion in the run up to EMU and it is possible that the internal dynamics of the recovery prove stronger than anticipated. A strong growth process also has a downside risk if it runs into capacity constraints leading to a resurgence of inflation. However, with the presence of spare capacity and a recovery supported more and more by capacity-creating investment, growth should be able to develop without generating inflationary pressures. In addition the credibility of the independent central banks and the perspective of compliance with the requirements of the Growth and Stability Pact will limit inflationary expectations.

The main downside risk to the forecast can be found in the financial markets. Turmoil on financial markets in south east Asia has affected world financial markets. This should not greatly impact on the forecasts especially if liquidity withdrawn from the stock exchange is invested in the bond market. It could keep interest rates low and offset the negative wealth effects provoked by a fall in the stock exchange.

DETAILED AUTUMN 1997 ECONOMIC FORECASTS

TABLE 1 : Gross domestic product, volume (percentage change at constant prices on preceding year, 1961-99)

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	4.9	1.8	3.0	1.2	2.5	-1.5	2.4	2.1	1.5	2.4	3.0	3.1
DK	4.3	2.0	1.4	2.0	3.2	1.5	4.2	2.6	2.7	3.5	3.3	3.2
D*	4.3	1.7	3.4	2.2	2.6	-1.1	2.9	1.9	1.4	2.5	3.2	3.3
EL	7.7	2.5	1.9	1.6	3.3	0.2	2.2	2.0	2.6	3.3	3.5	3.9
E	7.2	1.9	4.5	1.3	3.1	-1.2	2.1	2.8	2.3	3.3	3.5	3.6
F	5.4	2.2	3.2	1.1	2.5	-1.3	2.8	2.1	1.5	2.3	3.1	3.1
IRL	4.4	3.8	4.7	5.9	8.2	3.6	7.8	11.1	8.6	8.6	8.1	7.6
I	5.3	2.7	3.0	1.1	1.9	-1.2	2.2	2.9	0.7	1.4	2.5	2.8
L	4.0	1.8	6.4	5.4	3.6	8.7	4.2	3.8	3.0	3.4	3.8	4.0
NL	4.9	1.9	3.1	2.1	3.3	0.8	3.2	2.3	3.3	3.1	3.6	3.3
A	4.9	2.3	3.2	1.8	2.4	0.5	2.3	1.5	1.6	1.9	2.8	3.3
P	6.9	2.2	5.0	1.4	3.6	0.3	0.7	1.9	3.3	3.5	3.7	3.7
FIN	5.0	2.7	3.4	-0.5	3.9	-1.2	4.5	5.1	3.3	4.6	4.0	3.6
S	4.1	1.8	2.3	0.4	2.3	-2.2	3.3	3.6	1.1	2.1	2.9	3.3
UK	3.1	1.4	3.3	1.2	2.5	2.1	3.9	2.5	2.3	3.3	2.1	2.3
EUR*	4.8	2.0	3.3	1.5	2.6	-0.5	2.9	2.4	1.8	2.6	3.0	3.1
USA	4.0	2.3	2.8	2.0	2.8	2.4	3.7	2.4	2.8	3.6	2.6	2.5
JAP	9.7	3.4	4.6	1.4	2.5	0.3	0.6	1.4	3.5	1.3	2.3	2.9

TABLE 2 : Deflator of gross domestic product (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	4.1	6.8	3.1	3.0	1.7	4.2	2.3	1.7	1.6	1.4	1.8	1.8
DK	7.0	9.0	3.9	1.9	2.5	0.6	1.6	2.0	1.9	2.7	2.7	2.8
D*	4.4	4.1	2.4	3.5	1.4	3.9	2.2	2.2	1.0	0.8	1.7	2.1
EL	4.5	17.7	16.5	13.2	5.9	12.7	10.1	9.3	8.5	6.9	4.9	3.5
E	7.2	15.0	7.4	5.4	2.5	4.3	4.0	4.9	3.1	1.9	2.2	2.6
F	5.0	10.2	3.4	2.2	1.4	2.5	1.5	1.6	1.1	1.2	1.3	2.1
IRL	7.2	12.8	3.2	1.9	1.1	4.3	1.0	0.4	1.1	1.4	0.7	1.1
I	5.5	16.3	6.9	5.0	2.9	4.4	3.5	5.0	5.1	2.5	2.0	2.1
L	4.4	6.7	2.2	2.6	1.6	0.7	5.3	1.0	0.9	1.2	2.2	2.2
NL	6.0	5.4	0.8	2.2	2.0	1.9	2.3	1.6	1.3	1.9	2.3	2.4
A	4.6	5.4	2.5	3.2	1.7	2.8	3.1	2.3	2.1	1.4	1.6	1.8
P	3.9	20.8	13.3	7.9	2.8	6.0	5.9	5.1	2.7	3.6	2.3	2.5
FIN	6.8	10.7	5.6	1.9	1.6	2.4	1.3	2.4	1.2	0.9	2.1	2.3
S	4.9	9.8	7.0	3.5	1.7	2.6	2.5	3.7	0.9	1.9	2.0	2.1
UK	5.1	12.4	5.5	3.7	2.6	3.1	1.8	2.3	3.0	2.7	2.7	2.0
EUR*	5.2	10.6	4.9	3.8	2.1	3.6	2.6	2.9	2.4	1.8	2.0	2.2
USA	3.6	7.2	3.7	2.7	2.3	2.7	2.2	2.2	2.3	2.1	2.2	2.7
JAP	6.0	5.6	1.4	0.9	0.8	0.6	0.2	-0.6	0.0	1.2	1.0	0.8

TABLE 3 : Final domestic demand, volume (percentage change at constant prices on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	4.8	1.3	3.7	0.9	1.9	-1.6	1.4	1.4	1.1	1.7	2.3	2.4
DK	4.6	1.3	0.4	2.1	3.4	0.8	5.7	4.4	2.6	4.4	3.3	3.2
D*	4.5	1.3	3.5	2.2	1.9	-1.3	2.8	2.1	0.8	1.2	2.4	3.1
EL	7.9	2.0	2.5	1.9	4.0	0.4	1.8	3.2	3.4	4.1	4.1	4.3
E	7.7	1.3	6.6	0.7	3.0	-4.3	1.2	3.1	1.4	2.5	3.9	4.2
F	5.6	1.8	3.8	0.7	1.9	-2.2	3.0	1.8	0.9	1.0	2.7	2.9
IRL	5.1	2.1	3.4	2.6	7.5	0.7	6.4	6.4	8.4	7.6	6.7	7.4
I	5.3	2.4	3.5	0.1	1.7	-5.1	1.3	1.9	0.4	1.5	2.2	2.7
L	4.1	1.5	6.5	3.8	2.5	9.8	-0.5	3.2	1.9	3.8	1.3	2.9
NL	4.9	1.6	3.0	1.5	3.3	-1.1	3.0	2.0	3.5	3.4	3.0	3.0
A	4.9	1.9	3.0	2.3	1.9	0.8	3.5	2.0	1.5	1.4	2.1	2.7
P	7.3	1.1	7.2	2.2	4.0	-1.0	1.5	1.5	3.3	4.6	3.9	4.0
FIN	5.0	2.5	4.0	-2.9	3.4	-6.4	3.8	4.8	3.3	3.8	3.3	3.2
S	3.7	1.4	2.8	-0.9	1.5	-5.2	2.6	2.3	0.0	1.0	2.4	2.8
UK	3.2	1.2	4.0	0.7	3.0	2.0	3.0	1.5	2.7	4.0	3.1	2.4
EUR*	4.9	1.6	3.9	1.0	2.3	-1.8	2.5	2.1	1.4	2.1	2.8	3.0
USA	4.0	2.5	2.4	2.1	3.0	3.1	4.2	2.3	3.0	4.0	2.8	2.3
JAP	9.8	2.8	5.4	1.3	2.4	0.1	1.0	2.2	4.6	0.2	2.2	2.8

* Notes : see page 27.

TABLE 4 : Gross national product at current market prices (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	9.2	8.5	6.4	4.6	4.1	3.6	5.0	4.1	3.3	3.8	4.8	4.7
DK	11.6	10.8	5.4	4.3	6.0	2.8	6.0	5.3	4.7	6.6	6.3	6.3
D*	8.9	5.9	5.9	5.4	3.7	2.3	4.7	4.0	1.8	3.0	4.7	5.3
EL	12.5	20.3	18.9	15.4	9.3	14.0	12.8	11.6	10.9	10.4	8.6	7.5
E	14.9	17.1	12.3	6.8	5.6	3.4	5.1	8.9	4.9	5.4	5.8	6.4
F	10.7	12.5	6.7	3.3	4.0	1.1	4.5	4.0	2.6	3.6	4.4	5.3
IRL	11.7	15.9	7.7	7.4	9.1	6.5	8.0	10.5	8.4	10.2	8.9	8.9
I	11.0	19.3	9.9	6.2	5.0	3.2	5.7	8.3	6.0	4.1	4.7	5.2
L	9.0	11.3	7.9	4.5	4.7	1.6	4.8	3.8	3.2	4.2	5.6	5.9
NL	11.2	7.4	3.9	4.4	5.5	3.0	6.1	3.7	5.3	5.0	5.9	5.7
A	9.7	7.8	5.8	5.1	4.2	3.3	5.6	3.8	3.7	3.4	4.5	5.2
P	11.2	22.8	20.1	9.7	6.3	6.7	6.6	7.0	5.4	7.3	6.2	6.3
FIN	12.0	13.6	9.0	1.1	6.0	0.1	7.7	8.5	5.1	5.8	6.7	6.5
S	9.2	11.4	9.3	3.7	4.1	-0.1	6.1	7.2	1.7	4.1	5.1	5.6
UK	8.5	13.9	8.7	5.1	5.1	5.2	6.0	5.0	5.5	5.9	4.7	4.3
EUR*	10.0	10.8	7.3	4.0	5.2	0.3	4.8	4.1	4.9	5.3	5.1	5.3
USA	7.8	9.6	6.5	4.7	5.1	5.1	5.8	4.6	5.0	5.4	4.8	5.2
JAP	16.2	9.1	6.1	2.4	3.4	0.9	0.7	0.8	3.9	2.6	3.5	3.5

TABLE 5 : Investment in construction, volume (percentage change on preceding year, 1971-99)*

	1971-73	1974-85	1986-90	1991-95	1996-99	1994	1995	1996	1997	1998	1999
B	2.3	-3.1	8.1	1.5	2.0	1.4	1.3	-1.3	3.0	3.0	3.5
DK	5.1	-3.4	0.0	-2.5	6.7	1.6	8.1	12.1	6.3	4.4	4.2
D*	4.0	-1.4	3.1	4.4	-0.2	7.7	1.2	-2.7	-1.7	0.8	2.9
EL	12.6	-3.2	2.4	-2.1	10.3	-3.4	6.7	6.7	11.0	11.5	12.1
E	7.3	-1.5	10.9	0.1	2.6	-0.1	6.5	-2.0	1.3	5.1	6.2
F	6.1	-0.8	5.3	-1.8	1.3	-0.6	-0.1	-1.3	0.4	2.6	3.5
IRL	8.0	0.6	3.2	4.3	15.7	13.5	13.2	18.4	17.4	12.6	14.5
I	0.5	-1.4	2.1	-2.5	2.2	-5.9	0.7	1.1	0.1	3.5	4.0
L	-	-	-	-	-	-	-	-	2.8	4.9	5.4
NL	0.2	-1.6	3.8	0.8	3.9	3.2	1.2	2.8	5.1	2.8	4.9
A	10.1	-0.1	4.9	3.7	1.6	4.7	2.6	2.1	1.2	1.5	1.7
P	-	-	6.6	3.3	7.8	2.5	5.8	6.5	12.4	5.9	6.5
FIN	6.3	0.7	4.0	-10.6	10.1	-3.8	3.6	6.2	13.0	12.5	8.9
S	-0.5	-1.1	3.9	-9.1	1.9	-9.5	-3.6	2.8	-5.3	4.5	6.0
UK	2.0	-0.4	6.2	-1.4	3.4	1.9	-1.3	1.5	3.0	5.5	3.6
EUR* ¹	4.0	-1.1	4.9	-0.1	2.2	1.2	1.3	-0.0	1.2	3.3	4.2
USA	6.4	1.2	-0.7	0.8	2.3	4.9	-0.0	4.7	2.0	0.9	1.6
JAP	9.3	0.2	8.5	0.2	1.6	0.6	-3.8	10.2	-8.1	1.6	3.6

¹ EUR without Portugal up to 1985.

TABLE 6 : Investment in equipment, volume (percentage change on preceding year, 1971-99)*

	1971-73	1974-85	1986-90	1991-95	1996-99	1994	1995	1996	1997	1998	1999
B	3.1	2.3	11.9	-4.2	4.6	-1.4	5.5	3.3	4.8	5.0	5.3
DK	3.8	3.5	1.6	1.2	5.4	2.6	12.6	3.7	7.8	5.3	4.9
D*	0.2	1.6	7.2	-1.7	5.8	-1.2	2.0	2.4	4.3	7.7	8.8
EL	11.8	0.7	4.0	3.0	12.3	6.8	5.1	14.1	11.8	11.5	11.8
E	10.9	-0.5	13.0	-2.7	8.0	6.0	12.1	5.9	8.9	8.9	8.4
F	9.2	1.0	6.9	-0.2	2.6	4.1	6.6	0.7	-0.5	4.2	6.1
IRL	13.8	1.6	7.0	-2.8	10.7	5.4	4.0	11.8	10.0	9.0	12.0
I	8.4	3.1	6.8	-0.5	4.0	8.2	13.4	1.3	2.0	6.0	7.0
L	-	-	-	-	-	-	-	-	15.0	-9.5	5.0
NL	0.4	2.8	3.6	1.4	7.0	0.4	10.6	10.9	6.9	3.9	6.5
A	6.4	2.4	6.1	1.7	5.7	11.0	3.1	2.9	5.0	7.5	7.5
P	-	-	13.9	0.2	7.9	6.7	1.3	8.2	9.1	7.5	7.0
FIN	6.2	1.8	6.2	-8.6	5.5	8.6	25.5	11.6	2.9	1.9	6.0
S	6.9	3.2	6.9	-0.0	5.7	21.5	29.2	6.5	5.8	5.5	5.1
UK	4.0	2.1	5.3	-0.5	4.7	7.7	5.1	2.2	6.6	6.0	4.1
EUR* ¹	5.4	2.0	7.2	-0.8	5.2	4.3	7.5	3.0	4.5	6.3	7.0
USA	8.4	3.4	3.5	8.9	9.5	10.1	10.3	10.1	10.4	10.9	6.6
JAP	7.5	4.2	9.9	-0.4	6.3	-3.2	10.2	7.2	4.6	6.1	7.1

¹ EUR without Portugal up to 1985.

TABLE 7 : Total investment, volume (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	5.1	-0.7	9.3	-0.8	3.1	-3.6	-0.1	3.2	0.6	3.8	3.9	4.3
DK	6.5	-0.9	0.9	-0.6	6.0	-5.1	1.9	10.8	7.5	7.1	4.9	4.6
D*	3.9	-0.3	4.8	1.8	2.2	-5.6	4.2	1.5	-0.8	0.7	3.6	5.4
EL	10.0	-1.6	1.7	1.8	11.2	-1.8	1.2	5.9	10.2	11.4	11.5	12.0
E	10.5	-0.9	11.6	-0.9	4.7	-10.6	1.8	8.2	0.9	4.2	6.6	7.1
F	7.7	-0.2	5.9	-1.2	1.8	-6.7	1.3	2.5	-0.5	0.1	3.3	4.6
IRL	9.9	0.7	4.5	1.3	13.9	-3.4	10.2	9.6	15.9	14.7	11.4	13.6
I	4.5	0.3	4.3	-1.5	3.2	-12.8	0.5	6.9	1.2	1.1	4.8	5.6
L	4.9	-2.7	14.3	6.3	2.3	28.4	-14.9	3.5	-1.7	8.7	-2.5	5.2
NL	5.4	-0.0	3.7	1.0	5.2	-2.8	2.2	5.0	6.1	5.9	3.3	5.7
A	6.5	0.9	5.3	2.9	3.5	-2.0	7.2	3.0	2.4	2.9	4.2	4.4
P	7.9	-1.3	10.2	1.8	7.9	-6.2	4.5	3.6	7.4	10.6	6.7	6.8
FIN	4.8	1.1	4.8	-9.8	8.4	-19.2	0.2	11.3	8.3	8.9	8.4	7.8
S	4.4	0.5	5.5	-5.3	3.9	-17.2	2.0	10.9	4.7	0.5	5.1	5.5
UK	4.6	0.7	5.7	-1.6	4.0	0.6	2.9	-0.1	1.8	4.6	5.7	3.8
EUR*	5.7	-0.1	5.7	-0.4	3.5	-6.6	2.5	3.6	1.3	2.6	4.7	5.5
USA	4.8	1.9	0.5	3.9	6.2	6.3	8.9	6.4	7.5	6.4	6.4	4.5
JAP	14.1	1.6	8.4	0.0	3.6	-2.0	-0.8	1.1	9.0	-2.9	3.6	5.2

TABLE 8 : Private consumption, volume (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	4.3	1.9	2.8	1.2	1.6	-1.4	1.4	1.1	1.3	1.0	1.8	2.2
DK	3.8	1.5	0.5	2.8	3.3	2.0	6.9	2.2	2.6	4.0	3.4	3.3
D*	5.1	2.1	3.4	2.6	1.9	0.2	1.8	2.0	1.9	0.9	2.0	2.7
EL	6.7	3.0	2.8	1.5	2.2	0.1	1.5	1.6	2.3	2.2	2.2	2.2
E	7.2	1.6	4.7	1.0	2.9	-2.2	0.9	1.5	1.9	3.1	3.2	3.3
F	5.3	2.4	3.2	1.2	2.0	0.2	1.4	1.7	2.1	0.8	2.4	2.7
IRL	3.8	2.2	3.6	3.8	6.6	2.2	6.1	4.2	6.3	7.0	6.3	6.7
I	6.0	3.1	3.8	0.5	1.7	-3.4	0.9	1.3	1.1	1.7	1.8	2.3
L	4.6	2.6	5.1	2.3	2.4	1.7	2.4	2.4	1.9	2.7	2.5	2.4
NL	5.6	2.0	2.8	2.1	2.7	1.0	2.2	1.8	3.0	3.1	2.6	2.3
A	4.6	2.4	3.2	2.2	1.9	0.7	2.3	2.1	2.4	0.9	1.8	2.5
P	6.0	1.4	4.9	2.4	3.0	0.5	1.0	1.0	2.8	2.9	3.0	3.2
FIN	5.2	2.5	3.7	-1.0	2.8	-2.9	1.9	4.6	3.4	3.3	2.3	2.2
S	3.4	1.1	2.4	-0.2	2.0	-3.1	1.8	0.8	1.5	2.0	2.2	2.4
UK	3.0	1.6	4.7	0.9	3.4	2.5	2.6	2.0	3.5	4.4	3.4	2.4
EUR*	4.9	2.2	3.7	1.4	2.3	-0.3	1.7	1.8	2.1	2.1	2.5	2.6
USA	4.3	2.8	2.9	2.2	2.7	3.0	3.3	2.6	2.6	3.1	2.9	2.4
JAP	8.7	3.2	4.4	1.9	2.1	1.2	1.9	2.0	2.8	1.6	1.9	2.2

TABLE 9 : Public consumption, volume (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	5.5	2.2	-0.1	1.2	1.3	1.2	1.6	0.9	1.8	0.9	1.5	1.0
DK	5.8	3.0	0.6	1.2	1.9	3.0	2.0	0.5	2.4	2.5	1.7	1.2
D*	3.8	1.5	1.0	-0.4	0.9	0.2	-2.2	1.0	0.1	0.7	1.3	1.5
EL	6.2	5.2	2.3	0.9	0.6	4.8	3.5	1.5	0.5	1.3	0.2	0.3
E	4.5	5.0	6.6	2.6	1.3	2.4	-0.3	1.3	0.1	0.2	2.0	2.8
F	4.0	2.9	2.1	2.1	1.5	3.5	1.1	-0.0	1.6	1.5	1.7	1.3
IRL	5.2	3.7	-0.7	2.9	2.1	0.5	4.8	3.9	2.9	2.7	2.0	1.0
I	4.0	2.6	2.1	0.3	0.2	0.5	-0.6	-1.4	0.4	-0.3	-0.1	1.0
L	3.4	2.4	3.9	2.7	2.9	3.7	2.0	2.2	3.3	3.0	2.7	2.7
NL	2.9	2.8	2.2	1.2	2.3	1.5	0.6	0.6	1.2	3.3	2.4	2.4
A	3.2	2.7	1.2	1.9	0.9	2.7	2.5	-0.0	0.1	0.8	1.2	1.5
P	9.1	6.7	6.1	3.1	1.1	0.9	1.3	2.4	1.1	1.0	1.3	1.0
FIN	5.4	4.3	3.2	-0.7	1.4	-5.3	-0.3	1.9	2.5	0.7	1.3	1.2
S	4.9	2.7	1.5	0.2	-0.3	0.2	-0.7	-1.0	-1.7	-1.2	0.6	1.2
UK	2.5	1.4	1.4	1.2	1.5	0.2	1.9	1.3	2.4	1.0	1.2	1.4
EUR*	3.8	2.5	2.0	1.1	1.1	1.2	0.3	0.5	1.0	0.8	1.2	1.5
USA	2.3	2.0	2.6	-0.3	0.8	-0.8	-0.1	-0.5	-0.0	1.3	1.1	0.9
JAP	5.9	3.8	2.5	2.4	1.0	2.4	2.4	3.5	2.3	1.4	-0.1	0.3

* Notes : see page 27.

TABLE 10 : Price deflator of private consumption (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	3.7	7.4	2.3	2.7	1.9	3.5	2.8	1.7	2.3	1.7	1.8	1.8
DK	6.6	9.6	3.7	1.7	2.3	0.6	1.6	2.0	2.1	2.1	2.5	2.7
D*	3.5	4.3	1.5	3.4	2.1	3.9	2.7	1.9	1.8	2.1	2.2	2.2
EL	3.5	17.5	17.0	13.7	5.6	13.8	10.8	9.3	8.5	6.0	4.5	3.5
E	6.5	15.4	6.6	5.6	2.5	5.6	4.8	4.7	3.4	2.1	2.2	2.3
F	4.8	10.5	2.9	2.3	1.6	2.2	2.1	1.6	1.9	1.3	1.5	2.0
IRL	6.3	13.8	3.2	2.4	2.0	1.9	2.7	2.0	1.1	1.4	2.5	3.0
I	4.9	15.9	6.1	5.7	2.7	5.4	4.6	5.8	4.3	2.2	2.2	2.0
L	3.0	7.4	2.4	2.7	1.6	4.1	2.3	0.7	1.4	1.6	1.7	1.8
NL	5.1	5.7	0.9	2.5	2.1	2.1	2.8	1.5	1.3	2.1	2.4	2.6
A	4.1	5.8	2.0	2.9	2.2	3.3	2.9	1.4	2.5	1.9	2.1	2.2
P	3.9	22.2	12.2	7.4	2.5	6.6	5.1	4.2	3.3	2.2	2.1	2.3
FIN	5.7	10.8	4.5	3.1	1.7	4.2	1.4	0.3	1.6	1.3	2.0	2.0
S	4.8	10.3	6.7	4.7	1.8	5.7	3.0	2.4	1.2	1.8	2.0	2.3
UK	4.8	12.0	5.0	4.2	2.4	3.4	2.5	2.6	2.6	2.4	2.4	2.3
EUR*	4.7	10.7	4.3	4.1	2.3	4.0	3.3	3.0	2.6	2.1	2.2	2.2
USA	3.1	7.0	4.1	2.9	2.5	2.7	2.3	2.2	2.4	2.1	2.4	3.0
JAP	6.1	6.5	1.2	1.2	0.9	1.2	0.7	-0.5	0.2	1.5	1.1	1.0

TABLE 11 : Compensation of employees per head (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	9.1	9.3	3.8	5.0	2.2	4.0	4.5	2.9	1.4	2.3	2.6	2.6
DK	10.7	10.1	5.1	3.4	4.0	1.6	3.8	3.6	3.1	3.8	4.4	4.6
D*	9.1	5.8	3.5	5.5	2.5	4.3	3.4	3.6	2.5	2.0	2.5	3.0
EL	10.1	21.6	17.9	11.6	8.9	8.1	12.2	12.5	11.5	10.5	7.5	6.1
E	14.6	18.0	8.0	6.2	3.3	6.7	2.2	2.2	4.4	2.7	3.0	3.1
F	9.9	12.9	4.2	3.2	2.7	2.8	2.2	2.5	2.6	2.4	2.7	3.2
IRL	11.3	16.7	5.6	4.5	4.6	7.0	2.8	1.6	2.2	5.5	5.3	5.3
I	11.5	18.2	8.8	5.2	4.3	3.7	2.9	4.8	5.5	5.3	3.2	3.3
L	7.4	9.2	5.3	4.6	3.0	5.1	4.0	2.2	1.8	3.3	3.3	3.4
NL	11.4	6.6	1.7	3.5	3.1	3.3	2.8	2.1	2.0	3.2	3.6	3.6
A	9.6	8.4	4.5	4.6	2.1	4.6	3.4	3.1	1.7	1.7	2.3	2.8
P	10.9	24.1	16.6	11.1	4.7	6.2	11.4	4.5	5.7	4.7	4.1	4.2
FIN	11.2	13.4	8.8	3.2	2.9	1.0	3.5	4.0	3.6	2.4	2.6	3.0
S	8.4	10.7	9.2	4.5	4.9	4.4	4.8	2.9	7.3	4.5	3.9	3.9
UK	8.3	13.9	8.3	4.8	4.0	4.4	3.6	2.4	3.5	4.2	4.3	4.2
EUR*	9.9	12.4	6.2	5.0	3.3	4.1	3.4	3.2	3.4	3.2	3.2	3.5
USA	5.6	7.6	4.5	3.5	3.9	2.8	2.0	3.5	3.4	3.2	3.8	5.2
JAP	14.2	8.3	4.1	2.0	1.8	0.8	1.8	1.6	0.8	1.2	2.4	2.8

TABLE 12 : Real compensation of employees per head¹ (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	5.2	1.8	1.5	2.2	0.3	0.5	1.6	1.2	-0.9	0.6	0.8	0.7
DK	3.8	0.5	1.4	1.6	1.6	1.0	2.1	1.6	1.0	1.8	1.8	1.9
D*	5.4	1.4	2.0	2.0	0.4	0.4	0.7	1.6	0.7	-0.1	0.3	0.8
EL	6.4	3.5	0.7	-1.9	3.1	-5.0	1.2	2.9	2.7	4.2	2.9	2.5
E	7.6	2.3	1.2	0.6	0.8	1.1	-2.5	-2.3	1.0	0.5	0.8	0.7
F	4.9	2.2	1.3	0.9	1.1	0.5	0.0	1.0	0.8	1.1	1.2	1.2
IRL	4.7	2.6	2.3	2.0	2.5	5.0	0.1	-0.4	1.0	4.0	2.7	2.3
I	6.3	2.0	2.6	-0.5	1.6	-1.6	-1.6	-0.9	1.1	3.0	1.0	1.3
L	4.2	1.7	2.8	1.9	1.3	0.9	1.7	1.5	0.4	1.7	1.6	1.6
NL	6.1	0.9	0.8	0.9	0.9	1.2	-0.0	0.6	0.6	1.0	1.2	1.0
A	5.3	2.4	2.4	1.7	-0.0	1.2	0.5	1.7	-0.8	-0.2	0.2	0.6
P	6.7	1.6	4.0	3.5	2.2	-0.3	6.0	0.3	2.3	2.5	2.0	1.9
FIN	5.2	2.4	4.1	0.1	1.1	-3.0	2.1	3.8	2.0	1.1	0.5	1.0
S	3.5	0.4	2.3	-0.1	3.0	-1.2	1.8	0.4	6.0	2.6	1.8	1.5
UK	3.3	1.7	3.2	0.6	1.6	1.0	1.1	-0.2	0.9	1.7	1.8	1.9
EUR*	5.0	1.5	1.9	0.8	1.0	0.1	0.1	0.2	0.8	1.1	1.0	1.2
USA	2.5	0.5	0.4	0.7	1.4	0.2	-0.3	1.2	1.0	1.1	1.4	2.1
JAP	7.6	1.7	2.8	0.8	0.9	-0.4	1.1	2.0	0.6	-0.2	1.3	1.9

¹ Deflated by the price deflator of private consumption.

TABLE 13 : Real GDP per occupied person (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	4.4	2.1	1.9	1.6	1.9	-0.4	3.4	1.6	1.4	2.2	1.9	2.0
DK	3.2	1.5	1.2	2.3	1.9	2.5	4.5	1.0	1.6	1.3	2.4	2.5
D*	4.0	1.9	1.9	2.6	2.7	0.6	3.6	2.3	2.5	3.8	2.9	1.7
EL	8.1	1.6	1.2	1.0	1.7	-0.5	0.3	1.1	1.3	1.7	1.8	2.0
E	6.5	3.4	1.2	1.8	0.9	1.8	2.7	1.1	0.8	0.7	1.1	1.0
F	4.7	2.1	2.4	1.3	1.8	-0.2	2.9	1.1	1.5	2.0	2.0	1.6
IRL	4.3	3.7	3.5	4.0	4.0	3.2	4.7	6.0	4.7	3.9	4.1	3.5
I	5.5	1.7	2.3	2.1	1.6	1.8	3.6	3.2	0.5	1.3	2.2	2.3
L	3.0	1.3	3.2	2.7	1.4	6.8	1.6	1.3	0.6	1.7	1.6	1.7
NL	4.0	2.0	1.2	1.4	1.4	0.9	3.6	0.8	1.4	1.1	1.6	1.2
A	5.0	2.2	2.4	1.4	2.1	1.0	2.3	1.2	2.3	1.9	2.1	2.0
P	6.6	2.6	3.9	2.0	2.7	2.4	1.6	2.8	2.7	2.0	3.0	3.0
FIN	4.5	2.4	3.2	3.3	2.2	5.7	5.8	3.3	2.3	2.1	2.1	2.1
S	3.5	1.0	1.2	2.6	2.3	3.2	4.4	2.0	1.7	3.2	2.1	2.1
UK	2.9	1.6	1.5	2.2	1.5	3.7	3.4	1.3	1.1	1.8	1.6	1.7
EUR*	4.4	2.0	1.9	2.1	1.9	1.4	3.3	1.9	1.5	2.1	2.1	1.8
USA	2.0	0.5	0.6	0.9	1.2	0.5	0.5	0.9	1.3	1.1	0.8	1.5
JAP	8.2	2.7	3.6	0.7	1.5	-0.1	0.5	1.2	3.1	0.1	1.3	1.7

TABLE 14 : Unit labour costs, whole economy¹ (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	4.5	7.1	1.9	3.3	0.3	4.4	1.0	1.3	-0.0	0.1	0.7	0.5
DK	7.3	8.5	3.9	1.1	2.0	-0.9	-0.6	2.6	1.5	2.6	1.9	2.0
D*	4.9	3.8	1.6	2.9	-0.2	3.7	-0.1	1.3	-0.1	-1.7	-0.4	1.2
EL	1.8	19.8	16.5	10.5	7.0	8.7	11.8	11.3	10.0	8.6	5.6	4.0
E	7.6	14.2	6.7	4.3	2.4	4.8	-0.5	1.2	3.6	2.0	1.9	2.1
F	4.9	10.6	1.8	1.9	1.0	2.9	-0.7	1.4	1.1	0.4	0.7	1.5
IRL	6.8	12.5	2.0	0.5	0.5	3.7	-1.8	-4.2	-2.4	1.6	1.1	1.8
I	5.6	16.2	6.3	3.0	2.7	1.9	-0.6	1.6	4.9	4.0	1.0	1.0
L	4.3	7.8	2.0	1.8	1.5	-1.6	2.3	1.0	1.2	1.6	1.7	1.7
NL	7.2	4.5	0.5	2.0	1.7	2.5	-0.8	1.2	0.5	2.0	1.9	2.3
A	4.5	6.1	2.1	3.1	0.1	3.5	1.1	1.9	-0.6	-0.2	0.2	0.8
P	4.0	20.9	12.3	8.9	1.9	3.7	9.6	1.6	2.9	2.6	1.0	1.0
FIN	6.4	10.8	5.4	-0.0	0.7	-4.4	-2.2	0.7	1.2	0.3	0.5	0.9
S	4.7	9.6	7.8	1.9	2.5	1.2	0.3	0.8	5.5	1.2	1.7	1.7
UK	5.3	12.1	6.7	2.5	2.5	0.7	0.3	1.1	2.4	2.3	2.7	2.5
EUR*	5.2	10.2	4.2	2.8	1.4	2.7	0.1	1.3	1.9	1.1	1.0	1.6
USA	3.6	7.1	3.8	2.6	2.7	2.3	1.5	2.6	2.1	2.0	3.0	3.7
JAP	5.5	5.5	0.5	1.3	0.3	0.8	1.3	0.4	-2.2	1.2	1.1	1.1

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

TABLE 15 : Real unit labour costs¹ (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	0.4	0.3	-1.2	0.4	-1.3	0.3	-1.2	-0.3	-1.6	-1.2	-1.1	-1.3
DK	0.2	-0.4	0.0	-0.8	-0.5	-1.4	-2.2	0.5	-0.4	-0.1	-0.8	-0.8
D*	0.5	-0.3	-0.8	-0.6	-1.6	-0.2	-2.3	-0.8	-1.1	-2.5	-2.0	-0.9
EL	-2.5	1.8	0.1	-2.4	1.1	-3.6	1.6	1.8	1.4	1.7	0.7	0.5
E	0.5	-0.8	-0.7	-1.1	-0.1	0.5	-4.3	-3.6	0.5	0.1	-0.4	-0.5
F	-0.1	0.4	-1.6	-0.3	-0.5	0.5	-2.2	-0.1	0.1	-0.8	-0.6	-0.6
IRL	-0.4	-0.2	-1.2	-1.4	-0.6	-0.5	-2.8	-4.6	-3.4	0.1	0.4	0.7
I	0.1	-0.1	-0.6	-1.9	-0.2	-2.4	-4.0	-3.3	-0.1	1.4	-1.0	-1.1
L	-0.2	1.1	-0.2	-0.7	-0.1	-2.4	-2.8	-0.0	0.3	0.4	-0.5	-0.5
NL	1.1	-0.9	-0.3	-0.2	-0.3	0.5	-3.1	-0.4	-0.7	0.1	-0.4	-0.1
A	-0.2	0.6	-0.4	-0.1	-1.6	0.7	-2.0	-0.4	-2.6	-1.5	-1.4	-1.0
P	0.1	0.1	-0.9	1.0	-0.8	-2.1	3.5	-3.3	0.2	-0.9	-1.2	-1.4
FIN	-0.4	0.1	-0.2	-1.9	-0.9	-6.6	-3.4	-1.7	0.0	-0.6	-1.7	-1.4
S	-0.2	-0.1	0.8	-1.5	0.8	-1.4	-2.1	-2.8	4.6	-0.7	-0.3	-0.3
UK	0.1	-0.3	1.1	-1.1	-0.1	-2.3	-1.6	-1.2	-0.6	-0.4	-0.0	0.5
EUR*	0.0	-0.3	-0.6	-1.0	-0.7	-0.9	-2.4	-1.6	-0.5	-0.8	-0.9	-0.6
USA	-0.0	-0.1	0.2	-0.1	0.4	-0.3	-0.7	0.3	-0.2	-0.1	0.7	0.9
JAP	-0.4	-0.0	-0.8	0.4	-0.5	0.2	1.1	1.0	-2.2	-0.0	0.0	0.3

¹ Nominal unit labour costs divided by GDP price deflator.

TABLE 16 : Total employment (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	0.5	-0.3	1.1	-0.4	0.6	-1.1	-1.0	0.5	0.0	0.2	1.1	1.0
DK	1.1	0.5	0.3	-0.3	1.2	-1.0	-0.2	1.6	1.1	2.2	0.9	0.6
D*	0.3	-0.2	1.5	-0.4	-0.2	-1.7	-0.7	-0.3	-1.2	-1.3	0.3	1.5
EL	-0.5	1.0	0.7	0.6	1.6	0.8	1.9	0.9	1.3	1.6	1.7	1.8
E	0.7	-1.4	3.3	-0.5	2.2	-3.0	-0.5	1.7	1.5	2.5	2.4	2.5
F	0.7	0.1	0.8	-0.2	0.7	-1.2	-0.1	1.0	0.0	0.3	1.1	1.4
IRL	0.1	0.1	1.1	1.8	4.0	0.5	3.0	4.8	3.7	4.5	3.8	4.0
I	-0.2	0.9	0.6	-1.0	0.3	-2.9	-1.4	-0.2	0.2	0.1	0.3	0.5
L	1.1	0.5	3.2	2.7	2.1	1.8	2.5	2.5	2.4	1.8	2.2	2.2
NL	0.9	-0.1	1.9	0.7	1.9	-0.1	-0.3	1.4	1.8	1.9	2.0	2.0
A	-0.1	0.1	0.8	0.4	0.3	-0.5	0.1	0.2	-0.7	0.0	0.7	1.3
P	0.3	-0.4	1.1	-0.6	0.8	-2.0	-0.9	-1.0	0.6	1.5	0.7	0.6
FIN	0.5	0.3	0.2	-3.7	1.7	-6.5	-1.1	1.7	0.9	2.4	1.8	1.5
S	0.6	0.8	1.0	-2.2	0.0	-5.2	-1.0	1.5	-0.6	-1.1	0.7	1.2
UK	0.3	-0.2	1.8	-1.0	0.9	-1.5	0.5	1.2	1.2	1.5	0.5	0.5
EUR*	0.3	-0.0	1.3	-0.6	0.7	-1.9	-0.4	0.6	0.2	0.5	0.8	1.3
USA	1.9	1.8	2.1	1.1	1.6	1.9	3.2	1.5	1.4	2.4	1.8	0.9
JAP	1.3	0.7	1.0	0.7	1.0	0.4	0.1	0.2	0.4	1.2	1.0	1.2

TABLE 17 : Employment in manufacturing industries (percentage change on preceding year, 1974-99)*

	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	-2.9	-0.3	-2.1	0.1	-3.9	-3.5	-0.7	-0.2	0.1	0.3	0.3
DK	-0.5	-0.1	-1.0	0.5	-4.6	0.6	3.2	-1.2	0.9	1.1	1.3
D*	-1.3	1.2	-4.5	-1.3	-7.5	-5.5	-2.2	-3.1	-3.0	-0.7	1.5
EL	1.6	0.5	-3.5	0.5	-6.0	-2.9	0.0	0.5	0.1	0.6	0.6
E	-2.1	2.8	-2.5	2.5	-5.3	-3.0	1.8	1.6	3.4	2.5	2.4
F	-1.5	-0.9	-2.5	-0.3	-4.7	-2.8	-0.0	-1.3	-1.3	0.5	1.0
IRL	-1.2	0.5	2.0	5.7	0.0	2.7	6.1	4.7	5.9	6.3	5.9
I	-1.0	0.3	-2.6	-0.2	-5.7	-0.2	-0.5	-0.9	-0.5	0.1	0.3
L	-2.2	-0.3	-2.0	-0.8	-4.5	-2.9	-1.8	-1.2	-1.2	-0.6	0.0
NL	-2.3	1.4	-2.4	0.5	-3.6	-5.3	-1.8	-0.9	0.5	1.0	1.3
A	-1.0	-0.4	-2.2	0.1	-4.6	-3.0	-0.9	-0.1	-0.7	0.2	1.0
P	-	0.5	-3.1	-1.0	-3.8	-1.7	-4.2	-2.8	-2.2	0.0	1.0
FIN	-0.3	-2.3	-3.7	2.1	-6.1	0.9	4.7	0.9	3.5	2.1	1.9
S	-0.9	-0.8	-3.8	0.3	-7.6	2.0	3.4	0.7	-1.0	0.5	1.0
UK	-3.1	-1.1	-3.1	0.0	-4.4	0.4	2.5	0.1	-0.1	0.0	0.0
EUR*¹	-1.7	0.2	-3.3	-0.2	-5.8	-2.7	-0.3	-1.2	-0.9	0.3	1.1

¹ EUR without Portugal up to 1985.TABLE 18 : Number of unemployed (as a percentage of civilian labour force, 1964-99)¹*

	1964-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	2.0	7.7	8.7	8.5	9.1	8.9	10.0	9.9	9.8	9.7	8.8	8.0
DK	0.9	6.4	6.4	8.6	5.9	10.1	8.2	7.2	6.9	6.0	5.4	5.1
D*	0.7	4.2	5.9	7.3	9.5	7.9	8.4	8.2	8.9	10.0	9.8	9.1
EL	4.2	3.8	6.6	8.3	9.4	8.6	8.9	9.2	9.6	9.5	9.3	9.2
E	2.8	11.3	18.9	20.9	20.4	22.8	24.1	22.9	22.1	21.0	19.8	18.7
F	2.2	6.4	9.7	11.1	12.3	11.7	12.3	11.7	12.4	12.5	12.3	11.9
IRL	5.7	10.6	15.5	14.5	10.0	15.6	14.3	12.3	11.8	10.8	9.5	7.9
I	5.2	7.0	9.6	10.3	12.0	10.3	11.4	11.9	12.0	12.1	11.9	11.8
L	0.0	1.7	2.1	2.5	3.7	2.7	3.2	2.9	3.3	3.6	3.8	3.9
NL	1.3	7.1	7.4	6.4	5.1	6.6	7.1	6.9	6.3	5.5	4.8	3.9
A	1.7	2.5	3.4	3.7	4.2	4.0	3.8	3.9	4.4	4.4	4.2	3.9
P	2.5	6.9	6.1	5.6	6.8	5.7	7.0	7.3	7.3	6.8	6.7	6.3
FIN	2.3	5.1	4.5	14.0	13.4	16.9	17.4	16.3	15.4	13.8	12.6	11.7
S	2.0	2.5	2.1	7.5	9.9	9.5	9.8	9.2	10.0	10.4	9.9	9.3
UK	2.0	6.9	9.0	9.5	6.5	10.4	9.6	8.7	8.2	6.4	5.8	5.5
EUR*	2.4	6.4	8.9	10.0	10.4	10.7	11.1	10.8	10.9	10.7	10.3	9.7
USA	4.6	7.5	5.9	6.6	5.0	6.9	6.1	5.6	5.4	5.0	4.7	5.1
JAP	1.2	2.2	2.5	2.6	3.2	2.5	2.9	3.1	3.4	3.3	3.1	3.1

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

TABLE 19 : General government total expenditure (as a percentage of GDP, 1970-99)*

	1970-73	1974-85	1986-90	1991-95	1996-99	1994	1995	1996	1997	1998	1999
B	43.2	56.1	56.1	54.6	51.8	54.4	53.5	52.9	52.1	51.4	50.8
DK	42.1	53.0	57.5	61.1	57.7	63.0	61.4	60.7	58.2	56.6	55.4
D*	40.1	47.6	46.0	49.1	47.6	49.1	49.9	49.1	48.2	47.0	46.1
EL	-	-	43.7	46.6	42.3	46.4	47.0	44.6	42.2	41.4	41.2
E	23.0	32.6	41.8	46.7	43.3	47.3	46.6	44.9	43.4	42.7	42.2
F	38.2	47.2	51.0	53.7	53.8	54.8	54.7	55.1	54.0	53.5	52.6
IRL	35.7	47.0	45.0	39.7	34.6	39.9	37.8	36.0	35.1	34.2	33.1
I	34.8	43.2	51.4	54.4	50.5	54.5	53.1	52.7	50.1	49.8	49.3
L	32.7	46.9	-	-	42.4	-	41.3	42.4	42.5	42.4	42.2
NL	43.4	53.6	57.0	55.1	49.6	54.4	53.0	51.0	50.6	49.1	47.8
A	39.0	47.4	50.7	52.0	52.9	52.9	52.7	52.1	53.8	53.1	52.5
P	21.9	36.1	39.8	44.7	43.2	43.8	44.4	43.6	43.4	43.2	42.8
FIN	31.5	40.5	45.5	59.4	54.9	60.8	58.3	57.9	55.9	53.6	52.0
S	44.9	59.4	60.5	68.2	63.2	69.8	67.5	66.2	64.1	61.9	60.6
UK	37.2	43.6	40.1	42.8	40.3	43.3	43.1	42.1	40.0	39.6	39.3
EUR*	37.8 ¹	46.3 ¹	48.2	51.0	48.5	51.3	51.0	50.4	48.7	47.9	47.1
USA	33.7	36.5	38.5	39.1	35.9	38.2	38.3	37.9	35.8	35.3	34.6
JAP	21.2	30.7	32.0	33.8	37.3	34.9	36.3	37.4	37.8	37.4	36.6

¹ EUR without Greece.

TABLE 20 : General government total current receipts (as a percentage of GDP, 1970-99)*

	1970-73	1974-85	1986-90	1991-95	1996-99	1994	1995	1996	1997	1998	1999
B	39.8	48.3	49.0	48.8	49.2	49.5	49.6	49.7	49.5	49.1	48.6
DK	46.3	50.2	58.4	58.8	58.9	60.4	59.0	59.9	59.5	58.5	57.8
D*	40.3	44.9	44.5	46.0	44.8	46.7	46.3	45.6	45.1	44.3	44.2
EL	-	27.6	31.3	35.0	38.0	36.1	37.3	36.9	37.9	38.5	38.5
E	23.2	29.8	38.1	41.0	40.3	41.0	39.4	40.3	40.5	40.3	40.0
F	38.9	45.5	49.2	49.3	50.6	49.1	49.7	51.0	50.8	50.5	50.0
IRL	31.6	36.6	39.5	37.6	35.5	38.2	35.7	35.5	35.8	35.4	35.2
I	29.4	33.6	40.5	45.1	46.2	45.2	45.1	45.9	47.1	46.0	45.7
E	35.4	48.9	-	-	43.8	-	44.0	45.0	44.1	43.4	42.7
NL	43.7	51.7	51.9	51.5	47.7	50.6	49.0	48.7	48.5	47.2	46.3
A	40.5	45.1	47.5	48.3	49.9	48.1	47.7	48.3	51.0	50.4	50.1
P	23.3	29.6	35.1	39.0	40.6	37.8	38.6	40.3	40.6	40.8	40.5
FIN	36.1	44.3	49.5	54.1	53.8	54.7	53.3	54.8	54.5	53.4	52.5
S	49.1	57.5	63.7	60.5	61.8	59.4	60.4	62.5	62.2	61.7	60.8
UK	37.3	40.0	39.4	37.0	38.3	36.4	37.6	37.3	38.0	39.0	39.0
EUR*	37.5 ¹	42.7 ¹	44.9	45.8	45.8	45.9	45.9	46.1	46.0	45.6	45.3
USA	32.7	34.1	35.6	35.5	35.7	35.6	36.0	36.5	35.4	35.6	35.4
JAP	22.0	27.5	33.3	33.2	34.0	32.6	32.6	33.0	34.3	34.4	34.1

¹ EUR without Greece.

TABLE 21 : General government lending (+) or borrowing (-) (as a percentage of GDP, 1970-99)*

	1970-73	1974-85	1986-90	1991-95	1996-99	1994	1995	1996	1997	1998	1999
B	-3.4	-7.8	-7.1	-5.8	-2.6	-4.9	-3.9	-3.2	-2.6	-2.3	-2.2
DK	4.3	-2.8	0.9	-2.4	1.2	-2.6	-2.4	-0.8	1.3	1.9	2.4
D*	0.2	-2.8	-1.5	-3.0	-2.7	-2.4	-3.3 ²	-3.4	-3.0	-2.6	-1.7
EL	-	-	-12.4	-11.6	-4.4	-10.3	-9.8	-7.6	-4.2 ³	-3.0	-2.7
E ⁴	0.4	-2.8	-3.7	-5.7	-3.0	-6.3	-7.3	-4.7	-2.9	-2.4	-2.2
F	0.7	-1.7	-1.8	-4.5	-3.2	-5.7	-5.0	-4.1	-3.1	-3.0	-2.6
IRL	-4.1	-10.4	-5.5	-2.2	0.9	-1.7	-2.1	-0.4	0.6	1.2	2.1
I	-5.4	-9.6	-10.9	-9.3	-4.3	-9.3	-8.0	-6.8	-3.0	-3.7 ⁵	-3.6
L	2.7	1.9	-	1.8	1.4	2.6	2.0	2.6	1.6	1.0	0.5
NL	-0.5	-2.1	-5.1	-3.6	-2.0	-3.8	-4.0 ⁶	-2.3	-2.1	-1.9	-1.5
A	1.5	-2.3	-3.2	-3.7	-2.9	-4.8	-5.0	-3.8	-2.8	-2.6	-2.4
P	1.6	-5.8	-4.7	-5.6	-2.7	-6.0	-5.8	-3.2	-2.7	-2.4	-2.2
FIN	4.6	3.7	4.0	-5.3	-1.1	-6.1	-5.0	-3.1	-1.4	-0.2	0.5
S	4.5	-1.7	3.2	-7.7	-1.4	-10.3	-7.1	-3.7	-1.9	-0.2	0.2
UK	0.1	-3.6	-0.7	-5.8	-1.9	-6.8	-5.5	-4.9	-2.0	-0.6	-0.3
EUR*	-0.3 ¹	-3.6 ¹	-3.3	-5.2	-2.7	-5.4	-5.1	-4.2	-2.6	-2.2	-1.8
USA	-0.8	-2.3	-2.9	-3.5	-0.1	-2.6	-2.3	-1.4	-0.3	0.3	0.8
JAP	0.8	-3.2	1.3	-0.7	-3.3	-2.3	-3.7	-4.4	-3.4	-3.0	-2.5

¹ EUR without Greece.² Not including unification-related debt and asset assumptions by the federal government in 1995 (Treuhand, eastern housing companies and Deutsche Kreditbank), equal to DEM 227.5 bn.³ The figure for 1997 includes operations amounting to 0.3% of GDP whose conformity with the ESA rules is currently being assessed by Eurostat.⁴ Figures complying with Eurostat's recommendations of February 1997 establishing a common and harmonised interpretation of the rules of ESA 2nd edition. The figures for 1995 and 1996 are 6.4% of GDP and 4.4% of GDP respectively when calculated with the ESA rules prevailing in those years.⁵ Due to the resignation of the Italian government on 9th October 1997, government accounts do not include any discretionary adjustment for 1998. The full implementation of the draft budget presented in September could lead to a budget deficit of 2.7% of GDP.⁶ Not including for 1995 a net amount of NLG 32.84 bn of exceptional expenditure relating to the reform of the financing of the social housing societies.

* Notes : see page 27.

TABLE 22 : Government gross debt (as a percentage of GDP, 1980-99)*¹

	1980	1985	1991	1992	1993	1994	1995	1996	1997	1998	1999
B	77.5	120.7	127.7	129.2	135.1	133.5	131.2	126.9	124.7	121.3	117.7
DK²	38.5	72.0	65.9	70.2	82.1	78.4	73.8	71.6	67.0	62.2	57.0
D*	31.7	41.7	41.5	44.1	48.0	50.2	58.0	60.4	61.7	61.4	60.0
EL	23.8	51.6	92.3	98.8	111.6	109.6	111.3	112.6	109.3	106.4	104.2
E	17.5	43.7	45.5	48.0	60.0	62.5	65.3	70.1	68.1	66.5	64.8
F	20.1	31.0	35.8	39.7	45.3	48.2	52.5	55.7	57.3	58.2	58.2
IRL	70.4	102.5	95.3	92.3	96.3	89.1	82.2	72.7	65.8	59.2	52.3
I	58.1	82.3	101.5	108.7	119.1	124.9	124.4	123.8	123.2	121.9	120.0
L	12.5	13.0	4.2	5.1	6.1	5.7	5.9	6.6	6.7	6.9	7.6
NL	46.9	71.5	78.8	79.6	81.2	77.9	79.1	77.2	73.4	71.5	69.4
A	36.6	49.8	58.1	58.0	62.7	65.4	69.3	69.5	66.1	65.6	64.8
P	32.4	61.9	68.7	60.7	63.1	63.8	66.5	65.6	62.5	60.8	59.5
FIN	11.8	16.5	23.0	41.5	58.0	59.6	58.1	58.0	59.0	57.3	55.8
S	41.0	63.8	53.0	67.1	76.0	79.3	78.2	77.8	77.4	75.3	71.2
UK	54.3	53.8	35.6	41.8	48.5	50.4	53.8	54.4	52.9	51.5	49.8
EUR*	38.4	53.6	56.1	60.4	66.0	67.9	71.0	73.0	72.4	71.4	69.8

¹ As defined by the Council Regulation n° 3605/93 on the excessive deficit procedure.² Government deposits with the central bank, government holdings of non-government bonds and public enterprise related debt amounted to some 16 % of GDP in 1996.

TABLE 23 : Trade balance total (fob/cif) (in bn. ECU, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	-0.1	-3.6	-2.3	3.3	11.4	4.3	10.6	9.9	9.3	10.3	12.1	14.0
DK	-0.7	-1.8	0.6	4.3	4.2	5.6	4.9	4.0	4.0	4.2	4.3	4.5
D*	3.6	16.0	55.8	27.9	75.3	32.0	38.3	42.5	53.9	70.2	84.9	92.1
EL	-0.9	-4.3	-6.9	-10.8	-15.4	-11.6	-10.2	-11.3	-11.8	-14.7	-16.5	-18.7
E	-1.9	-7.5	-13.3	-15.1	-16.5	-11.0	-10.2	-11.5	-8.9	-15.5	-19.0	-22.8
F	-0.8	-11.0	-13.2	-0.9	21.7	4.0	4.5	9.0	10.7	20.7	25.8	29.5
IRL	-0.4	-1.0	2.2	6.2	9.2	6.7	7.3	9.4	10.7	8.4	9.0	8.6
I	-1.3	-8.8	-7.8	8.0	37.9	18.0	18.7	21.2	34.7	35.5	39.2	42.2
L¹	-	-	-	-	-	-	-	-	-	-	-	-
NL	-1.0	0.9	2.1	7.1	11.6	11.9	8.9	13.7	10.1	10.7	12.3	13.4
A	-	-	-	-7.5	-7.4	-7.2	-8.6	-6.5	-7.7	-7.3	-7.3	-7.5
P	-0.5	-3.1	-4.8	-8.0	-9.9	-7.5	-7.6	-7.5	-8.1	-9.6	-10.6	-11.3
FIN	-	-	-	4.3	8.6	4.7	5.4	8.4	7.7	7.7	8.9	10.1
S	-	-	-	6.9	16.2	6.2	8.0	11.4	15.4	15.0	16.3	17.9
UK	-2.7	-7.7	-31.3	-24.7	-24.7	-25.0	-25.0	-24.9	-25.6	-21.0	-24.5	-27.8
EUR*	-6.6	-31.8	-18.7	1.1	122.1	31.0	44.9	67.9	94.4	114.7	135.0	144.4

¹ Included in the figures for Belgium.TABLE 24 : Rates of change of demand components, EUR (1994-99)¹*

	Percentage change on preceding period at constant prices											
	1994	1995	1996	1997	1998	1999	1997-I	1997-II	1998-I	1998-II	1999-I	1999-II
Private consumption	1.7	1.8	2.1	2.1	2.5	2.6	1.9	2.9	2.4	2.3	2.7	3.0
Government consumption	0.3	0.5	1.0	0.8	1.2	1.5	0.5	1.9	0.8	1.3	1.5	1.4
Fixed capital formation	2.5	3.6	1.3	2.6	4.7	5.5	0.9	5.5	4.1	5.1	5.4	6.0
- Construction	1.2	1.3	-0.0	1.2	3.3	4.2	-1.7	4.4	2.5	3.9	4.0	5.1
- Equipment	4.3	7.5	3.0	4.5	6.3	7.0	4.4	6.9	5.9	6.6	7.1	7.2
Change in stocks (as % of GDP)	0.5	0.7	0.3	0.6	0.7	0.7	0.5	0.6	0.7	0.6	0.7	0.7
Domestic demand	2.5	2.1	1.4	2.1	2.8	3.0	1.9	3.4	2.5	2.6	3.0	3.3
Exports of goods and services	9.0	7.9	4.7	7.9	7.4	7.2	8.3	8.0	7.0	7.6	7.1	7.0
Imports of goods and services	7.7	6.7	3.9	6.7	7.0	7.2	7.0	7.2	6.8	7.0	7.1	7.7
Gross domestic product	2.9	2.4	1.8	2.6	3.0	3.1	2.4	3.9	2.6	2.9	3.2	3.2

¹ Half-yearly figures at annual rates, seasonally adjusted (1997-I = first half of 1997 etc.).

TABLE 25 : Cyclically adjusted lending (+) or borrowing (-) of general government (as percentage of GDP, 1970-99)*

	1970-73	1974-85	1986-90	1991-95	1996-99	1994	1995	1996	1997	1998	1999
B	-4.1	-7.8	-7.0	-5.9	-2.2	-4.3	-3.3	-2.2	-1.9	-2.1	-2.4
DK	3.3	-2.4	-0.3	-1.3	1.1	-1.9	-1.8	-0.3	1.3	1.6	1.8
D*	-0.8	-2.6	-1.0	-3.7	-2.2	-2.5	-3.2	-2.7	-2.3	-2.2	-1.6
EL	-	-	-12.3	-11.4	-4.2	-9.6	-9.1	-6.9	-3.8	-3.0	-3.1
E	0.1	-2.5	-4.5	-5.8	-2.4	-5.1	-6.2	-3.5	-2.1	-2.0	-2.2
F	0.0	-1.6	-2.1	-4.4	-2.8	-5.1	-4.4	-3.3	-2.4	-2.8	-2.7
IRL	-3.9	-10.9	-4.6	-1.0	-0.2	0.4	-2.1	-1.0	-0.5	-0.1	0.8
I	-5.7	-9.5	-11.3	-9.2	-3.9	-8.6	-7.9	-6.2	-2.3	-3.3	-3.7
L	1.7	2.5	-	-	1.5	-	-	2.2	1.7	1.4	0.8
NL	-1.5	-2.0	-5.0	-3.7	-1.9	-3.5	-3.3	-1.9	-1.8	-2.1	-1.8
A	0.7	-2.3	-2.9	-4.2	-2.6	-4.9	-5.0	-3.4	-2.2	-2.1	-2.4
P	0.9	-	-4.9	-5.8	-2.2	-5.2	-4.6	-2.3	-2.1	-2.1	-2.2
FIN	3.3	4.1	1.2	-2.1	-1.0	-2.3	-3.1	-1.8	-1.3	-0.6	-0.2
S	3.7	-1.3	1.1	-6.3	-0.7	-7.9	-6.3	-2.4	-0.7	0.3	-0.2
UK	-0.3	-3.0	-2.6	-4.8	-1.9	-5.9	-5.0	-4.5	-2.2	-0.7	-0.3
EUR*	-0.9 ¹	-3.4 ¹	-3.9	-5.1	-2.4	-4.8	-4.7	-3.6	-2.1	-2.0	-1.9

¹ EUR without Greece.

* Notes : see page 27.

TABLE 26 : Balance on current account (as a percentage of GDP, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	1.0	-1.7	1.1	2.9	5.2	3.3	3.9	4.5	4.5	5.0	5.4	5.7
DK	-2.0	-3.5	-2.1	1.7	0.4	3.0	1.5	0.8	0.8	0.2	0.3	0.4
D*	0.7	0.8	4.2	-1.2	-0.5	-1.1	-1.4	-1.2	-1.2	-0.6	-0.2	-0.2
EL	-2.4	-2.4	-3.5	-2.5	-2.9	-1.7	-1.0	-2.7	-2.6	-2.9	-3.0	-3.1
E	-0.7	-1.4	-1.3	-1.8	0.5	-1.0	-1.3	0.4	0.3	1.0	0.5	0.1
F	0.4	-0.3	-0.3	0.6	2.3	1.0	1.0	1.5	1.6	2.4	2.5	2.8
IRL	-2.4	-7.6	-0.8	3.8	2.8	5.3	3.6	4.5	3.8	3.3	2.9	1.4
I	1.3	-0.8	-0.8	0.1	3.9	1.0	1.4	2.4	3.5	3.7	4.0	4.4
L	6.3	24.4	28.1	21.4	16.0	20.1	18.2	17.2	16.0	14.6	16.2	17.0
NL	0.5	2.0	3.0	4.5	5.5	4.9	5.4	5.5	5.7	5.4	5.4	5.5
A	0.1	-1.0	0.2	-0.7	-1.5	-0.4	-0.9	-2.1	-1.8	-1.6	-1.4	-1.3
P	0.4	-5.8	-1.0	-2.8	-2.4	-2.3	-2.7	-2.0	-2.5	-2.4	-2.3	-2.4
FIN	-1.4	-2.0	-3.2	-1.2	4.6	-1.3	1.3	4.1	3.8	3.7	4.9	5.9
S	0.2	-1.7	-1.6	-1.2	2.0	-1.4	-0.5	1.1	1.2	1.9	2.2	2.6
UK	-0.1	-0.1	-3.7	-2.3	-0.3	-2.5	-2.0	-1.9	-0.1	0.0	-0.5	-0.7
EUR*	0.4	-0.4	0.1	-0.6	1.3	-0.1	0.0	0.6	0.9	1.3	1.4	1.4
USA	0.5	-0.4	-2.5	-1.2	-1.9	-1.4	-2.0	-1.9	-1.7	-1.9	-2.0	-1.9
JAP	0.6	0.9	2.8	2.7	2.2	3.1	2.8	2.2	1.4	2.3	2.5	2.3

TABLE 27 : Imports of goods, volume (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	9.3	2.5	7.1	4.3	5.5	-1.4	7.3	9.1	2.7	6.0	6.7	6.7
DK	7.9	1.5	1.5	4.5	6.0	-3.6	12.9	7.7	2.2	7.8	7.4	6.8
D*	8.7	3.8	7.1	4.2	6.1	-7.8	8.3	6.7	3.4	6.5	7.1	7.5
EL	12.8	2.9	9.9	4.4	6.3	0.5	3.9	6.3	4.4	7.1	6.8	6.7
E	-	1.9	15.3	6.4	9.6	-6.5	14.4	9.9	8.2	8.8	10.6	10.8
F	11.3	2.2	7.5	2.5	5.4	-4.1	7.3	5.8	2.2	6.2	6.6	6.7
IRL	9.2	4.2	6.6	7.8	11.0	7.1	13.1	13.7	9.5	11.4	10.5	12.6
I	10.2	3.0	7.6	3.9	4.0	-8.6	11.0	9.9	-3.6	6.3	6.5	7.2
L	6.2	2.4	8.1	3.3	2.7	1.6	10.9	-0.6	-0.2	6.0	1.0	4.2
NL	9.4	2.5	5.6	3.6	6.8	-2.7	8.1	7.6	5.8	7.0	7.1	7.5
A	-	4.4	6.1	3.2	7.7	-4.0	9.9	3.2	8.3	7.6	7.5	7.4
P	-	-	16.4	6.5	8.5	-5.0	10.0	9.8	7.9	9.2	9.1	7.9
FIN	-	2.1	5.7	1.1	7.9	-1.0	17.3	5.2	8.6	8.3	7.1	7.7
S	-	3.2	4.7	4.4	6.2	2.0	15.4	11.5	2.3	8.1	7.4	7.0
UK	5.2	2.6	7.2	2.6	7.0	3.6	4.1	4.0	8.5	7.1	6.4	6.0
EUR*¹	9.1	2.9	7.8	3.9	6.4	-3.8	8.6	7.2	4.0	7.0	7.2	7.4
USA	9.1	5.4	4.7	8.7	9.7	10.5	13.6	9.5	9.9	15.5	8.1	5.4
JAP	-	2.1	10.1	5.1	5.6	7.0	13.3	11.4	10.0	2.5	3.7	6.6

¹ Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 28 : Exports of goods, volume (percentage change on preceding year, 1961-99)*

	1961-73	1974-85	1986-90	1991-95	1996-99	1993	1994	1995	1996	1997	1998	1999
B	10.1	3.0	5.7	5.2	6.1	-0.9	8.9	11.9	3.3	6.8	7.3	7.2
DK	6.8	4.9	3.7	4.4	5.0	-0.7	9.5	3.0	1.5	5.4	6.9	6.5
D*	8.0	4.7	4.8	4.3	8.2	-5.1	9.3	6.3	4.5	11.3	9.6	7.6
EL	12.0	6.5	7.8	3.9	3.9	-1.1	5.1	2.5	-0.7	5.3	5.4	5.8
E	-	8.5	5.2	11.2	10.8	10.6	19.5	9.6	12.0	11.9	9.8	9.4
F	10.0	4.3	5.1	4.4	7.6	-1.0	6.5	7.9	5.0	10.7	7.6	7.3
IRL	8.1	8.7	9.0	13.2	11.2	10.1	14.8	21.2	10.0	12.1	11.5	11.3
I	11.7	5.1	6.0	7.9	4.6	9.0	13.7	11.5	-0.3	5.0	6.9	7.1
L	5.3	1.9	5.7	3.9	2.9	4.3	14.3	-1.7	-0.8	3.5	3.6	5.4
NL	9.9	3.5	5.4	4.7	6.4	1.0	7.3	7.9	4.6	5.9	7.8	7.4
A	-	6.5	6.1	4.1	9.2	-2.9	8.6	10.2	9.6	9.7	9.0	8.7
P	-	-	9.8	5.9	9.8	-2.0	11.9	12.9	11.5	9.1	9.4	9.3
FIN	-	3.7	1.6	7.9	7.7	17.0	12.9	7.6	5.0	9.7	8.3	7.7
S	-	3.2	2.5	7.5	7.5	9.9	16.0	13.9	6.0	9.0	7.5	7.5
UK	5.0	3.9	5.4	4.9	5.5	3.6	10.3	7.3	6.7	6.0	3.4	6.0
EUR*¹	8.8	4.7	5.3	5.7	7.1	1.2	10.1	8.6	4.8	8.5	7.7	7.5
USA	6.7	2.5	10.4	8.0	9.7	3.3	9.9	12.6	9.5	15.5	7.8	6.5
JAP	-	9.0	2.6	1.9	6.9	-1.0	1.5	6.0	5.5	10.0	6.1	6.0

¹ Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 29 : Export markets and export performance
(percentage change on preceding year, 1996-99)*

	Export markets			Export performance ¹		
	1997	1998	1999	1997	1998	1999
B	8.1	7.7	7.8	-1.2	-0.4	-0.6
DK	7.7	6.9	7.1	-2.2	-0.0	-0.6
D*	8.4	7.5	7.6	2.6	1.9	-0.0
EL	7.5	7.0	7.4	-2.1	-1.5	-1.5
E	8.0	7.3	7.3	3.6	2.3	2.0
F	8.0	7.3	7.5	2.5	0.3	-0.2
IRL	8.1	6.9	6.5	3.7	4.3	4.5
I	8.6	7.7	7.8	-3.3	-0.7	-0.6
L²	-	-	-	-	-	-
NL	7.0	6.6	6.8	-1.0	1.1	0.6
A	8.3	8.0	8.3	1.3	0.9	0.4
P	8.2	7.9	8.0	0.9	1.4	1.2
FIN	9.0	7.9	7.8	0.6	0.4	-0.1
S	8.8	7.5	7.6	0.2	-0.0	-0.1
UK	9.2	7.8	7.9	-2.9	-4.1	-1.8
EUR*	8.3	7.5	7.6	0.2	0.2	-0.1
USA	8.6	7.1	8.0	6.3	0.6	-1.4
JAP	11.9	8.3	7.6	-1.7	-2.1	-1.5

¹ Index of export volume growth divided by index of market growth (includes intra-community trade).

² Included in the figures for Belgium.

TABLE 30 : Trade balances (fob-fob) EUR, USA and Japan*

	1994	1995	1996	1997	1998	1999
	as a % of GDP					
EUR	1.0	1.3	1.9	2.1	2.3	2.3
USA	-2.4	-2.5	-2.5	-2.5	-2.5	-2.4
JAP	3.1	2.6	2.0	2.6	2.9	3.0
	in billions of USD					
EUR	99.1	131.5	159.4	167.0	184.9	201.8
USA	-166.4	-173.8	-191.4	-199.3	-212.4	-216.2
JAP	145.9	134.7	90.4	112.8	130.2	139.9
	in billions of ECU					
EUR	83.4	100.6	125.5	148.7	169.9	184.7
USA	-140.1	-132.9	-150.8	-177.4	-195.2	-197.9
JAP	122.9	103.0	71.2	100.4	119.7	128.1

TABLE 31 : World export prices¹
(percentage change on preceding year)*

	1994	1995	1996	1997	1998	1999
Fuels	-6.4	8.3	18.2	-7.0	0.4	3.7
Other primary commodities	8.8	9.5	-4.2	-1.7	2.6	3.4
Manufactures	2.0	8.2	-2.8	-7.5	-1.0	1.9

¹ In US dollars.

Source : United Nations and forecasts by Commission services.

TABLE 32 : World GDP (at constant prices)*
(percentage change on preceding year)

	1994	1995	1996	1997	1998	1999
EUR	2.9	2.4	1.8	2.6	3.0	3.1
USA	3.7	2.4	2.8	3.6	2.6	2.5
Japan	0.6	1.4	3.5	1.3	2.3	2.9
Canada	4.1	2.3	1.5	3.6	3.2	3.1
Rest OECD	3.1	1.8	5.3	5.0	4.9	5.0
Total OECD	2.9	2.2	2.7	3.0	3.0	3.1
Eurp. agreem. cntrs. + FSU	-7.4	-1.5	-1.6	1.4	3.2	4.4
OPEC	2.6	3.4	4.8	4.2	4.4	4.8
Other devel. countries	7.5	6.9	6.9	6.5	6.5	6.6
- DAE's	7.9	7.4	6.4	4.2	4.7	6.2
- Other Asia	8.9	8.7	8.3	8.2	7.9	7.8
- Latin America	5.8	3.3	3.6	4.1	4.2	4.3
- Africa	3.2	3.4	5.6	3.6	4.6	4.4
World	3.5	3.4	3.9	4.0	4.1	4.3
World excluding EUR	3.7	3.7	4.6	4.5	4.5	4.7

TABLE 33 : World imports of goods (at constant prices)*
(percentage change on preceding year)

	1994	1995	1996	1997	1998	1999
EUR	8.6	7.2	4.0	7.0	7.2	7.4
USA	13.6	9.5	9.9	15.5	8.1	5.4
Japan	13.3	11.4	4.8	2.5	3.7	6.6
Canada	10.6	13.5	5.5	14.4	7.9	7.4
Rest OECD	13.0	7.0	12.2	8.3	7.7	9.2
Total OECD	10.7	8.4	6.2	9.0	7.2	7.1
Eurp. agreem. cntrs. + FSU	7.0	9.1	13.2	12.7	10.8	10.3
OPEC	-2.4	5.8	6.9	5.8	5.1	7.0
Other devel. countries	13.6	12.0	7.0	8.5	7.8	9.0
- DAE's	15.8	12.8	5.0	7.3	6.9	8.4
- Other Asia	8.9	10.4	11.1	8.9	9.9	11.7
- Latin America	19.3	16.5	9.3	14.3	8.7	8.4
- Africa	5.5	4.2	4.0	5.3	5.8	5.9
World	10.7	9.1	6.8	9.0	7.4	7.6
World excluding EUR	11.9	10.2	8.5	10.1	7.5	7.8

TABLE 34 : World balances of current account
(in billions USD)*

	1994	1995	1996	1997	1998	1999
EUR	10.5	54.1	80.4	103.3	113.2	125.0
USA	-155.7	-114.4	-132.9	-154.3	-169.0	-168.9
Japan	129.2	110.8	66.1	100.3	113.4	110.2
Canada	-18.2	-8.5	-1.5	-9.5	-6.2	-3.1
Rest OECD	-26.0	-8.9	-17.5	-23.8	-24.4	-28.5
Total OECD	-60.1	33.0	-5.5	16.0	26.9	34.7
Europe agreement countries + FSU	-10.1	-8.0	-9.9	-18.7	-19.6	-24.7
OPEC	-14.7	-6.3	15.4	7.5	8.9	12.6
Other devel. countries	-29.1	-65.5	-73.5	-83.2	-97.0	-114.5
- DAE's	8.1	-5.4	5.9	0.3	-3.4	-5.5
- Other Asia	-9.2	-14.9	-26.4	-22.1	-24.2	-29.1
- Latin America	-21.1	-33.4	-45.5	-54.4	-62.0	-72.0
- Africa	-6.9	-11.8	-7.5	-7.0	-7.4	-7.9
Errors and omissions	-114.0	-46.8	-73.6	-78.4	-80.7	-91.9

TABLE 35 : World trade balances
(fob-fob, in billions USD)*

	1994	1995	1996	1997	1998	1999
EUR	99.1	131.5	159.4	167.0	184.9	201.8
USA	-166.4	-173.8	-191.4	-199.3	-212.4	-216.2
Japan	145.9	134.7	90.4	112.8	130.2	139.9
Canada	12.8	20.7	25.3	15.4	16.5	18.6
Rest OECD	-23.1	-16.0	-24.0	-25.1	-23.3	-27.8
Total OECD	68.4	97.1	59.6	70.8	96.0	116.3
Europe agreement countries + FSU	-1.1	3.7	-11.6	-18.5	-22.1	-30.6
OPEC	50.4	58.1	81.2	74.5	76.9	80.6
Other devel. countries	-38.7	-45.2	-53.3	-62.0	-73.7	-85.6
- DAE's	-7.6	-11.9	-6.3	-13.1	-18.2	-19.1
- Other Asia	-14.6	-7.5	-17.9	-13.1	-14.7	-19.1
- Latin America	-5.6	-13.8	-20.6	-27.9	-32.2	-38.0
- Africa	-10.9	-12.1	-8.5	-8.0	-8.6	-9.3
Errors and omissions	79.1	113.6	75.9	64.8	77.2	80.6

* Notes : see page 27.

TABLE 36 : Demand components at constant prices ¹ and contributions to real GDP growth ², EUR countries and EUR, 1992-98*

	1993	1994	1995	1996	1997	1998	1999		1993	1994	1995	1996	1997	1998	1999
B⁷	Demand components							F³	Demand components						
Private consumption	-1.4	1.4	1.1	1.3	1.0	1.8	2.2	Private consumption	0.2	1.4	1.7	2.1	0.8	2.4	2.7
Government consumption	1.2	1.6	0.9	1.8	0.9	1.5	1.0	Government consumption	3.5	1.1	-0.0	1.6	1.5	1.7	1.3
Fixed capital formation	-3.6	-0.1	3.2	0.6	3.8	3.9	4.3	Fixed capital formation	-6.7	1.3	2.5	-0.5	0.1	3.3	4.6
- Construction	0.9	1.4	1.3	-1.3	3.0	3.0	3.5	- Construction	-6.3	-0.6	-0.1	-1.3	0.4	2.6	3.5
- Equipment	-12.5	-1.4	5.5	3.3	4.8	5.0	5.3	- Equipment	-7.4	4.1	6.6	0.7	-0.5	4.2	6.1
Exports of goods and services	-0.7	9.5	6.8	3.2	6.4	6.9	6.8	Exports of goods and services	-0.4	6.0	6.3	4.7	9.8	7.4	7.1
Imports of goods and services	-0.7	8.2	6.1	2.8	5.7	6.3	6.3	Imports of goods and services	-3.5	6.7	5.1	2.5	5.7	6.4	6.7
GDP	-1.5	2.4	2.1	1.5	2.4	3.0	3.1	GDP	-1.3	2.8	2.1	1.5	2.3	3.1	3.1
Contributions to growth								Contributions to growth							
Final domestic demand	-1.4	1.1	1.4	1.2	1.5	2.1	2.3	Final domestic demand	-0.7	1.3	1.5	1.4	0.8	2.4	2.8
Stockbuilding	-0.1	0.3	-0.0	-0.1	0.1	0.1	0.0	Stockbuilding	-1.5	1.7	0.3	-0.6	0.3	0.2	0.0
Foreign balance	0.0	1.1	0.7	0.4	0.8	0.8	0.8	Foreign balance	0.9	-0.2	0.3	0.7	1.3	0.4	0.3
DK³	Demand components							IRL⁷	Demand components						
Private consumption	2.0	6.9	2.2	2.6	4.0	3.4	3.3	Private consumption	2.2	6.1	4.2	6.3	7.0	6.3	6.7
Government consumption	3.0	2.0	0.5	2.4	2.5	1.7	1.2	Government consumption	0.5	4.8	3.9	2.9	2.7	2.0	1.0
Fixed capital formation	-5.1	1.9	10.8	7.5	7.1	4.9	4.6	Fixed capital formation	-3.4	10.2	9.6	15.9	14.7	11.4	13.6
- Construction	-10.0	1.6	8.1	12.1	6.3	4.4	4.2	- Construction	-7.4	13.5	13.2	18.4	17.4	12.6	14.5
- Equipment	-0.5	2.6	12.6	3.7	7.8	5.3	4.9	- Equipment	2.9	5.4	4.0	11.8	10.0	9.0	12.0
Exports of goods and services	-0.8	8.2	3.3	2.3	5.0	6.5	6.2	Exports of goods and services	9.6	14.2	19.6	10.1	12.4	11.6	11.2
Imports of goods and services	-3.0	12.9	7.6	2.1	7.3	7.0	6.6	Imports of goods and services	6.1	13.7	14.9	10.3	12.3	11.0	12.1
GDP	1.5	4.2	2.6	2.7	3.5	3.3	3.2	GDP	3.6	7.8	11.1	8.6	8.6	8.1	7.6
Contributions to growth								Contributions to growth							
Final domestic demand	1.0	4.4	2.9	3.1	3.9	3.1	2.8	Final domestic demand	0.8	5.7	4.4	6.0	6.3	5.3	5.8
Stockbuilding	-0.2	0.9	1.2	-0.7	0.2	0.1	0.2	Stockbuilding	-0.2	-0.2	1.0	0.8	-0.2	-0.0	0.0
Foreign balance	0.8	-1.0	-1.4	0.2	-0.7	0.1	0.1	Foreign balance	3.0	2.3	5.8	1.8	2.5	2.8	1.8
D⁸	Demand components							I⁷	Demand components						
Private consumption	0.2	1.8	2.0	1.9	0.9	2.0	2.7	Private consumption	-3.4	0.9	1.3	1.1	1.7	1.8	2.3
Government consumption	0.2	-2.2	1.0	0.1	0.7	1.3	1.5	Government consumption	0.5	-0.6	-1.4	0.4	-0.3	-0.1	1.0
Fixed capital formation	-5.6	4.2	1.5	-0.8	0.7	3.6	5.4	Fixed capital formation	-12.8	0.5	6.9	1.2	1.1	4.8	5.6
- Construction	0.9	7.7	1.2	-2.7	-1.7	0.8	2.9	- Construction	-6.3	-5.9	0.7	1.1	0.1	3.5	4.0
- Equipment	-14.1	-1.2	2.0	2.4	4.3	7.7	8.8	- Equipment	-19.5	8.2	13.4	1.3	2.0	6.0	7.0
Exports of goods and services	-4.9	8.0	5.9	4.9	10.7	9.3	7.5	Exports of goods and services	9.8	9.9	11.9	-0.7	5.1	6.9	7.1
Imports of goods and services	-5.7	7.6	-6.4	2.6	5.8	6.8	7.4	Imports of goods and services	-8.8	6.8	8.8	-2.3	6.2	6.5	7.2
GDP	-1.1	2.9	1.9	1.4	2.5	3.2	3.3	GDP	-1.2	2.2	2.9	0.7	1.4	2.5	2.8
Contributions to growth								Contributions to growth							
Final domestic demand	-1.2	1.8	1.8	1.0	0.8	2.2	3.0	Final domestic demand	-4.6	0.5	1.7	0.9	1.2	1.9	2.6
Stockbuilding	-0.2	1.0	0.3	-0.3	0.3	0.2	0.1	Stockbuilding	-0.6	0.6	0.1	-0.5	0.2	0.2	-0.0
Foreign balance	0.2	0.1	-0.1	0.6	1.3	0.8	0.2	Foreign balance	4.0	0.9	1.1	0.3	-0.0	0.4	0.3
EL⁶	Demand components							L⁷	Demand components						
Private consumption	0.1	1.5	1.6	2.3	2.2	2.2	2.2	Private consumption	1.7	2.4	2.4	1.9	2.7	2.5	2.4
Government consumption	4.8	3.5	1.5	0.5	1.3	0.2	0.3	Government consumption	3.7	2.0	2.2	3.3	3.0	2.7	2.7
Fixed capital formation	-1.8	1.2	5.9	10.2	11.4	11.5	12.0	Fixed capital formation	28.4	-14.9	3.5	-1.7	8.7	-2.5	5.2
- Construction	-5.6	-3.4	6.7	6.7	11.0	11.5	12.1	- Construction	-	-	-	-	2.8	4.9	5.4
- Equipment	1.5	6.8	5.1	14.1	11.8	11.5	11.8	- Equipment	-	-	-	-	15.0	-9.5	5.0
Exports of goods and services	0.5	7.4	2.1	0.2	5.2	5.6	5.8	Exports of goods and services	2.8	4.4	4.4	2.3	5.0	5.2	6.0
Imports of goods and services	1.0	4.1	6.2	3.9	6.9	6.6	6.6	Imports of goods and services	2.8	-0.1	3.8	1.0	5.6	2.7	5.2
GDP	0.2	2.2	2.0	2.6	3.3	3.5	3.9	GDP	8.7	4.2	3.8	3.0	3.4	3.8	4.0
Contributions to growth								Contributions to growth							
Final domestic demand	0.3	1.9	2.7	4.1	4.6	4.7	5.0	Final domestic demand	8.8	-3.0	2.4	1.1	3.9	1.0	2.8
Stockbuilding	0.2	0.2	0.9	-0.2	0.0	0.0	-0.0	Stockbuilding	0.5	2.5	0.5	0.9	-0.4	0.1	-0.2
Foreign balance	-0.2	0.1	-1.5	-1.2	-1.3	-1.2	-1.1	Foreign balance	0.1	4.2	0.8	1.3	0.0	2.7	1.4
E⁵	Demand components							NL⁷	Demand components						
Private consumption	-2.2	0.9	1.5	1.9	3.1	3.2	3.3	Private consumption	1.0	2.2	1.8	3.0	3.1	2.6	2.3
Government consumption	2.4	-0.3	1.3	0.1	0.2	2.0	2.8	Government consumption	1.5	0.6	0.6	1.2	3.3	2.4	2.4
Fixed capital formation	-10.6	1.8	8.2	0.9	4.2	6.6	7.1	Fixed capital formation	-2.8	2.2	5.0	6.1	5.9	3.3	5.7
- Construction	-5.5	-0.1	6.5	-2.0	1.3	5.1	6.2	- Construction	-2.7	3.2	1.2	2.8	5.1	2.8	4.9
- Equipment	-20.4	6.0	12.1	5.9	8.9	8.9	8.4	- Equipment	-2.7	0.4	10.6	10.9	6.9	3.9	6.5
Exports of goods and services	8.5	16.7	8.2	9.9	11.5	9.7	9.2	Exports of goods and services	1.5	6.7	7.1	4.6	5.9	7.4	7.2
Imports of goods and services	-5.2	11.4	8.8	6.2	8.6	10.5	10.7	Imports of goods and services	-2.1	6.7	7.2	5.3	6.8	6.9	7.3
GDP	-1.2	2.1	2.8	2.3	3.3	3.5	3.6	GDP	0.8	3.2	2.3	3.3	3.1	3.6	3.3
Contributions to growth								Contributions to growth							
Final domestic demand	-3.6	0.9	3.0	1.4	3.0	3.8	4.2	Final domestic demand	0.3	1.8	2.1	3.1	3.5	2.6	2.8
Stockbuilding	-1.0	0.4	0.2	-0.1	-0.4	0.1	0.1	Stockbuilding	-1.3	1.0	-0.2	0.2	-0.3	0.3	-0.0
Foreign balance	3.4	0.9	-0.4	0.9	0.7	-0.4	-0.7	Foreign balance	1.9	0.5	0.5	-0.0	-0.1	0.8	0.5

TABLE 36 (continued)

	1993	1994	1995	1996	1997	1998	1999			1993	1994	1995	1996	1997	1998	1999
A⁴	Demand components							S⁸	Demand components							
Private consumption	0,7	2,3	2,1	2,4	0,9	1,8	2,5		Private consumption	-3,1	1,8	0,8	1,5	2,0	2,2	2,4
Government consumption	2,7	2,5	-0,0	0,1	0,8	1,2	1,5		Government consumption	0,2	-0,7	-1,0	-1,7	-1,2	0,6	1,2
Fixed capital formation	-2,0	7,2	3,0	2,4	2,9	4,2	4,4		Fixed capital formation	-17,2	2,0	10,9	4,7	0,5	5,1	5,5
- Construction	2,1	4,7	2,6	2,1	1,2	1,5	1,7		- Construction	-19,0	-9,5	-3,6	2,8	-5,3	4,5	6,0
- Equipment	-7,2	11,0	3,1	2,9	5,0	7,5	7,5		- Equipment	-14,0	21,5	29,2	6,5	5,8	5,5	5,1
Exports of goods and services	-1,3	5,7	6,5	9,3	7,4	7,5	7,6		Exports of goods and services	7,6	14,0	12,6	5,6	8,9	7,0	7,0
Imports of goods and services	-0,7	8,3	7,6	8,9	6,3	6,3	6,4		Imports of goods and services	-2,5	13,2	10,3	3,5	7,5	6,8	6,5
GDP	0,5	2,3	1,5	1,6	1,9	2,8	3,3		GDP	-2,2	3,3	3,6	1,1	2,1	2,9	3,3
Contributions to growth									Contributions to growth							
Final domestic demand	0,4	3,5	2,0	2,0	1,4	2,3	2,8		Final domestic demand	-4,6	1,0	1,7	1,1	0,8	2,1	2,4
Stockbuilding	-0,4	0,4	0,0	-0,5	-0,1	-0,1	-0,2		Stockbuilding	-0,5	1,4	0,5	-1,0	0,1	0,1	0,1
Foreign balance	-0,3	-1,2	-0,6	0,1	0,5	0,6	0,7		Foreign balance	2,9	0,9	1,4	1,1	1,2	0,7	0,8
P⁷	Demand components							UK⁷	Demand components							
Private consumption	0,5	1,0	1,0	2,8	2,9	3,0	3,2		Private consumption	2,5	2,6	2,0	3,5	4,4	3,4	2,4
Government consumption	0,9	1,3	2,4	1,1	1,0	1,3	1,0		Government consumption	0,2	1,9	1,3	2,4	1,0	1,2	1,4
Fixed capital formation	-6,2	4,5	3,6	7,4	10,6	6,7	6,8		Fixed capital formation	0,6	2,9	-0,1	1,8	4,6	5,7	3,8
- Construction	0,3	2,5	5,8	6,5	12,4	5,9	6,5		- Construction	0,9	1,9	-1,3	1,5	3,0	5,5	3,6
- Equipment	-10,6	6,7	1,3	8,2	9,1	7,5	7,0		- Equipment	0,2	7,7	5,1	2,2	6,6	6,0	4,1
Exports of goods and services	-0,1	11,5	12,1	8,9	8,2	10,3	8,4		Exports of goods and services	3,5	9,2	7,2	6,9	5,1	3,1	5,5
Imports of goods and services	-3,0	10,9	8,8	7,6	9,2	9,0	7,9		Imports of goods and services	3,1	5,5	3,9	8,5	7,2	6,2	5,6
GDP	0,3	0,7	1,9	3,3	3,5	3,7	3,7		GDP	2,1	3,9	2,5	2,3	3,3	2,1	2,3
Contributions to growth									Contributions to growth							
Final domestic demand	-1,2	2,0	2,1	4,1	5,1	4,3	4,4		Final domestic demand	1,7	2,5	1,5	2,9	3,8	3,4	2,5
Stockbuilding	0,1	-0,4	-0,4	-0,3	0,1	0,2	0,2		Stockbuilding	0,4	0,5	0,1	-0,3	0,2	-0,3	-0,1
Foreign balance	1,4	-1,0	0,2	-0,5	-1,7	-0,7	-0,9		Foreign balance	0,0	0,9	0,9	-0,5	-0,7	-1,0	-0,2
FIN⁷	Demand components							EUR^{7*}	Demand components							
Private consumption	-2,9	1,9	4,6	3,4	3,3	2,3	2,2		Private consumption	-0,3	1,7	1,8	2,1	2,1	2,5	2,6
Government consumption	-5,3	-0,3	1,9	2,5	0,7	1,3	1,2		Government consumption	1,2	0,3	0,5	1,0	0,8	1,2	1,5
Fixed capital formation	-19,2	0,2	11,3	8,3	8,9	8,4	7,8		Fixed capital formation	-6,6	2,5	3,6	1,3	2,6	4,7	5,5
- Construction	-18,8	-3,8	3,6	6,2	13,0	12,5	8,9		- Construction	-3,7	1,2	1,3	-0,0	1,2	3,3	4,2
- Equipment	-20,0	8,6	25,5	11,6	2,9	1,9	6,0		- Equipment	-11,5	4,3	7,5	3,0	4,5	6,3	7,0
Exports of goods and services	16,7	13,3	8,2	3,9	9,2	7,8	7,3		Exports of goods and services	1,7	9,0	7,9	4,7	7,9	7,4	7,2
Imports of goods and services	0,8	12,8	6,9	4,5	7,9	6,7	7,2		Imports of goods and services	-3,0	7,7	6,7	3,9	6,7	7,0	7,2
GDP	-1,2	4,5	5,1	3,3	4,6	4,0	3,6		GDP	-0,5	2,9	2,4	1,8	2,6	3,0	3,1
Contributions to growth									Contributions to growth							
Final domestic demand	-6,6	1,0	4,5	3,6	3,4	2,9	2,8		Final domestic demand	-1,4	1,6	1,9	1,8	1,9	2,6	2,9
Stockbuilding	0,5	2,4	-0,2	-0,7	0,2	0,1	0,1		Stockbuilding	-0,5	0,9	0,2	-0,3	0,2	0,1	0,0
Foreign balance	4,2	1,0	0,9	0,1	1,0	0,9	0,6		Foreign balance	1,4	0,4	0,4	0,3	0,5	0,3	0,2

1 Percentage change on preceding year.

2 Change as a percentage of GDP of preceding period.

3 1980 prices.

4 1983 prices.

5 1986 prices.

6 1988 prices.

7 1990 prices.

8 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 services, except where otherwise indicated.

The historical part of the time series presented in the tables (in the present case, until 1996) is based on ESA national accounts (European System of Integrated Economic Accounts) which are published once a year by Eurostat. In the prospective part (1997 estimates, 1998 forecasts and 1999 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 labour force survey data.

3. *Community (EUR) 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, Korea, Mexico, Australia and New Zealand

- OECD : EU, USA, Canada, Japan, Norway, Switzerland, Iceland, Australia, Mexico, New Zealand, Korea and Turkey
- Europe Agreement Countries (EAC) : Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, Estonia, Latvia and Lithuania
- OPEC : Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela
- Dynamic Asian Economies (DAE) : Hong Kong, 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.

It should be noted that the OECD grouping as defined in the forecasts does not include all the countries belonging to this organisation.

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 EU figures include both intra- and extra-Union 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 1999 should be treated as a scenario based on the "unchanged economic policies" assumption.

Principal economic policy measures – September 1997

Community (EUR-15)

12./13.09. Agreement on several EMU related issues at the informal meeting of the Ecofin Council in Mondorf:

- the bilateral exchange rates of participating Member States will be made public at the same time as the decision on which countries will adopt the euro as of January 1999,
- general orientations for exchange rate policy from the Ecofin Council on the basis of Art. 109 (2) of the Treaty will be limited to exceptional cases and will not be quantified,
- work on improving and strengthening co-ordination of economic policies in Stage 3 continues.

Belgium (B)

None.

Denmark (DK)

29.9 In a joint press release the Minister of Finance and the Minister of Economic Affairs announce a fiscal tightening. The joint statement follows national accounts figures for Q2-97 released the same day showing strong growth in consumption and investment.

Germany (D)

None.

Greece (EL)

None.

Spain (E)

15.9 The government approves the increase in tobacco prices by Tabacalera (the State-owned company) amounting to between 7.5% and 13.7%.

26.9 The government approves the draft for the 1998 budget bill. The general government deficit is targeted to fall to 2.4% of GDP and the State deficit to 2.0% of GDP. Nominal State expenditure is to grow by 3.2%.

France (F)

24.9 The government adopts the Finance Bill for 1998 which aims at reducing the State budget deficit from 3.5% of GDP in 1997 to 3.1% in 1998.

Ireland (IRL)

None.

Italy (I)

None.

Luxembourg (L)

None.

Netherlands (NL)

16.9 The government presents its 1998 budget giving a general government deficit of NLG 17.7 billion, 1.7% of GDP; public debt will amount to NLG 431 billion or 70.4% of GDP (72.7% in 1997).

Austria (A)

18.9 The Minister of Finance presents the proposals for the federal budget for 1998 and 1999 to the Parliament, aiming at a federal government deficit of 2.6% of GDP in each year.

Portugal (P)

None.

Finland (SF)

2.9. The government submits to Parliament the budget proposal for 1998. The proposal implies an estimated 2.5% real decrease in central government expenditure compared to 1997. This is due to previously announced savings measures of FIM 3 billion as well as new (mainly one-off) measures amounting to FIM 2 billion. The general government deficit target for 1998 is 0.1% of GDP.

2.9. The government adopts a second update to its 1995 convergence programme. The general government deficit in 1996 is now estimated at 3.1% of GDP, while the targets for 1997 and 1998 are 1.3% and 0.1% respectively. The government debt ratio is expected to reach 59.1% of GDP in 1997, and to decline to 57.5% in 1998.

15.9 The Bank of Finland raises the tender rate by 25 basis points to 3.25%.

Sweden (S)

19.9 The government presents its budget proposal for 1998. A more rapid improvement foreseen in the public finances in 1998 enables the government to propose additional expenditure increases and still fulfil the budgetary objective of a balanced budget. Additional measures are proposed to create work and increase education and social services corresponding to SEK 6.5 billion or 0.4% of GDP. For 1997 the budget deficit is estimated at 1.9% of GDP.

United Kingdom (UK)

None.

Price (excluding VAT) in Luxembourg

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