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Economic trends

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In this number: Autumn 2000 Forecasts for 2000-2002 [1]

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Highlights

- *The economic situation is the best in the last ten years. In the EU average GDP growth is forecast to remain around 3 %. The slowdown from the high, estimated, growth rate of 3.4% in 2000 is mainly due to the abrupt hike in oil prices.*
- *Continued employment creation and tax cuts underpin disposable income, thus allowing private consumption to remain buoyant in spite of higher than expected inflation. The unemployment rate declines further.*
- *Average inflation in the euro area will be above 2 % this year and next, mainly as a consequence of higher oil prices. Core inflation remains lower. The weakness of the euro added to imported inflation. Although labour shortages are appearing in some sectors, wage moderation should remain generally in place as the acceleration of inflation is seen as temporary.*
- *Public finances continue to improve, but the structural consolidation effort is waning as the growth dividend is used partly for tax cuts. A large general government surplus is likely to be realised in 2000, mainly thanks to the proceeds of the UMTS licenses. For the EU as a whole the surplus is maintained in the following year. For the euro area the expected surplus in 2000, may turn into a deficit in 2001, as the effect of the UMTS licences diminishes*

TABLE 1 **: Main features of the Autumn 2000 forecast - EU-15**

(Real annual percentage unless otherwise stated)				Autumn 2000			Difference with Spring 2000 (a)	
	1997	1998	1999	2000	2001	2002	2000	2001
GDP growth	2.5	2.7	2.5	3.4	3.1	3.0	0.0	0.0
Investment in equipment	5.9	10.5	7.2	6.6	6.3	6.0	-0.9	-0.6
Employment	1.0	1.6	1.6	1.6	1.3	1.2	0.3	0.1
Unemployment rate (b)	10.6	9.9	9.2	8.4	7.8	7.3	-0.1	-0.1
Inflation (c)	1.7	1.3	1.2	2.1	2.0	1.8	0.3	0.3
Government balance (% GDP) (d)	-2.4	-1.5	-0.7	1.2	0.2	0.3	1.6	0.5
Government debt (% GDP)	71.1	69.0	67.5	63.9	60.7	57.9	-1.2	-1.9
Current account balance (% GDP)	1.4	0.8	0.2	-0.3	-0.4	-0.2	-0.4	-0.7
p.m. GDP growth Euro area	2.3	2.8	2.5	3.5	3.2	3.0	0.1	0.0

(a) A "+" ("-") sign means a higher (lower) positive figure or a lower (higher) negative one compared to Spring 2000
(b) Percentage of the labour force. (c) Harmonised index of consumer prices, nominal change
(d) Including proceeds relative to UMTS licences in 2000 and 2001, without which the general government balances would amount to -0.1% and -0.0% of GDP respectively.

[1] The Commission services' Autumn 2000 forecasts are based on available data up to 26 October 2000.

Overview

The higher than expected oil price is the key event which has intervened since the publication of the Commission Spring 2000 Forecasts. However, it will not knock off the EU economy from a 3 % growth path. By contrast, together with the prolonged weakness of the euro, it had a noticeable impact on inflation which is likely to remain above 2 % for a longer period.

The EU economy probably peaked in the second quarter of the year. The high level of oil prices and the depreciation of the euro represent a deterioration in the terms of trade, which affects both consumers and firms. The erosion of purchasing power led to less dynamic private consumption in many Member States, while higher costs squeezed profit margins hampering investment. However, exports remained buoyant thanks to an improved competitive position and strong world demand.

Average GDP growth in the EU is estimated to be 3.4 % in 2000 (3.5 % for the euro area). The heavier oil bill, together with tighter monetary conditions resulting from higher than expected inflation, explains the deceleration of growth to 3.1 % (3.2 % for the euro area) in 2001 and to 3 % in 2002. Signs of a “new economy” are not sufficiently widespread in the EU to lift growth rates within the forecast horizon of this exercise, which could contribute to make the EU economy more resistant to external shocks.

Germany and Italy are picking up, but growth dispersion remains in the EU. The smaller Member States especially are expected to experience strong growth rates. Portugal, where output growth is slowing to more sustainable levels, is an exception. Among the larger Member States, activity growth was already slowing down in France in the first half of 2000 and will prevent that country from realising the strong growth rates initially forecast for this year.

The expansion remains broadly based on robust domestic demand added to which is a good export performance. Private consumption is expected to increase by about 2¾ % each year within the forecast horizon supported by strong employment creation and tax cuts which increase disposable income. Part of the rise in income, however, is directed to bolster savings in this period of uncertainty created by the oil price increase. After many years of decline, the household savings rate is expected to increase somewhat next year. Investment in equipment is expected to increase by 6.6 % in 2000 and to decelerate to 6 % in 2002, while exports are estimated to grow in real terms by more than 10% this year before slowing down to about 7.6 % in 2002.

About 2.6 million jobs will be created in 2000 in the EU as employment is expected to accelerate to 1.6 %. It is the best performance since 1990 and employment creation is expected to remain strong (1.2 % in 2002), but decelerating. The slower job creation next year is explained by the emergence of skill shortages in some countries, especially where the unemployment rate has already fallen to very low levels, which prevent firms from creating jobs in response to good demand prospects. The unemployment rate is predicted to fall from 8.4 % this year to 7.3 % in 2002 and the employment rate could increase to 64.5 % by the end of the forecasting period.

HICP inflation is estimated to be 2.3 % on average in the euro area in 2000 and 2.2 % next year. High oil prices are the driving force behind this development. Underlying inflation, from domestic sources is much lower. Inflation differences remain wide in the euro area, but should narrow within the forecast horizon.

Second-round effects from the oil price hike are expected to remain limited. Wage moderation continues and, together with productivity gains, unit labour costs remain subdued even though they are increasing somewhat.

The general government balance jumped from a deficit of 0.7 % of GDP in 1999 to an estimated surplus of 1.2 % in 2000 (from -1.3 % to +0.3 % of GDP for the euro area). Next year the general government surplus shrinks to 0.2 % of GDP for the EU as a whole (and turns again into a deficit of 0.5 % of GDP for the euro area). The receipts from the UMTS licences explain this shift as they are mainly realised in 2000. Even without these one-off revenues, government balances would look significantly better this year, but only marginally so in 2001. The two other forces shaping public finances are economic growth and tax cuts, with the latter partially offsetting the additional revenues generated by the first. Taking away the UMTS receipts, correcting for the favourable position in the cycle and not taking into account the decline in interest payments on outstanding public debt, the cyclically adjusted primary surplus deteriorates from 3.9 % of GDP in 1999 to 3.8 % in 2000 and 3.5 % in 2001 in the EU as a whole. The easing of fiscal policy is, however, mainly concentrated in a few countries (Germany, Greece, Italy, the Netherlands, Sweden and the United Kingdom). In some other countries (France, Portugal) the level of the structural deficit remains high.

Due to the adverse developments in the terms of trade, the current account of the EU turned into deficit this year and is expected to widen. In 2002 the current account deficit could amount to 0.2 % of GDP.

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I Strong international environment

The development in the first half of 2000 showed a pronounced recovery affecting most parts of the *world economy*. The instabilities in the financial systems of many regions during 1997 and 1998 have been contained and partly redressed. The forecast for world GDP amounts to a continuation of growth rates well above long-term averages. The world economy, outside the EU, is expected to grow by 4.7 % in 2000, followed by a slight deceleration, mostly due to the slowdown in North America, to 4.3 % in 2001. 2002 should see a slight reacceleration of global growth, as the negative effects of oil prices fade. This is mainly due to a combination of faster growth in developing countries, in particular in East Asia, a gradual improvement in Japan, and a “soft landing” in North America.

In line with strong growth prospect for the world economy, *world imports* (excluding the EU) will grow strongly in the years to come: whereas in 1999 volumes still rose by only around 7 %, this rate should reach 11.2 % this year and 8.6 % next year.

Rising oil prices will reshape global *current account balances*. Oil exporting countries will enjoy a massive increase in current account surpluses. The current account surplus of OPEC, which combines a large part of oil exporters, will rise from around USD 14 billion in 1999 to USD 109 billion in the current and nearly USD 124 billion in the next year. Mirror imaging that development the current account position of most other countries or country groups will become more negative over 2000 and 2001.

The *US economy* has continued on a very strong expansionary course during the first half of 2000 with growth rates of around 5 % (quarterly change at annual rate). With employment growth slowing in a very tight labour market, growth rested increasingly on gains in labour productivity. From the demand side, the US expansion continued to be driven only by domestic demand whereas net exports, due to surging merchandise imports fell. Among the categories of domestic demand, investment in equipment and software increased by around 20% (annualised quarterly rates). However, growth of personal consumption expenditure slowed significantly from the first to the second quarter. Several signs are now evident that the US economy has been slowing down on a broader front since the middle of the year. Therefore, the forecast foresees the US economy to switch to a somewhat lower, and more sustainable gear. After another very strong growth rate of 5.1 % for the current year, growth should on average diminish to 3.3 % in 2001 and 3 % in 2002, with an improving net export situation.

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TABLE 2 : **International environment**

(Real annual percentage change)		1997	1998	1999	Autumn 2000: 2000	Autumn 2000: 2001	Autumn 2000: 2002	Difference with Spring 2000: 2000	Difference with Spring 2000: 2001
					Real GDP growth				
Asia		5.1	2.8	4.9	4.7	5.1	5.6	-0.2	0.1
of which	**Japan**	1.6	-2.5	0.2	1.4	1.9	2.2	0.3	0.1
	ASEAN4 + Korea (a)	3.9	-8.8	4.9	5.7	4.5	5.5	0.8	-0.5
USA		4.5	4.4	4.3	5.1	3.3	3.0	1.5	0.3
EAC (b)		3.2	2.5	1.8	3.9	4.1	4.3	0.2	-0.5
FSU		1.0	-3.0	2.9	5.2	3.7	4.1	3.8	1.2
of which	**Russia**	0.9	-4.8	3.2	5.8	3.5	4.0	4.5	1.0
OPEC-Indonesia		3.8	1.3	1.2	4.1	4.7	4.9	0.0	0.3
Latin America		4.6	1.2	1.1	3.5	4.3	4.4	0.6	0.7
of which	**Brazil**	3.6	-0.1	1.0	3.9	4.5	4.3	0.9	0.9
Africa		3.6	3.9	3.8	3.5	4.1	4.7	-1.0	-0.7
World excl. EU-15		4.7	2.5	3.8	4.7	4.3	4.4	0.6	0.2
World		4.2	2.6	3.5	4.4	4.0	4.1	0.4	0.1
					World trade				
World import growth		10.4	5.9	6.8	10.8	8.6	8.1	2.7	1.4
World import growth excl. EU-15		11.1	3.5	7.1	11.2	8.6	8.1	3.0	1.5
Extra-EU15 export market growth		10.8	3.6	5.1	10.4	8.3	7.9	2.3	1.0

(a) ASEAN4 : Indonesia, Malaysia, Philippines, Thailand.
(b) Europe Agreement Countries.

The *Canadian* and *Mexican* economies are benefiting from the prolonged US upswing. These economies are forecast to grow by 5.3 % and 6% respectively in 2000. However, given the extremely tight financial and trade links, they will also not be able to resist fully the slowing of the US economy, and should, by 2002, have stepped back to growth paths of around 3 %.

The *Japanese* economy has pursued its recovery. Data on the current development show high volatility and the signals from the Japanese economy continue to remain mixed. Nevertheless, it seems that the recovery of private sector activity has stabilised over the past months, though household consumption is lagging behind private sector investment. The range of private sector forecasts for 2001 growth is consequently very wide. As the expansionary impact of Japan's fiscal policy is declining, and as corporate restructuring continues, economic growth will only very gradually pick up in the course of the next two years, to 1.9 % in 2001 and 2.2 % in 2002.

Growth in *Asia* as a whole is expected to rise to 4.7% in 2000 and to further accelerate to 5.1% in 2001, due to the higher base of comparison and the expected pick-up of the Japanese economy. For 2002, it is expected that financial reform will have improved the health of the financial systems, which would then no longer act as a brake on private investment and growth. In China, loose fiscal policy and strong exports are driving growth in 2000. Export growth should start to trickle down to private consumption, what is a necessary ingredient for a sustainable recovery. However, another growth dip is expected from 2001 on, when the negative short-term effects of WTO-induced reform start to kick in. In India, activity is expected to accelerate in 2000-2001, partly because of a better outlook for agricultural output. Uncertainty about reform risks decelerating Korea’s economy further in 2001.

Latin America shows a diverse country-by country picture, but overall high growth momentum. After an expected growth of the region (excluding Mexico) of 3.5 % in 2000, activity is predicted to accelerate to around 4.5 % in 2001 and 2002. Brazil, the largest economy of the region has successfully overcome the currency crisis of 1999 and managed to re-embark on growth, helped by the depreciation of its currency. Chile enjoys an even stronger turnaround of its growth performance. On the other side of the spectrum is Argentina, where recovery is still slow and fragile.

Recovery in *Central and Eastern Europe* is gaining momentum. All countries are benefiting from rising exports to the EU, and in some cases also to Russia. Hungary, Poland and Slovenia are expected to continue to grow with rates of more than 4 % annually, both this year and the next two years. The Czech Republic and Romania have, in 2000, come out of their respective domestic stabilisation recessions, but the latter in particular will continue to trail the growth momentum of the region. Bulgaria, Estonia, Latvia and Lithuania are sharply recovering from the effects of the Kosovo and/or Russian crises. Slovakia is going through a period of lower growth as a result of its necessary domestic adjustment programme. Inflation in the region remains relatively high and is increasing again this year, mainly as a result of high energy prices. Inflation remains a major problem in Romania, but the high growth countries Hungary and Poland are also having difficulties to maintain single digit inflation rates. Current account deficits are expected to remain under control, although they are very high in Latvia and Lithuania and to a lesser extent in Poland and Estonia.

The economic situation of *Russia* has significantly improved, and a solid recovery after a long period of economic slump seems confirmed. GDP grew in the first half of 2000 by about 7.5% on the year. Growth is forecast to continue to be brisk (with around 5.8 % in 2000). The massive increase in oil prices and the currency devaluation continue to benefit the Russian economy; furthermore, the new Presidency has not only brought enhanced political stability, but has also been following generally prudent economic policies, particularly in the fiscal domain. With the oil price effect somewhat fading next year, growth should slow down but remain satisfactory.

Commodity prices will show quite diverging developments (see box for assumptions and Special Topics, n° 1 on oil prices). *Oil prices*, on the one hand, have risen sharply over 2000 and are expected to remain high. *Non-oil commodity prices* are expected to rise only moderately, as rising demand is effectively matched by improving supply.

II The economy of the European Union

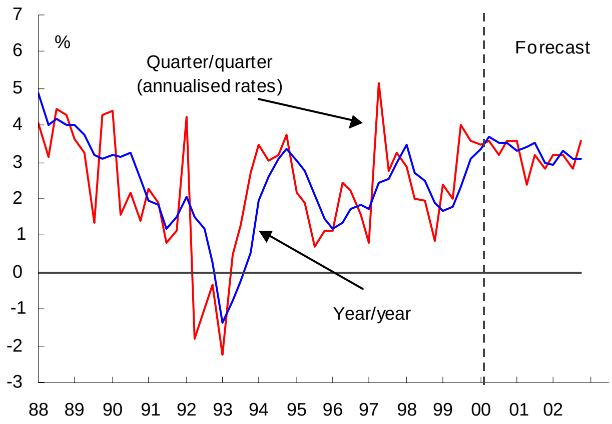
1. Activity peaked in the second quarter of 2000

The EU economy is affected by the sharp rise in crude *oil prices*, which, together with the euro depreciation triggered a relatively large negative terms of trade effect in 2000. Domestic demand is negatively affected by it, while external trade received significant support from the competitive euro exchange rate.

Looking at *GDP components*, households consumption expenditure and gross fixed capital formation remained healthy in the first half of 2000, although one might have expected a somewhat faster acceleration in capital spending at this stage of the cycle (gross fixed capital formation in EU-15 grew 5.4% year-on-year (yoy) in the first quarter of 2000 and 4.6% yoy in the second quarter). Inventory figures in the second quarter of 2000 displayed very contrasted patterns. Germany, Italy and the UK saw a positive inventory contribution while France and Spain recorded a negative one. External trade, in volume terms, continues to support GDP growth. The depreciated euro boosts exports, the annual growth rate of which outpaced that of imports in the second quarter of 2000. Export buoyancy is well spread among all major economies of the EU, but it appears to have benefited particularly Germany.

As measured by the harmonised monthly data computed by Eurostat, *industrial production* in the EU (working day adjusted, excluding construction) has accelerated steadily since the beginning of 2000. Its annual rise went up as high as 7.1% in May 2000, before coming back to annual rates of the order of 4-5% in the three months to August 2000. If one gives some credit to leading indicators, industrial production might well have peaked in May.

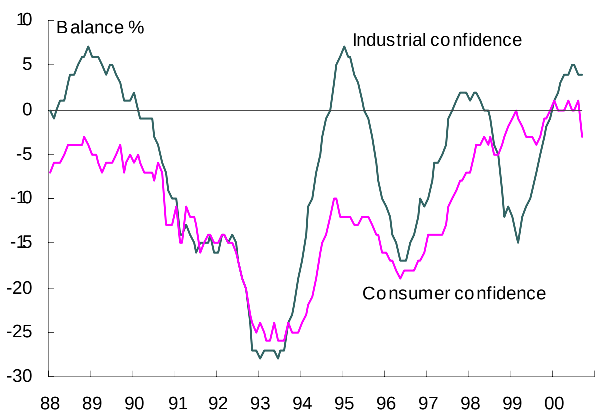
GRAPH 1: **Real GDP growth in EU-15**



Confidence, as portrayed by the *EU monthly survey*, declined sharply from previous peaks in September 2000 in all categories (consumers, manufacturing industry, construction sector and retail trade).

EU consumer confidence went down in September by a sizeable 4 points. Industrial confidence lost one point in the EU in August and remained steady in September at that level. On the other hand, capacity utilisation increased further in August both in the euro area and in the EU as a whole. In both areas, it stands now clearly above trend, but still about 2 percentage points below the peak of the previous cycle.

GRAPH 2: **Industrial and consumer confidence in EU-15**



Box 1: Accounting framework, external assumptions

ESA95

All countries have now submitted national accounts data on the basis of ESA95 system, in accordance with Council Regulation 2223/96. However, for some countries, available national accounts data on the basis of ESA95 cover only the 1995-99 period. Moreover, Member States are not obliged to submit to EUROSTAT national accounts data for all institutional sectors (households, enterprises) before the end of 2000. For this reason, a complete breakdown according to institutional sectors was not possible for all Member States in the current forecast.

Exchange rate assumptions

For the euro exchange rates over the forecasting period, a technical assumption is made, namely stability of nominal exchange rates in the ERM2 (DKK) and of real exchange rates (nominal rates adjusted for respective changes in the GDP deflators) for the other major currencies, as compared to the reference period, which is the third quarter of 2000. The average USD/EUR rate for that period was approximately 0.90, and the JPY/EUR rate 97.3. These assumptions lead to an average USD/EUR rate of 0.90 in both 2001 and 2002 and for the JPY/EUR rate, of 96.3 and 96.1 respectively. Furthermore, they point to a depreciation of the bilateral nominal effective exchange rate of the euro vis-à-vis the other industrialised countries of 1.3% in 2001, and of no change in 2002 vis-à-vis 2001.

Interest rate assumptions

Short-term interest rates are set in order to reflect the objective of monetary policy with respect to price stability. Long-term interest rate assumptions are based on developments in short-term rates and an assessment of economic conditions. Attention is paid to international financial linkages, market expectations and budgetary developments.

Commodity price assumptions

Commodity prices are set taking into account market conditions, where initial conditions receive relatively more weight. With respect to oil prices, the forecast for the years 2001 and 2002 assumes a gradual decrease, from the peak they reached in September 2000, to respectively 30.0 and 27.3 USD per barrel of crude Brent.

Despite this profile of a slow decrease, the annual average in 2000 is estimated at 29.0 USD, which is below the average for next year. The projection is based on the assumption that demand for crude petroleum will remain relatively firm, caused by the growing world economy, and in particular that of East Asia.

This will keep prices relatively high, despite possible increases in supply due to a change in the stance of OPEC and possibly country specific production volumes exceeding the OPEC official quota. Present market expectations, as reflected in futures contracts, still count on a certain softening in prices, but only very gradually and from relatively high levels. With respect to non-oil commodity prices, metal prices are assumed to continue rising by around 5% in 2001 and 1.5% in 2002, respectively, after a sharp increase in 2000 (11.8%) compared to a mild decline in 1999.

In contrast, other commodity prices (food, agricultural products etc.) should increase more modestly over the next two years. The increase in all non-fuel commodity prices should therefore amount to 3.6% in 2001 and 2.3% in 2001.

Budgetary policy

The public finance figures are presented on an ESA95 basis in the present forecasts. Notification under the Excessive Deficit Procedure (Council Regulation 3605/93 as amended by Regulation 475/2000) was made under the ESA95. The estimates for 2000 are in general based on the September notification. For 2001 the budgets adopted or presented to parliaments and all extra measures known in sufficient detail are taken into consideration. For 2002, the no-policy change assumption used in the forecasts implies that presently known measures (if not one-offs) and trends are extrapolated.

UMTS

According to Eurostat's decision, the allocation of mobile phone licences (UMTS) must be recorded in the general government accounts as an expenditure but, of course, with a negative sign and in the moment the licence is sold. Due to the importance of the amounts involved, the net borrowing/lending for the year when the licence is allocated may be strongly affected, thus reducing once-for-all the deficit (or increase the surplus).

Hence, in the forecast tables the amounts from the UMTS sale of licences are included but footnotes presented public finance data without these amounts. Moreover, the cyclical adjusted net borrowing/lending is calculated without taking into account these one-off proceeds, which otherwise would strongly distort the picture.

Euro area

The participation of Greece in the EMU from 1st of January 2001 implies a difference in the treatment of EUR aggregates compared to the previous forecasts. Hence, the Autumn 2000 forecasts will present a euro area aggregate, together with data on the whole of the European Union, which will include Greece from 2001 onwards. That is, the euro area coincides with EUR-11 up to and including year 2000 data, while a EUR-12 (including Greece) will make up the euro area in 2001 and 2002.

TABLE 3 : **Composition of growth - EU-15**

	1997	1998	1999	Autumn 2000: 2000	Autumn 2000: 2001	Autumn 2000: 2002	Difference with Spring 2000: 2000	Difference with Spring 2000: 2001
				Real annual percentage change				
Private consumption	2.1	3.2	3.0	2.8	2.8	2.7	0.0	-0.1
Government consumption	0.6	1.2	1.8	1.5	1.8	1.8	0.0	0.3
Gross fixed capital formation	3.1	6.0	5.5	5.3	4.9	4.9	-0.3	-0.2
- Equipment	5.9	10.5	7.2	6.6	6.3	6.0	-0.9	-0.6
- Construction	-0.1	2.1	3.7	4.0	3.5	3.7	0.4	0.4
Exports of goods and services (a)	10.1	6.2	4.5	10.3	8.6	7.6	2.1	1.6
Imports of goods and services (a)	9.3	9.5	6.4	9.6	8.4	7.8	1.9	1.3
GDP	2.5	2.7	2.5	3.4	3.1	3.0	0.0	0.0
p.m. GDP growth Euro area	2.3	2.8	2.5	3.5	3.2	3.0	0.1	0.0
				Contribution to change in GDP				
Consumption	1.4	2.1	2.1	1.9	2.0	1.9	0.0	0.0
Investment	0.6	1.2	1.1	1.1	1.1	1.1	-0.1	0.0
Inventories	0.2	0.4	-0.2	0.1	0.0	0.1	0.0	-0.1
Exports (b)	1.4	0.7	0.5	2.2	1.8	1.4	0.8	0.7
Final demand (b)	3.5	4.3	3.6	5.3	4.8	4.4	0.7	0.6
Imports (minus) (b)	-1.0	-1.6	-1.1	-1.9	-1.6	-1.4	-0.7	-0.6
Net exports	0.4	-0.9	-0.6	0.3	0.1	0.0	0.1	0.1

(a) Including intra-EU trade.
(b) Excluding intra-EU trade.

Confidence in the construction sector in the EU declined by 4 points in September. Although absolute levels remain close to the historical peaks, this set of negative data confirms what leading indicators had detected a few months ago. The EU economy probably peaked in 2000Q2 and prospects are for a deceleration.

2. Financial markets: accommodating, but higher short-term interest rates

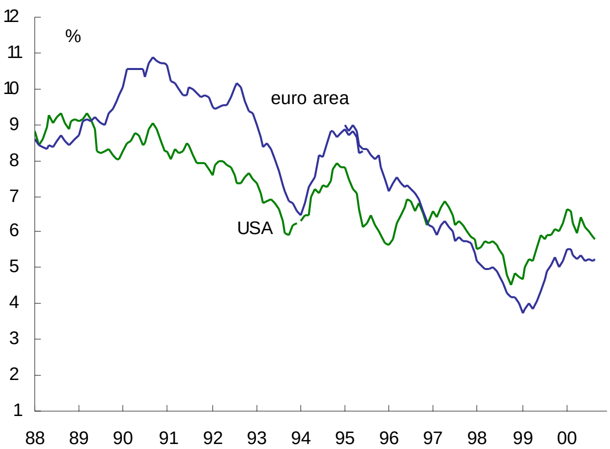
In the *US*, the Fed gradually raised its key interest rates over 1999 and 2000 to 6.5 % at present (Fed funds) and 6 % (discount rate). Market expectations have slightly shifted over the past months, away from expectations of further rising Fed fund rates. This is also reflected in the three-month money market rates.

These inched up until mid May, from around 6 % at the start of 2000 to around 6.8 %, but, since then, they have stabilised at this level.

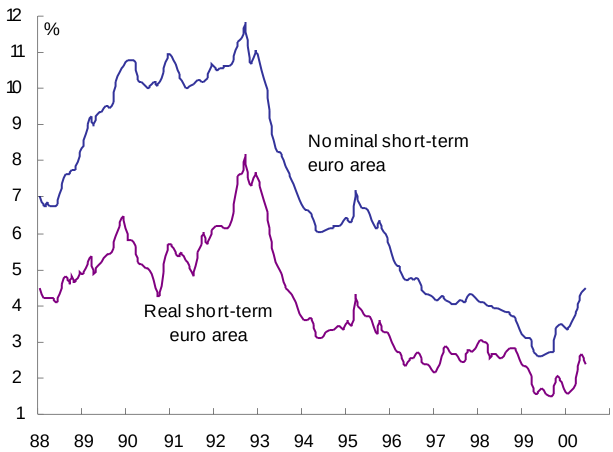
The 10-year treasury bond yield dropped significantly from its peak in late January by around one full percentage point to around 5.8 % currently, and is thus below the levels of money market rates. The still strong, though cooling, domestic economy, as well as a continued benign domestic inflation picture are currently the driving forces on US bond markets. Furthermore, the Treasury buy back programme of Treasury bonds reduced the supply of these securities.

In the *euro area*, the European Central Bank raised its interest rate on main refinancing operations three times over the last 6 months by 1 percentage point in total to 4¾ % at present. From November 1999 when the interest rate was first raised from 2.5 % to 3 %, until the most recent move in October 2000, the overall increase represents 225 basis points. Money markets seemed to have anticipated the first two decisions, but were surprised by the most recent one. Three-months interbank deposit rates have recently moved up to around 5 %.

GRAPH 3: **Nominal long term interest rates in the euro area and in the USA**



GRAPH 4: **Nominal and real short term interest rates** (nom.rates minus CPI, HICP from 96)



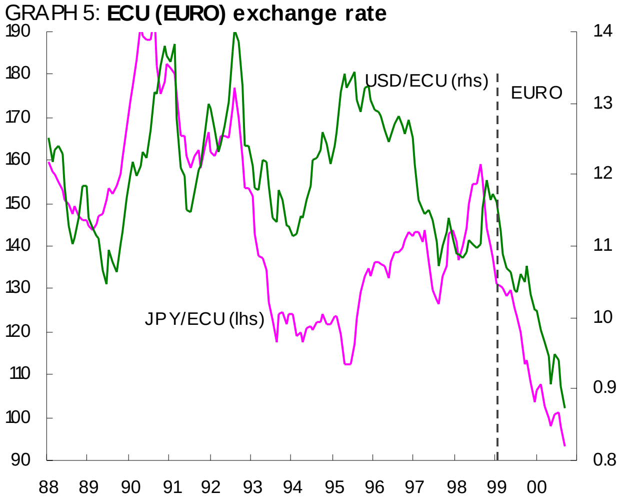
Long-term interest rates in the euro area followed the downward trend in the US, although to a lesser degree. Euro (German) 10-year rates fell from around 5.6 % in late January to around 5.2 % at the end of March and have stabilised since then around that level. Yield differentials between euro and US long-term rates have consequently narrowed substantially, from around 1.1 percentage point to around 0.6 percentage point in October.

The development on money markets was primarily responsible for a flattening of the yield curve, but the difference between euro area long-term and short-term rates has remained slightly positive. Issuing activity on euro denominated bond markets has moved over the past year towards short-term issuing, reflecting a trend of falling long-term interest rate expectations.

The *euro* has continued to be under pressure vis-à-vis the main other currencies. The US has remained an attractive location for capital inflows, given its high growth and demand for investment financing. This translated into a persistent deficit in the basic balance (current account and long-term private capital movements) for the euro area. The USD/EUR exchange rate fell from around parity at the beginning of 2000 to around 0.9 on average in the 3rd quarter. Taking into account developments in exchange rates and unit labour costs in the main trading partners, the real effective exchange rate of the euro is predicted to fall by 9.4 % in 2000, after declining in 1999 already by more than 5 %. It gives a considerable competitive advantage.

In *the United Kingdom*, the Bank of England raised its repo rate gradually from 5 % to 6 % between September 1999 and February 2000. Money market rates have tracked relatively closely euro money market rates, over the past months, although at a higher level. This was also true after the last ECB rate hike, which was not matched by Bank of England action.

GRAPH 5: **ECU (EURO) exchange rate**

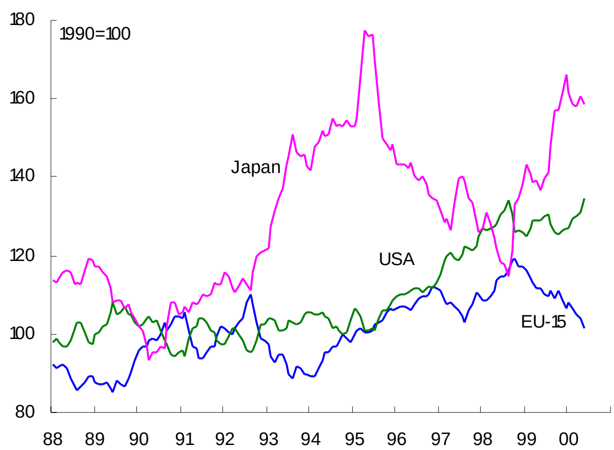


Starting in the beginning of the year, GBP/EUR rates became more stable and, as a consequence, the GBP exchange rate vis-à-vis the USD has, to some degree, tracked the development of the euro vis-à-vis the USD.

Global *stock markets* have, for the first time in many years, seen an overall negative price movement. Share prices on most major markets in mid October levels were below those of the beginning of the year. Particularly on markets, which had posted strong increases during 1999, the development so far in 2000 reversed these gains. This applies in particular to Japan or the markets focusing on technology shares, such as NASDAQ or EASDAQ. The last wave of downward adjustment occurred in September and October of the current year, during which the EuroStoxx lost more than 10 % and other major markets even more.

The reasons behind these losses are several. On some markets, prices were speculatively driven in 1999 to unsustainable levels. Also the delayed effects of interest tightening and the downward revision of previous profit expectations for many companies have contributed. Rising oil prices have added to a more pessimistic mood on stock markets than in previous years.

GRAPH 6: **Nominal effective exchange rates**
against the rest of 24 industrial countries

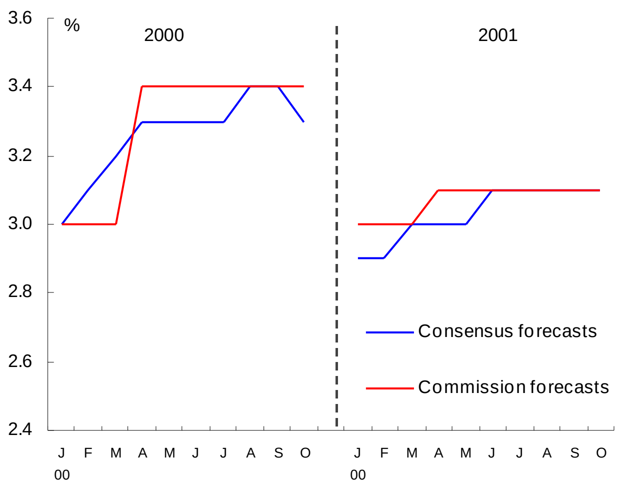


However, this development is by no means a major downward correction, compared to past periods of such corrections. Hence, share prices remain at historically high valuations and the financing via share issues a relatively cheap source for company finances. Issuing and transaction volumes on European stock exchanges have continued to grow significantly underlying the role of this segment of the capital markets.

3. A limited backlash from the oil shock

The Commission’s Spring 2000 Forecast appears to be matched by actual developments this year. Real GDP growth in the EU as a whole is forecast to grow by 3.4% in 2000 and 3.1% in 2001, virtually unchanged from the previous forecast, while a further slowing is foreseen in 2002. With this outlook, the Commission is slightly above the consensus forecast for 2000, where a downward revision has occurred.

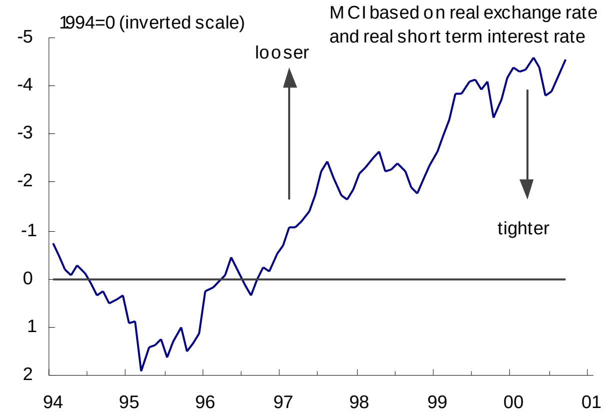
GRAPH 7: **EU-GDP forecast revision for 2000 and 2001**



The following key elements are shaping the outlook:

- Higher oil prices and the depreciation of the euro have lifted inflation, which weighs on real income of households. Higher saving rates and lower consumption could follow. On the other hand, tax cuts and continued strong job creation contribute to maintain a relatively strong pattern for aggregate disposable income;
- Although current monetary conditions in the euro area cannot be considered restrictive, a tighter stance should emerge as declining inflation results in a rise in the real interest rate;
- Stronger than expected world demand and the weak euro have boosted European exports. Contrary to 1998 and 1999, external demand contributes positively to output.

GRAPH 8: **Monetary condition indices (MCI) in the euro area**



Simulations of the *impact of the oil price shock* run with the QUEST model suggest that growth could be reduced by 0.2 and 0.3 percentage point this year and next. European economies are now less vulnerable to oil price upheavals, as oil dependency has decreased drastically (see special topic on page 48).

With the EU economy now in the middle of its seventh year of expansion, though it has been interrupted twice by externally induced setbacks, actual growth is above potential. The *output gap* may have become positive and supply-side tensions may emerge if capacity limits cannot be increased by investment and the tighter labour market is not relieved by increased productivity. The absence of strong evidence that a "new economy" is taking hold in the EU, underlies the prudent growth forecast for 2002.

As regards the *composition of GDP growth*, changes from the Spring 2000 Forecast are limited and reflect the assumed mixed consequences on the outlook of the higher oil price and the cheaper euro. Revisions are concentrated mainly on the *external side*. As a consequence of the more supportive world environment and of the weaker euro, external trade accelerated more in 2000 than earlier envisaged. The foreign balance is expected to provide a slightly larger contribution to GDP growth this year of 0.3 of a percentage point. In 2001 and 2002, external trade is forecast to slow somewhat compared to 2000 as the demand coming from third countries is assumed to slow and the competitive position of EU economies stabilises. In addition imports linked to robust domestic demand are increasing. Consequently, the external contribution to growth should disappear progressively towards the end of the forecasting horizon.

Domestic demand growth is virtually unchanged from the Spring. It is forecast to slow very moderately from 2000 to 2002. Its largest component, *household consumption expenditure*, is seen growing at a steady rate of just under 3.0% throughout the forecast period. Though negatively affected by the terms of trade effect in 2000, consumption should be underpinned by robust job creation and tax cuts the following years. However, private consumption growth is not stronger because households are expected to raise their saving rate after several years of decline. In a climate of uncertainty caused by the rise in oil prices, only part of the additional income generated by the tax cuts is expected to be spent.

Equipment investment growth is also very stable at annual rates of about 6 to 7% through the years 2000 to 2002. Decelerating final demand - in tandem with tighter financial conditions and higher non-labour costs (primary commodities) - might explain why capital accumulation is not more dynamic. In contrast, real unit labour costs continue to fall in the forecast through

TABLE 4 : **Determinants of private consumption expenditure - EU-15**

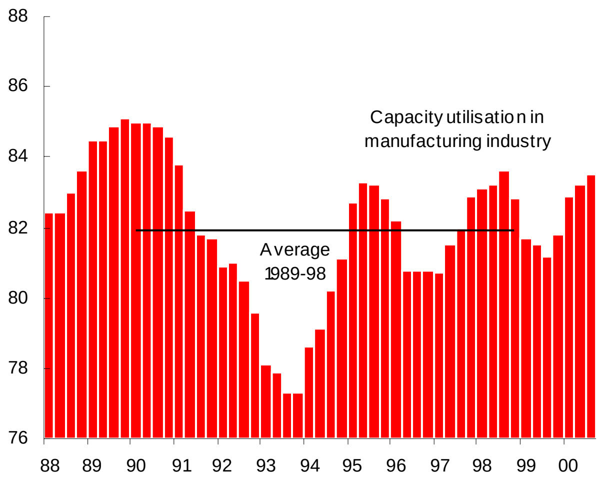
(Annual percentage change unless otherwise stated)	1997	1998	1999	Autumn 2000 2000	2001	2002	Difference with Spring 2000 (a) 2000	2001
Real private consumption expenditure	2.1	3.2	3.0	2.8	2.8	2.7	0.0	-0.1
Compensation per employee	2.6	2.2	2.5	2.8	3.2	3.3	-0.2	0.1
Real compensation per employee	0.5	0.5	1.0	0.6	1.0	1.4	-0.5	-0.2
Employment	1.0	1.6	1.6	1.6	1.3	1.2	0.3	0.1
Real gross disposable income	1.6	2.2	2.3	2.2	3.3	2.6	-0.4	-0.1
Saving rate of households (b)	12.2	11.3	10.8	10.2	10.5	10.4	0.0	0.0
Labour tax wedge (c)	49.9	50.1	50.4	50.1	49.5	49.4	0.1	-0.1

(a) A "+" ("-") sign means a higher (lower) positive figure or a lower (higher) negative one compared to Spring 2000.
(b) As a percentage of gross disposable income.
(c) Defined as the difference between the gross wage paid by the firm and the income effectively left in the hands of the employee after deduction of social security contributions, personal income tax, as a percentage of the gross wage bill.

2001 and 2002, which raises the share of profits in total value-added.

Gross fixed capital formation in *construction* is forecast to grow by a steady rate of around 3½ to 4% per year throughout the period. The assumption of higher borrowing costs, coming on top of already high levels of indebtedness is expected to dampen construction investment somewhat. It should be noted that the apparent stability at the EU-level hides a marginal recovery in Germany together with a marked deceleration in a few other major economies.

GRAPH 9 : **Capacity utilisation in EU-15**



In general, differences between growth rates of the EU as a whole and the euro area are small. Moreover, most Member States follow the same pattern of a moderate slowing. The average growth rate in the *euro area* is marginally higher in 2000 (3.5%) and 2001 (3.2%) than in the EU as a whole, but it is the same in 2002 (3.0%) (more on growth differentials among euro area participants on pages 16 and 17).

Among the countries not participating in the euro area, the growth pattern over the forecast horizon is summarised below. Following the policy-induced slowing of 1999, GDP growth in *Denmark* is set to accelerate again in 2000, essentially on the back of buoyant domestic demand. Expenditures have likely been boosted by the need to recover from the December 1999 hurricane. In 2001 and 2002, some rebalancing away from domestic demand is foreseen, leaving GDP growth at around 2.3% in both years. *Sweden* is experiencing a period of rapid output growth combined with moderate inflation, strong job creation and healthy investment. After an expected 4% this year, output growth is forecast to reach above trend rates of 3.7% and 3.2% in 2001 and 2002. The better functioning of the labour market, and relatively strong productivity gains should help avoid any major inflationary slippage. In the *United Kingdom*, output growth to 3.1% expected in 2000 is fuelled, once again, mainly by households' expenditure. In the coming two years, GDP growth should keep operating around or slightly above long term trend, but with some rebalancing in the growth composition away from domestic demand. In spite of rising energy prices, overall inflation has remained remarkably moderate so far and prospects for this to continue are high.

4. Tightening labour market as unemployment keeps declining

The acceleration in economic activity in 1999 has had a beneficial impact on *employment* creation, which grew by 1.6% in 1999, compared to only 1.3% according to the previous forecast. As GDP growth is expected to continue to be buoyant through the current year, employment creation is revised upwards in the European Union compared to what was thought earlier. Employment is now expected to grow at 1.6% in 2000. For 2001, employment growth could decelerate to around 1.3% (1.2% in 2002), as real economic growth may also decelerate slightly.

The deceleration in employment growth in 2001 and 2002 may appear to be counter-intuitive, in the light of still strong GDP growth in 2000 and 2001 and the fact that employment reacts with a time lag of approximately one year to changes in real output. A mixture of special factors and genuine economic

TABLE 5 : **Labour market outlook - EU-15**

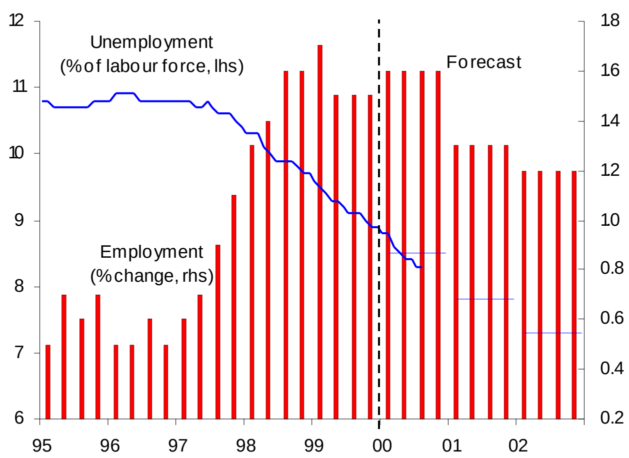
(Annual percentage change)	1991-95	1996-02	1999	Autumn 2000 2000	2001	2002	Difference with Spring 2000 2000	2001
Population in working age (15-64)	0.4	0.2	0.3	0.2	0.1	0.1	0.0	0.0
Labour force	0.2	0.7	0.8	0.9	0.7	0.7	0.3	0.1
Employment	-0.4	1.3	1.6	1.6	1.3	1.2	0.3	0.1
Employment (change in million)	-3.6	13.5	2.6	2.6	2.1	2.0	0.6	0.2
Unemployment rate (% of labour force)	9.9	9.1	9.2	8.4	7.8	7.3	-0.1	-0.1
Labour productivity, whole economy	1.9	1.4	0.8	1.8	1.8	1.8	-0.3	-0.1
Employment rate (a)	-	62.2	62.0	63.0	63.8	64.5	0.4	0.5
p.m. Employment euro area	-0.2	1.3	1.8	1.8	1.5	1.4	0.4	0.2

(a) As a percentage of population in working age. Benchmark series.

developments explain this:

- Statistical revisions in Germany and the registration of previously undeclared workers led to a boost in employment growth in 2000;
- The emergence of bottlenecks in the labour market in some countries, especially where unemployment has already fallen to rates close to structural unemployment, may lead to shortages in skilled labour, despite the willingness of firms to create new jobs in response to good demand prospects.
- Finally, there is a rebound in labour productivity from previously low levels.

GRAPH 10: **Unemployment and employment in EU-15**



The rate of *unemployment*, which was at 9.2% of the civilian labour force in 1999 for the EU as a whole (9.9% for the euro area) will continue to fall consistently during the time horizon of the forecast. In 2000, the number of unemployed as a percentage of the civilian labour force (Eurostat definition) is expected to decline to 8.4% (9% for the euro area) and will continue its downward path to 2002, when it will reach 7.3% in EU-15 and 7.9% in the euro area.

However, the rates of unemployment will continue to vary substantially across Member States. In 2000, only three countries will still record two-digit unemployment rates (E, EL and I), while in eight countries the rate of unemployment may be below 7%. The positive developments in the labour market situation in the European Union will help increase the consumer confidence.

5. Wages consistent with price stability

Higher oil prices and a weaker euro led to a substantial upward revision of the previous inflation forecast. Average HICP inflation in the *EU* is expected to be 2.1% in 2000, 2.0% in 2001 and 1.8% in 2002. This is a marked rise from 1.2 % in 1999. The inflation profile from 2000 onward is, however, downward sloping as the direct impact of the hike in oil prices should wane next year.

The further depreciation of the euro vis-à-vis the currencies of its trading partners since last Spring was unforeseen. Over the two years 1999 and 2000, the *nominal effective exchange rate* has moved down by 6.1% and 7.2% respectively.

Oil prices have risen further since the Spring 2000 Forecast to a peak of USD 37 per barrel in September 2000 (Brent quality). This nominal level was last seen in 1990-1991 at the time of the Gulf war. A progressive decline in oil prices is assumed over the forecast period (for more details on oil prices, see special topic n°1 on p.48).

In average, *non-oil commodity prices* have, in contrast to oil, barely moved. Measured in terms of the IMF index they are up 3.7 % from January to August vis-à-vis previous year's levels, but during the course of this year the development has been even slightly downwards. This is particularly due to non-food agriculturals, whereas price of metals, on average, have remained at levels seen at the beginning of the year.

Although *energy* only accounts for about 8% of the total HICP basket, the sharp rise in energy prices is responsible for virtually all of the acceleration in the monthly headline inflation rate from 1.8% year-on year in the beginning of the year to 2.5% in September.

TABLE 6 : **Inflation outlook - EU-15**

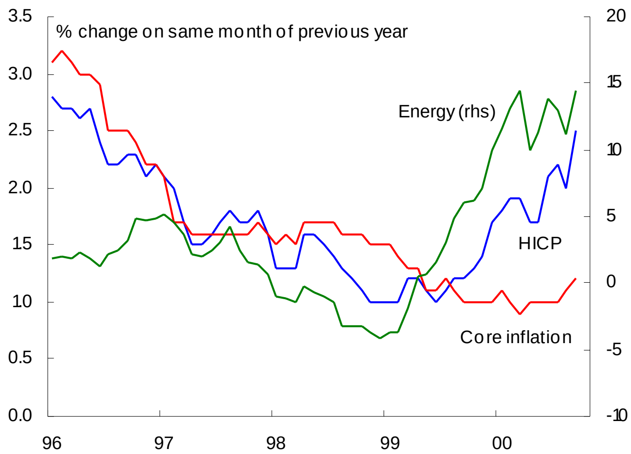
(Annual percentage change)				Autumn 2000			Difference with Spring 2000	
	1997	1998	1999	2000	2001	2002	2000	2001
Private consumption deflator	2.1	1.7	1.4	2.2	2.1	1.9	0.3	0.2
GDP deflator	1.9	2.0	1.5	1.4	1.9	2.0	-0.3	-0.1
HICP	1.7	1.3	1.2	2.1	2.0	1.8	0.3	0.3
Compensation per employee	2.6	2.2	2.5	2.8	3.2	3.3	-0.2	0.1
Unit labour costs	1.1	1.0	1.6	1.1	1.3	1.5	0.2	0.1
Import prices of goods	1.1	-2.8	-0.7	7.7	3.3	1.3	4.6	2.1
p.m. HICP euro area	1.6	1.1	1.1	2.3	2.2	1.9	0.5	0.4

By contrast, EU *core inflation* defined as the annual change in the overall index excluding energy and unprocessed food (an aggregate totalling some 84% of the HICP basket) showed a limited increase from a rate of 1.0% in January 2000 to 1.2% in September. The same development can be observed as regards *services*, a good indicator for domestic price pressures. Inflation in the services sector (accounting for 40% of the HICP basket) edged up slightly from 2.0% in January 2000 to 2.1% in September.

Looking forward, the following elements underlie the inflation profile:

- The assumption made for crude oil price leads to a favourable base effect during 2001 as regards the annual change of the energy component, which was responsible for almost the entire rise in headline HICP observed in 2000.
- A slight rise in core inflation (energy and unprocessed food are excluded) is foreseen from the autumn 2000 onwards, thereby impacting mainly on the year 2001. This hike signals that only a limited pass-through from oil prices to other goods and services' prices is assumed in the Forecast.

GRAPH 11: **HICP inflation in EU-15 and some components**



The HICP forecast for the *euro-area* at 2.3% in 2000 is noticeably above that of the EU, essentially because of subdued inflation in the UK. In 2000 and 2001, it decelerates to 2.2% and 1.9%. More details and comparisons across countries can be found in the euro area section (see page 16).

In *Denmark*, HICP inflation is expected to decline from an estimated 2.8% this year to 1.8% in 2002, while in *Sweden*, an acceleration is foreseen from a rate of 1.3% this year to 1.9% in 2002. In the *United Kingdom*, HICP inflation is expected to edge marginally upwards from 1.0% this year to 1.4% in 2002.

A crucial assumption in the forecast is that of *wage developments*. It is assumed that earning negotiations to come will take on board the price stability objective of central banks and will not depart from the moderate trend evident for a few years. In the EU as a whole, nominal compensation per employee is estimated to grow by 2.8% in 2000 and is expected to accelerate mildly to 3.2% in 2001 and 3.3% in 2002. This overall benign development owes much to past wage agreements, since many of them cover the years 2000 and 2001. As regards the year 2002, the general appraisal underlying the Forecast is that wage moderation will continue, which implies that wage earners will not be fully compensated for the less than expected growth in real wages felt in 2000. The current widespread tendency to reduce taxes borne by households, can also be viewed as a relief to help moderate wage claims.

Labour productivity growth in the EU rose in 2000 to 1.8% compared to the two previous years (around 1%). However, the absence of further rises in the forecast figures for 2001 and 2002 (1.8% in both years) suggests this to be a cyclical correction towards the previously observed long-term average of about 2 %. Therefore, contrary to what has been occurring in the US from the mid-1990s, hardly any help can be expected, yet, from faster productivity gains to meet price stability.

The productivity gains will dampen *nominal unit labour costs*. After an increase of 1.6% in 1999, nominal unit labour costs are expected to increase by only 1.1% in 2000, 1.3% in 2001 and 1.5% in 2002.

The further improvement in the profitability of investment can continue as the profit share in national income is not likely to fall over the forecast period, unlike in 1999. An indicator for this is the change in *real unit labour costs*. After an increase of 0.1% last year, real unit labour costs are expected to decline by about 0.5% per year between 2000 and 2002.

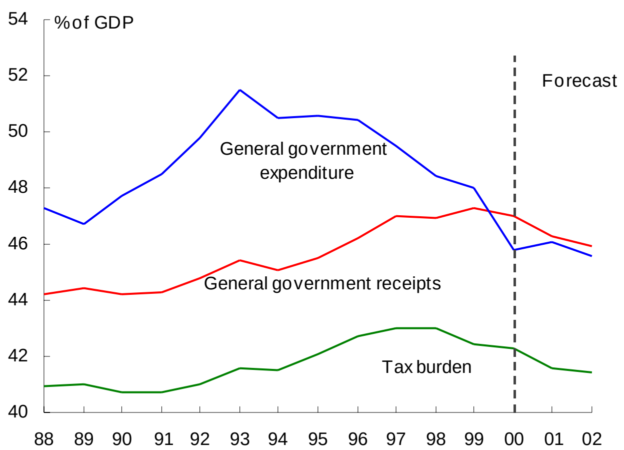
Because of the acceleration in inflation, the *real compensation per head* will rise very moderately this year in the EU (it will hardly rise in the euro area), before coming back to a more usual pattern the following years, when it is expected to grow by 1.0% and 1.4% receptively.

While at the EU level, expected wage developments do not raise concerns, several *Member countries*, which have enjoyed a few years of sustained growth and where the labour market is tight, might be relatively more exposed to eventual wage pressures, namely, Denmark, Ireland, the Netherlands, Portugal, Finland and Sweden.

6. Improved budgets, but loosening fiscal policy

This year the EU *general government balance* is expected to turn into a surplus of 1.2% of GDP and to remain in surplus (0.2 % of GDP in 2001 and 0.3 % in 2002). It represents at first sight a marked improvement compared to what was anticipated in the Spring Forecasts. Also for the euro area government balances improved, but the surplus to be realised in 2000 can probably not be maintained next year.

GRAPH 12: **General government expenditure and receipts in EU-15**



However, the inclusion in actual government budgets of the one-off proceeds from the sale of *UMTS licenses* distorts the numbers. The impact varies from country to country and can be as high as 2.5% of GDP (Germany, the United Kingdom for which these are observed figures), a rather modest 0.4% of GDP (Austria, Portugal for which these are only estimates) or non-relevant as the licenses were given away for free (Finland, Sweden). Excluding these one off revenues government balances compared with outturns for 1999, improve by 0.6 percentage points in 2000 (0.3 in the Euro area) and by 0.1 in 2001. However in some countries (Germany, Luxembourg, Netherlands and United Kingdom) in 2001 there is a deterioration.

Higher *receipts*, fuelled by strong nominal GDP growth make also a significant contribution to public finances. At 47 % of GDP in 2000 the total revenue ratio is more than a full percentage point above the Spring Forecast. The tax burden, however, should exhibit a downward trend over the forecast horizon, to 41.4% in 2002. The tax burden is defined as the sum of the following taxes as a percentage of GDP: taxes on production and imports (including taxes paid to the EU) plus current taxes on income and wealth plus actual social contributions plus capital taxes.

Box 2: Main fiscal measures

	Description	Period	Impact[1] (% of GDP)
B	Reform of personal income tax; Lower SSC, VAT; Tax scale indexation.	2002-2006	1.3%
DK	Lower income taxes and lower tax deductions on interest payments; Rise in energy taxes.	2000-2002	
D	Reduction of SSC, personal and corporate taxes; Rise ecological taxes.	2000-2005	1.5%
EL	Reduction of personal income and corporate taxes; Reduction of SSC.	2001-2003	
E	Income tax brackets and excise duties held constant; Rise fees on tel. Companies; Measures to ease negative oil price effects.	2001	2%
F	Lower income and corporate taxes, oil taxes and VAT; Reform of "taxe professionnelle"; Elimination of vehicle registration tax; Rise environmental taxes.	2000-2003	2.1%
IRL			
I	Lower personal income and corporate taxes, excise duties on fuel, SSC; Higher non-tax revenues and government expenditure; Savings in current expenditure. Tax and contribution cuts are in relation to higher-than-projected trend revenues.	2000-2004	0.4%
L	Reduction of income tax; Reduction of corporate taxes.	2000–2002 2002	2.8%
NL	Reduction of SSC, income tax; Rise in VAT, environmental levies; Property tax replaced by tax on imputed property income.	2001	0.7%
A	Lower pension and PA expenditure; Discretionary spending; Rise in various taxes; Introduction university fees; Larger basis for SSC; Reduction of non-wage labour costs.	2000-2002	2.0%
P	Lower corporate tax rates roughly compensated by the broadening of the tax base; reduction in personal income tax rates.	2001-2002	
FIN	Reduction of SSC and income tax; Rise of corporate and environmental taxes.	2000-2003	1,5%
S	Lower income, corporate and consumption taxes; Rise of environmental taxes.	2001	0.7%
UK			

1: After the end of the implementation period.

In part, the decline in the tax burden is due to significant *tax cuts* announced by several Member States. Reductions of social security contributions are

TABLE 7 : **General government budgetary position - EU-15**

(% of GDP)	1997	1998	1999	Autumn 2000: 2000	2001	2002	Difference with Spring 2000: 2000	2001
Total receipts (1)	47.0	46.9	47.3	47.0	46.3	45.9	1.1	1.2
Total expenditure (2)	49.5	48.4	48.0	45.8	46.1	45.6	-0.5	0.6
Actual balance (3) = (1)-(2)	-2.4	-1.5	-0.7	1.2	0.2	0.3	1.6	0.5
Interest (4)	5.0	4.6	4.1	3.9	3.6	3.5	0.0	-0.1
Primary balance (5) = (3)+(4)	2.5	3.1	3.5	5.1	3.8	3.8	1.6	0.5
UMTS	0.0	0.0	0.0	1.2	0.2	0.0	-	-
Cyclically adjusted balance (6)	-2.0	-1.2	-0.3	0.0	-0.2	0.0	0.5	0.4
Cyclically adj. prim. balance = (6)+(4)	3.0	3.4	3.9	3.8	3.5	3.5	0.4	0.4
Change in actual balance :	1.8	0.9	0.8	1.9	-1.0	0.1	1.7	-1.1
Due to **- Cycle**	0.1	0.1	-0.1	0.4	0.2	0.1	-0.1	0.0
- UMTS	0.0	0.0	0.0	1.2	-1.0	-0.2	-	-
- Interest	0.5	0.4	0.5	0.2	0.3	0.1	0.0	0.1
- Cycl. adj. primary balance	1.2	0.4	0.5	-0.1	-0.3	0.0	0.4	0.0
Gross debt	71.1	69.0	67.5	63.9	60.7	57.9	-1.2	-1.9
p.m. Actual balance euro area	-2.6	-2.1	-1.3	0.3	-0.5	-0.3	1.2	0.3
p.m. Primary balance euro area	2.5	2.6	3.0	4.4	3.5	3.5	1.2	0.3
p.m. Cycl. adj. prim. balance euro area	3.1	3.0	3.5	3.4	3.1	3.2	0.2	0.1

Note : Total expenditure, actual and primary balances include UMTS, while cyclically adjusted figures exclude UMTS proceeds.

anticipated, amongst others, by Belgium, Germany Greece, Italy, the Netherlands and Finland with the aim of lowering non-wage labour costs. Cuts in personal income and corporate taxes have been announced by almost all Member States. Also consumption taxes are expected to be lowered, particularly in Belgium and France. In contrast, VAT will be increased in the Netherlands.

On the *expenditure* side, government budgets are expected to benefit from savings both on unemployment-related social security outlays and on interest payments. The contribution of reduced interest expenditure to the improved budget balance is estimated to be 0.2 % of GDP in 2000 for both the EU as a whole and the euro area.

All in all, fiscal policy appears slightly expansionary over the forecast horizon. Indeed, the *cyclically adjusted primary balance* is expected to decline in 2001 by 0.3 percentage points both in the EU as a whole and in the euro area. The loosening of fiscal policy in 2001 is more evident in Germany, Greece, the Netherlands, Italy, Sweden and the UK, while other Member States continue with their consolidation effort. In some other countries (France, Portugal) the level of the structural deficit remains high.

TABLE 8: **Budgetary impact of UMTS license sale**

(as % of GDP)	UMTS Licenses		Government balance: Including UMTS		Excluding UMTS		(change)	
	2000	**2001**	**2000**	**2001**	**2000**	**2001**	**00/99**	**01/00**
B	0.0	0.2	0.0	0.7	0.0	0.5	0.7	0.5
DK	0.0	0.5	2.6	3.3	2.6	2.8	-0.2	0.2
D	2.5	0.0	1.4	-1.5	-1.1	-1.5	0.3	-0.4
EL	0.0	0.0	-0.8	-0.3	-0.8	-0.3	1.0	0.5
E	0.1	0.0	-0.3	0.1	-0.3	0.1	0.7	0.5
F	0.0	1.1	-1.4	0.0	-1.4	-1.1	0.4	0.3
IRL	0.0	0.0	4.2	4.5	4.2	4.5	2.3	0.3
I	1.2	0.0	-0.1	-1.1	-1.3	-1.1	0.6	0.2
L	0.0	0.0	4.9	4.2	4.9	4.2	0.5	-0.7
NL	0.7	0.0	1.8	0.6	1.1	0.6	0.1	-0.5
A	0.4	0.0	-1.3	-0.8	-1.7	-0.8	0.4	0.9
P	0.4	0.0	-1.5	-1.4	-1.9	-1.4	0.1	0.5
FIN	0.0	0.0	4.2	4.4	4.2	4.4	2.3	0.2
S	0.0	0.0	3.5	3.6	3.5	3.6	1.6	0.1
UK	2.4	0.0	4.5	2.0	2.1	2.0	0.8	-0.1
EU15	1.3	0.2	1.2	0.2	-0.1	0.0	0.6	0.1
Euro area	1.1	0.2	0.3	-0.5	-0.8	-0.7	0.3	0.1

The amounts for B, DK, F, and A are estimates, based on information available to the date of the finalisation of the Autumn 2000 forecasts. For the remaining countries the amounts included are in accordance to final decisions.

Revenues from UMTS licenses (bn. of EURO unless otherwise stated).

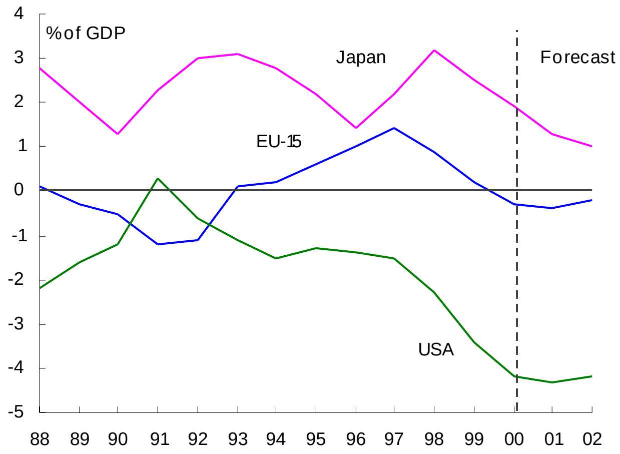
2000 Germany 50.8, Spain 0.5, Italy 13.8, Netherlands 2.7, Austria 0.7, Portugal 0.4, United Kingdom GBP 22.5.

2001 Belgium 0.6, France 16, Denmark DKK 6.7.

7. Foreign trade and foreign balances

EU merchandise export and import values have expanded strongly over the current year, partly driven by higher prices but also by growing world trade volumes. Exports to third countries grew at an annual rate of 23% over the first eight months of 2000, imports by 32%. Exports rose in all major product categories, with exports in food and beverages trailing behind the trend. On the import side, apart from energy products, machinery and equipment saw a further rise in its growth rates, from close to 10% over the 2nd half of 1999 to 27 % in the 1st half of 2000.

GRAPH 13: **Balance on current transaction with the rest of the world**



As import values have continued to grow faster than exports, the EU trade deficit is continuing to widen. Yet, the deterioration is mostly due to a rise in oil prices (see Special topics n° 1). The trade balance in services has also stabilised, with growth of exports recently outperforming import growth slightly. EU exporters are forecast to continue benefiting from a favourable world economy. In addition, reversing an opposite trend over several years, EU exports are forecast to rise faster than EU export markets. The sharply improved competitive position plays a key role for that gain in market share.

As a result of these volume and price trends, the trade balance vis-à-vis third countries ("adjusted balance" in table 50) is expected to be negative in 2000 (EUR -22.6 billion), but, over the next two years, to improve slightly (EUR -3.1 billion in 2002). The balance on current transactions with the rest of the world will equally show a deficit in 2000 (EUR -60 billion). It is predicted to be even more negative in 2001. In 2002 the deficit, with EUR -56 billion, is forecast to be, somewhat smaller than in 2000 or 2001, but still large as compared to its long-term average.

8. Risks and uncertainties: avoiding second round effects of the oil price increase

One of the main uncertainties is the impact of the hike in oil prices. Thanks to energy saving measures, economic activity should suffer less than during previous episodes of oil shocks. Much will, however, depend on whether *the second round effects* will be substantial. Higher oil prices lead to a deterioration in the terms of trade representing a loss of purchasing power for consumers and higher production costs for firms. These consequences must be borne in the end. Full compensation for oil price rise through increasing wages and higher goods prices, risks initiating an inflationary spiral to which the ECB would almost certainly react. In some Member States tax cuts and lower social security contributions could temper wage claims and thus contain labour costs. However, where capacity constraints and labour shortages are emerging, these fiscal measures may not succeed in restraining wage pressures and could create conditions for overheating. Nevertheless, some comfort can be drawn from the moderate wage agreements which in several countries extend to the end of 2001. Enhanced competition and deregulation should also help containing the pass-through of the higher oil prices.

Another risk concerns the *current account imbalances* at the world level. The US current account deficit is expected to remain at more than 4 % of GDP. The EU surplus has turned into deficit, while the Japanese surplus has become smaller. The OPEC is forecast to accumulate a current account surplus of almost USD 120 billion by 2002 against USD 13 billion in 1999. If the accumulation of foreign debt by the US makes investors at a certain moment worried about the return on their assets, they will not longer be prepared to finance the huge current account deficit of the US. In that case, violent swings in the direction of capital flows could occur with dramatic consequences for exchange rates and the stability of financial markets in general.

Finally, GDP growth in the EU is projected to be about 3 % in 2002. This could prove to be an under-estimate, if some of *"new economy"* effects are taking hold more strongly and rapidly than assumed in the prudent scenario underlying the Autumn Forecasts. In particular, equipment investment could be stronger than suggested by the headline numbers. High profitability and the large utilisation of production capacities could spur capital formation. Furthermore, quality changes make some of the real investment in information and telecommunication technologies difficult to measure. A stronger investment performance and a greater use of new technologies would shift the production frontier upwards, increase productivity and so permit higher non-inflationary growth.

III Euro area: Strong growth but still above average inflation in some smaller countries

In the euro area, GDP growth is estimated to be 3.5% in 2000, a full percentage point higher than in 1999 and the best performance since 1990. Conditions for growth remain very good, but the oil price shock has created some uncertainty. Nevertheless, average GDP growth should not fall below 3 % in the forecast horizon, as real disposable income is underpinned by tax cuts which partly offset the oil price induced loss in purchasing power. Given the cyclical position, investment could have been stronger, but oil prices weigh on profit margins. Exports are expected to remain dynamic supported by strong world demand and an improved competitive position boosted by the weakness of the euro. All in all, it is a broadly based growth outlook which emerges, with only a moderate deceleration in the offing. Average growth in the euro area is predicted to be 3.2% in 2001 and 3% in 2002.

All countries benefit from the upswing, but in particular the smaller euro area participants enjoy a strong expansion. The notable exception is Portugal, where a deceleration of activity towards more sustainable levels is forecast. Germany and Italy which were trailing behind euro area dynamism in 1999, caught up. By contrast, France was ahead of the cycle and has already slowed down in the first half of 2000.

Headline inflation in the euro area jumped to 2.8 % on an annual basis in September and is expected to remain for a longer period than envisaged in the Spring Forecasts above 2 %. As oil prices are assumed to ease only slowly, average HICP-inflation in the euro area has been revised upward from 1.8 % to 2.3 % in 2000, while for next year the prediction is now 2.2 %. Only in 2002, inflation will be again below the ECB's medium-term objective for price stability.

Core inflation (annual rate) which excludes energy and unprocessed food from the overall price index, crept only slightly up to 1.4 % in September 2000 compared to about 1 % one year ago. This is evidence together with the recently observed declining trend in long-term interest rates that inflationary expectations have not been fundamentally altered.

Wage earners are not expected to seek full compensation for the present high level of inflation to the extent that it is seen as a temporary phenomenon. Furthermore, the experience of the oil price shocks in the seventies may be remembered as negative. It was attempted at that time to offset its impact on purchasing power by increasing wages and an expansionary budgetary policy. This proved unsuccessful, as passing on the burden of adjustment of a terms of trade shock is counterproductive; it led to a wage-price spiral which eventually ended in recession. Therefore, wage moderation is expected to prevail. Also tax cuts may help to contain wages. Nevertheless, compensation per

Main features of country forecast - Euro area

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	6126,9	100,0	2,1	2,3	2,8	2,5	3,5	3,2	3,0
Private consumption	3467,0	56,6	2,0	1,7	3,0	2,8	2,6	2,8	2,7
Public consumption	1229,6	20,1	2,1	1,0	1,2	1,6	1,5	1,4	1,5
GFCF	1276,3	20,8	1,6	2,3	5,1	5,4	5,5	5,1	5,0
of which : **equipment**	525,3	8,6	2,6	5,1	9,2	7,1	7,5	7,0	6,5
Change in stocks as % of GDP	132,5	2,2	0,3	0,2	0,6	0,5	0,6	0,5	0,6
Exports (goods and services)	2037,3	33,3	5,0	10,3	6,9	4,5	10,9	8,9	7,8
Final demand	8142,7	132,9	2,5	3,8	4,4	3,5	5,1	4,6	4,4
Imports (goods and services)	1929,0	31,5	4,3	9,1	9,7	6,4	10,0	8,8	8,1
Contribution to GDP growth :	**Domestic demand**		1,9	1,5	2,9	2,9	3,0	3,0	2,9
	Stockbuilding		0,0	0,2	0,4	0,0	0,1	0,0	0,1
	Foreign balance		0,2	0,5	-0,6	-0,5	0,4	0,2	0,0
Employment			0,3	0,8	1,6	1,8	1,8	1,5	1,4
Unemployment (a)			9,6	11,5	10,8	9,9	9,0	8,5	7,9
Compensation of employees/head			6,2	2,1	1,4	1,9	2,4	2,9	3,0
Unit labour costs			4,3	0,6	0,3	1,1	0,8	1,2	1,3
Real unit labour costs			-0,9	-1,0	-1,5	-0,1	-0,4	-0,7	-0,6
Savings rate of households (b)			-	-	13,2	12,8	12,5	12,7	12,5
GDP deflator			5,3	1,6	1,7	1,3	1,2	1,8	1,9
Private consumption deflator			5,4	1,9	1,4	1,3	2,3	2,1	1,9
Harmonised index of consumer prices			-	1,6	1,1	1,1	2,3	2,2	1,9
Trade balance (c)			0,4	2,6	2,4	1,8	1,2	0,9	1,1
Balance on current transactions with ROW (c)			0,0	1,6	1,0	0,4	-0,1	-0,2	-0,1
General government balance (c) (d)			-4,6	-2,6	-2,1	-1,3	0,3	-0,5	-0,3
General government gross debt (c)			57,3	74,6	73,0	72,1	69,8	67,5	65,2

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.
(d) Including proceeds relative to UMTS licences in 2000 and 2001, without which the general government balances would amount to -0.8% and -0.7% of GDP respectively.

head is expected to increase slightly faster at 3 % in 2002 compared to 1.9 % in 1999 and 2.4 % in 2000, as the labour market is becoming tighter.

Above-potential growth in the smaller countries has created the conditions for an easier passthrough of imported inflation. The risk of overheating has hardly diminished in some of these Member States, despite some cooling of activity due to the oil price shock.

Economic activity is likely to remain robust in *Austria* and *Belgium*, though slowing somewhat. Average annual inflation should already fall significantly next year thanks to wage moderation and in Austria also to the tightening of fiscal policy.

Net exports and investment contributed strongly to GDP growth in *Germany* in 2000, but private consumption is expected to start playing a bigger role in the following years. The increase of unit labour costs remains among the lowest in the euro area up to 2001. The next wage bargaining covering the year 2002 is assumed to show continued moderation.

In *Greece*, activity is expected to accelerate further over the next two years, somewhat against the general tendency in the euro area. The 2004 Olympics spur investment and the country is reaping the benefits from introducing the single currency. Inflation is decelerating, and the effect of wage restraint is seen in relatively low core inflation.

After several years of strong growth, *Spain* is currently experiencing an above average inflation rate, linked to both imported and domestic prices. However, as GDP growth is expected to slow and to be rebalanced away from domestic demand, price pressures are likely to abate somewhat in the two coming years.

The *French* economy peaked at the end of 1999 and it is seen operating at a slower rate over the two years to come. The observed wage moderation owes much to the implementation of the reduction in working time.

In *Ireland*, HICP inflation was 5 % in September 2000, but also core inflation (excluding the volatile energy and unprocessed food component) is close to that level. With an increasingly tighter labour market, only strong productivity gains are counterbalancing the inflationary pressure, which comes from wage increases.

Core inflation (around 2 %) is relatively high in *Italy* but shows no signs of acceleration. The 2000 agreement to exclude imported inflation from wage negotiations should keep the inflation picture benign.

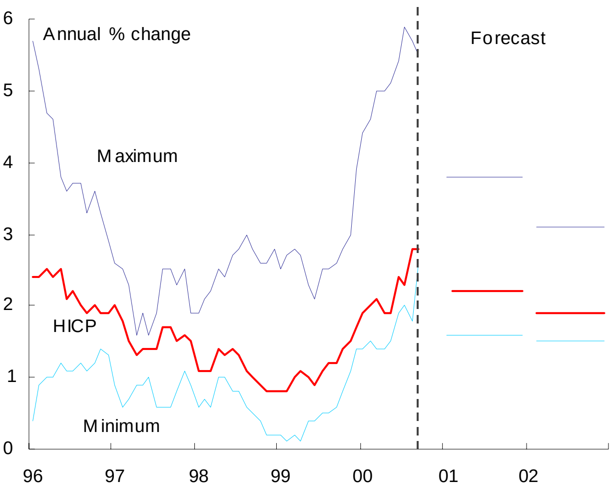
Luxembourg is experiencing a very strong growth performance. The country is very sensitive to the high oil price due to the relatively large weight of energy to the HICP basket, which explains the sharp acceleration in recent HICP figures.

The Netherlands continues to experience robust growth. Tax reform next year (increase in VAT and lowering of personal income tax) are likely to influence the picture for private consumption and inflation. A tight labour market is stretching wage moderation which was in place for many years.

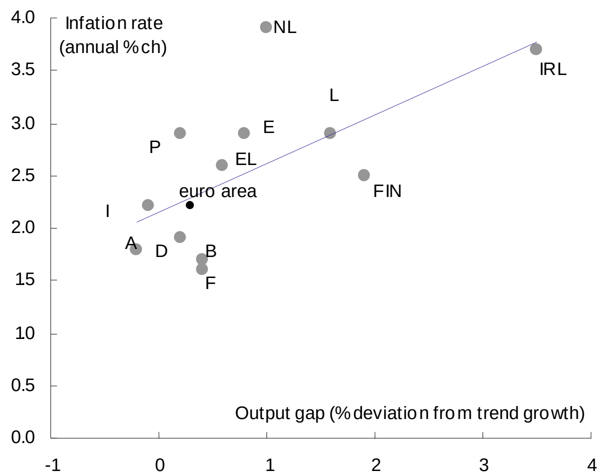
In *Portugal***,** the authorities have neutralised since 1999 part of the impact of the rise in oil prices by reducing petrol taxes. Domestic sources pushed up core inflation to around 3%. GDP growth is expected to rely more on exports and less on domestic demand.

Growth in *Finland* is expected to remain high but to moderate as capacity limits begin to bind. The current wage negotiation is very important for moderation to remain in place. Inflation is expected to decline from the current high levels.

HICP inflation in the euro-area



HICP inflation in 2001 and the output gap



Belgium: Robust economic growth and improved public finances

Output. Improved export performance should lead to an acceleration in economic activity in 2000 bringing GDP growth to 3.9%, the highest growth rate since 1988. For 2001 and 2002, a slower GDP growth is projected, remaining, however, robust at rates somewhat above 3%. The negative effect of higher oil prices on growth should be modest and is not expected to affect significantly the behaviour of economic agents or put at risk the competitiveness of the economy. A basic feature of economic growth over the forecast period is its balanced, broad-based character, supported by sustained private consumption, healthy investment spending and continuing positive contribution of net exports. The contribution of the external sector to GDP growth, about 1 percentage point in 2000, should result from a strong revival of exports which started in the last quarters of 1999, after a weak first semester, and is still robust. In the course of the year, the open economy of Belgium has benefited from the economic performance in the European Union and in the rest of the world.

Sources of growth. Private consumption should remain strong throughout the forecast period, supported by growth in employment and incomes. Positive expectations related to prospects of lower tax burden made possible by improved public finances are supportive of households confidence and should attenuate the negative impact of the oil price rise, notably if this is perceived as temporary. The households' savings rate is expected to decline marginally in 2000; some modest reversal of its falling trend, observed for a number of years, should occur in 2002, in line with a rise in non-labour incomes. Business investment is projected to grow at rates above 5% per year, enhancing the productive potential of the economy. Healthy companies profitability, high rates of capacity utilisation and preserved price competitiveness suggest that the projected investment rates are attainable. Public investment, which grew strongly, by 13.5%, in 1999, as is traditionally the case in the year preceding local elections, is estimated to grow this year by 6% and return to lower growth rates, about 3.5%, in the next two years. Stockbuilding should have a positive contribution to growth in 2000 after a large reduction of stocks in 1999. Increase in external demand and preserved international competitiveness due to contained domestic costs, are expected to boost exports in 2000 and keep their growth rate robust, though lower, in 2001 and 2002. Sustained domestic demand would keep imports relatively high over the forecast period.

Labour market. The positive trends observed in the labour market in recent years should continue, supported

Main features of country forecast - BELGIUM

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	233,7	100,0	1,8	3,4	2,4	2,7	3,9	3,3	3,2
Private consumption	125,0	53,5	1,6	2,1	3,3	1,9	2,5	2,4	2,4
Public consumption	50,0	21,4	1,3	0,1	1,4	3,4	1,1	1,5	1,5
GFCF	49,1	21,0	1,7	6,7	4,6	4,8	4,6	4,5	4,5
of which : **equipment**	25,3	10,8	3,8	6,9	3,3	5,4	5,0	5,4	5,6
Change in stocks as % of GDP	0,4	0,2	0,3	0,0	0,6	-0,1	0,1	0,1	0,1
Exports (goods and services)	177,4	75,9	4,2	6,7	4,4	5,2	9,4	8,2	7,5
Final demand	401,8	171,9	2,5	4,3	4,1	3,4	5,8	5,2	5,0
Imports (goods and services)	168,1	71,9	3,7	5,7	6,5	4,5	8,6	7,8	7,3
Contribution to GDP growth :	**Domestic demand**		1,5	2,5	3,0	2,8	2,6	2,6	2,6
	Stockbuilding		0,0	0,0	0,6	-0,7	0,3	0,0	0,0
	Foreign balance		0,4	0,9	-1,2	0,7	1,0	0,7	0,6
Employment			0,1	0,8	1,2	1,3	1,3	1,4	1,4
Unemployment (a)			9,3	9,4	9,5	9,1	8,6	8,0	7,4
Compensation of employees/head			4,7	2,9	2,0	2,3	3,2	3,0	2,9
Unit labour costs			2,9	0,2	0,8	0,9	0,6	1,1	1,1
Real unit labour costs			-0,6	-1,1	-0,8	-0,1	0,1	-0,5	-0,9
Savings rate of households (b)			-	-	16,7	16,7	16,5	16,5	16,8
GDP deflator			3,6	1,3	1,6	1,0	0,5	1,5	2,0
Private consumption deflator			3,6	1,6	1,0	1,2	2,6	1,9	1,4
Harmonised index of consumer prices			-	1,5	0,9	1,1	2,7	2,0	1,5
Trade balance (c)			-1,5	1,4	1,2	1,1	3,0	3,1	3,8
Balance on current transactions with ROW (c)			1,0	4,5	3,8	3,4	3,5	3,8	4,5
General government balance (c) (d)			-7,6	-1,9	-0,9	-0,7	0,0	0,7	0,8
General government gross debt (c)			124,8	125,2	119,7	115,9	111,1	105,3	99,2

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

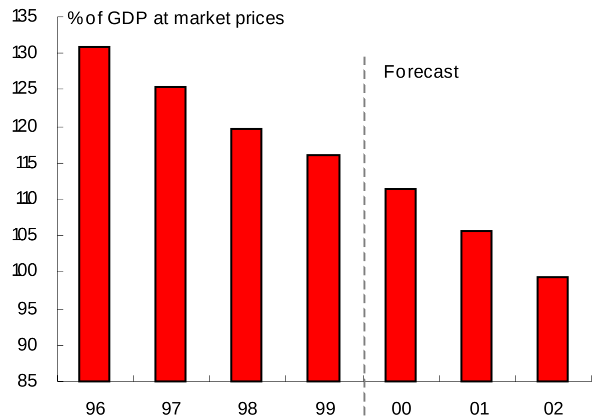
(d) Including proceeds relative to UMTS licences in 2001, without which the general government balance would amount to 0.5% of GDP.

by sustained economic activity and government measures aimed at promoting employment. Employment growth is estimated at 1.3%, or about 50.000 persons, in 2000 and somewhat higher in each of the next two years, while the unemployment rate should decrease further. The reduction in social security contributions, which was enhanced this year, has been a key policy measure towards lowering labour costs and increasing the attractiveness of labour as a production factor. The employment rate (total employment in proportion to population of working age), which is relatively low in Belgium, is projected to rise by 1.6 percentage points to 59.4% by 2002.

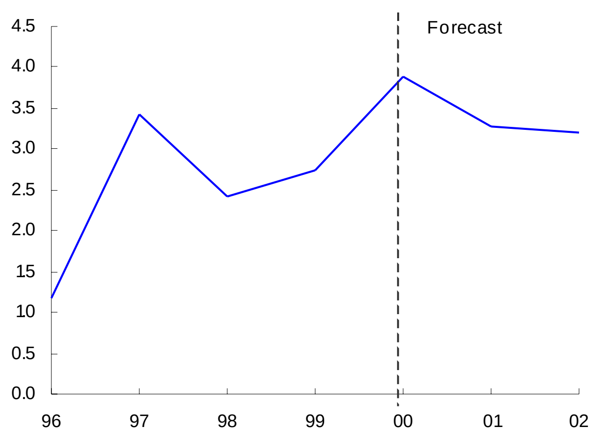
Prices and wages. The acceleration in consumer prices in 2000 is to be attributed basically to the impact of the sharp rise in the price of oil, compounded by the depreciation of the euro; the impact of domestic costs on the rise of inflation has been limited due notably to prevailing wage moderation; it is noted that most energy products are excluded from the “health index” which is generally used as reference for wage indexation in Belgium. Consumer price inflation, estimated at 2.7% this year, as measured by the HICP, would fall to around 2% in 2001 and still lower in 2002, as the effect of the oil price hike would diminish and the euro effective exchange rate stabilise. Some upward pressure on wages should be expected from tightening labour market and labour shortages in specific areas, in the coming two years; however, in general, wage moderation should continue to characterise labour market developments; concern to maintain international competitiveness should also contribute to contain price increases. Enhanced competition within the integrated European market, in particular in key sectors subject to liberalisation such as telecommunications, should also contribute to limit inflationary pressures.

Public finances. The expected equilibrium in the budgetary position of the general government in 2000, which would turn into a surplus as from 2001, provides a visible sign of the successful fiscal consolidation effort pursued by Belgium for a number of years. The budgetary adjustment is projected to continue in the coming years centred, as in the recent past, on expenditure control and the creation of high primary surpluses. This fiscal consolidation strategy, supported also by the reduced interest payments as percent of GDP, should make possible the reduction of the still very high government debt ratio by 17 percentage points in three years, to 99.2% of GDP at the end of 2002. The budget for 2000 and the multi-annual programme 2001-2005, both presented on 17 October 2000, confirm these trends while pursuing the parallel objective of reducing the tax burden. Total government expenditure and the tax burden are indeed projected to fall, as percentage of GDP, by the end of the forecast period. Public finance projections for 2001 include receipts of 0.6 billion euro, about 0.24% of GDP, corresponding to the minimum amount fixed by the government for the sale of UMTS licences.

Belgium - Government Debt Ratio



Belgium - GDP Growth (1995 market prices)



Germany: Mild growth slowdown following a strong year 2000

Output. The year 2000 will result in the strongest economic performance since the unification boom. Compared to a growth rate of only 1.6 % in 1999, output growth in 2000 will attain an annual rate of some 3 %. The economic recovery was particularly strong in the first half of the year, with annual growth of 3.3 %. The main driving force for this growth is a particularly strong export performance, which benefits from an expanding world economy and marked improvements in the international competitiveness. These result in turn from a remarkable degree of wage moderation and a decline in the effective exchange rate. While export growth remains the mainstay of the current upswing, domestic demand is gathering momentum, too. The favourable economic climate has led to a rapid expansion of equipment investment, underpinned by robust increases of orders, in particular from abroad, and rising capacity utilisation rates. In parallel, private consumption is gaining some strength as a result of rapid employment growth. The dampening effect of higher oil prices on the economic performance of the year 2000 has remained limited so far.

Growth outlook. Growth rates in 2001 and 2002 should be in the order of 2.8 %, which is only slightly lower than the present year. The main dampening factor is the rise in oil prices, which has shaved off several tenths of a point from the real purchasing power of households and contributes to a lower level of consumer confidence. In addition, business climate has started to weaken, as companies expect lower profits as a result of higher oil prices and higher interest rates. Furthermore, in light of a still negative output gap and a comparatively low inflation rate the present cycle of tightening monetary conditions will affect the German economy more strongly than other euro area countries. Recent figures for production and orders have weakened and the closely watched Ifo business confidence index has declined for four months in a row, which is an indication of a deceleration of output growth in the period ahead. Nevertheless, the indicator remains at a high level, which implies that solid growth rates remain attainable.

Indeed, in 2001 much of the impact of these dampening factors will be balanced by the third, and most important, step of the German tax reform, which will increase net household incomes close to 1 % in 2001 and reduce corporate taxes. As a consequence, private consumption should grow at a healthy pace in 2001, while investment growth should remain robust. Even though the effects of the tax reduction will wear off somewhat and fiscal policy will return to a more neutral stance in 2002, it is expected that most of the momentum is kept, as the German economy continues on a virtuous circle of higher employment, higher consumption and lower taxes on labour including social security contributions. The forecast assumes that the

Main features of country forecast - GERMANY

		1999		Annual percentage change						
	bn Euro Curr. prices	% GDP		1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	1982,4	100,0		2,1	1,4	2,1	1,6	3,1	2,8	2,8
Private consumption	1145,9	57,8		2,1	0,7	2,0	2,6	1,7	2,6	2,4
Public consumption	377,3	19,0		1,5	-0,9	0,5	-0,1	1,6	1,2	1,6
GFCF	422,9	21,3		1,5	0,6	3,0	3,3	3,4	3,5	3,6
of which : **equipment**	158,7	8,0		1,5	3,7	9,2	6,7	9,3	7,2	6,3
Change in stocks as % of GDP	17,1	0,9		0,1	0,0	0,4	0,6	0,8	0,9	1,0
Exports (goods and services)	583,7	29,4		4,7	11,3	7,0	5,1	12,5	9,8	8,2
Final demand	2546,9	128,5		2,4	2,8	3,4	3,0	4,7	4,4	4,2
Imports (goods and services)	564,5	28,5		3,8	8,4	8,6	8,1	10,0	9,7	8,3
Contribution to GDP growth :	**Domestic demand**			1,8	0,3	1,9	2,2	2,0	2,5	2,5
	Stockbuilding			0,0	0,2	0,4	0,2	0,3	0,1	0,2
	Foreign balance			0,4	0,8	-0,3	-0,8	0,8	0,2	0,1
Employment				0,3	-0,2	0,9	1,1	1,5	1,0	0,9
Unemployment (a)				6,6	9,9	9,4	8,8	8,3	7,8	7,1
Compensation of employees/head				4,0	0,8	1,1	1,1	1,7	1,9	2,6
Unit labour costs				2,2	-0,8	0,0	0,6	0,0	0,2	0,8
Real unit labour costs				-0,7	-1,6	-1,1	-0,3	0,3	-0,8	-0,3
Savings rate of households (b)				-	-	10,2	10,0	9,9	10,2	9,8
GDP deflator				2,9	0,8	1,1	0,9	-0,2	1,1	1,1
Private consumption deflator				2,7	2,0	1,1	0,3	1,7	1,6	1,4
Harmonised index of consumer prices				-	1,5	0,6	0,6	2,0	1,8	1,7
Trade balance (c)				3,8	3,4	3,7	3,5	3,1	3,3	3,6
Balance on current transactions with ROW (c)				1,3	-0,1	-0,2	-0,8	-0,8	-1,0	-1,1
General government balance (c) (d)				-2,4	-2,7	-2,1	-1,4	1,4	-1,5	-1,2
General government gross debt (c)				44,2	60,9	60,7	61,1	60,0	57,8	56,6

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.
(d) Including proceeds relative to UMTS licences in 2000, without which the general government balance would amount to -1.1% of GDP.

wage round of 2002, in which long-term wage agreements are due to be renewed, will not result in excessive wage demands that break this circle. As a consequence, business climate should remain favourable and cost competitiveness maintained, with German exports continuing to grow at a rate of around 8 % per annum.

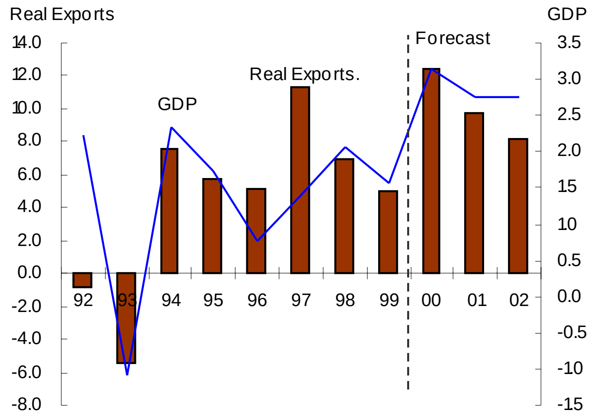
Employment. Sturdy output growth has substantially stimulated demand for labour. The employment level in 2000 rose by some 1½ % and, due also to demographic developments, unemployment figures fell to 3.7 millions, the lowest level since 1995. Further strong increases in employment by around 1 % are expected for 2001 and 2002, presupposing a continuation of wage moderation.

In headline figures, however, this improvement appears to have bypassed so far completely the Eastern part of the country. Nevertheless, even in the "New Länder", there are encouraging signs of improvement. Behind stagnant unemployment figures, one can detect substantial structural improvements. Falling employment in highly subsidy-dependent areas such as construction, the government sector and make-work schemes is compensated by a rapidly rising demand for labour in the - admittedly still small - manufacturing sector. The trend should continue in coming years as unit labour costs continue to improve compared to the West.

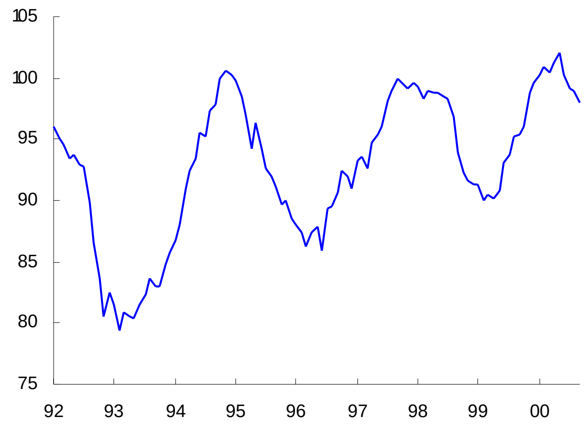
Inflation. The rise in oil prices has contributed to a significant acceleration of consumer prices, bringing the annual price increase to a level of 2.6 % in October. On average, consumer prices (HICP) will rise by around 2.0 % in 2000. Remarkably, core inflation has remained practically unchanged since 1999, hovering around a level of 1.3 %. It is expected, however, that core inflation accelerates somewhat in 2000, as the projected rise in domestic demand should allow companies to raise prices. First indications of this can be found in the strong increase in producer prices, where latest figures point to a 5.7 % increase year on year. Nevertheless, since no additional pressures from the external side are assumed and unit labour costs will rise only very moderately the average annual inflation should again fall below 2 % in 2001. With many of the present wage agreements running out by the end of 2001, there is a risk that labour unions might bid up wage demands unduly following the loss in purchasing power caused by higher oil prices. Clearly, this would exert additional upward pressure on inflation in 2002. However, this forecast assumes that wages increases in 2002 will remain within reasonable limits, which should also permit a further marginal decline in headline inflation as compared to 2001.

Public Finance. Owing to the UMTS proceeds of € 50.8 billions (2.5 % of GDP), in the current year the overall government balance will reach a surplus of around 1½ % of GDP. Net of these receipts, there would have been a deficit of about 1 % of GDP, following a (revised) deficit of 1.4 % for 1999. As in 1999, the outcome in the current year has been favourably influenced by clearly higher tax revenues than originally projected. Due to the important tax relief implied by the implementation of reforms of corporate and income taxes, a clear deterioration of the general government deficit to some 1½ % of GDP has to be expected for 2001, in spite of ongoing expenditure restraint especially at the federal level. With this expenditure restraint expected to be slightly loosened in 2002, the decline in the overall deficit should remain relatively moderate in that year. As a result of relatively modest deficits and the windfall revenues from the UMTS licences (a significant part of which will be used only in 2001 for debt redemption) coupled with further receipts from privatisations, the debt-to-GDP ratio of Germany should fall below the 60 % mark in 2001 and reach a level below 57 % by the end of the forecasting period.

Germany - Exports and GDP (annual % growth rate)



Germany - Ifo Business Climate Index



Greece: Entering the euro area with prospects of robust growth

Greece achieved remarkable progress towards nominal convergence in recent years. In March 2000, the Greek government applied for euro zone participation; on a proposal by the Commission, following the conclusions of the 2000 Commission Convergence Report and the ECB Report, the Council decided that Greece would be the 12th Member of the euro zone as from 1 January 2001. The conversion rate of the Greek drachma against the euro will be the central rate of the drachma in ERM II, decided in January 2000, that is 340,75 GRD per euro.

GDP growth and its components. After a temporary deceleration in 1999 as a result of slower external demand, real output is estimated to have accelerated in 2000, rising above the EU average for a fifth consecutive year. All the components of domestic demand are buoyant, in particular private consumption and investment in equipment, followed by investment in construction; however, exports of goods, while improving as a result of the recovery in world economy, can hardly compensate for the fast rise in imports, resulting in a deterioration of the external balance. Growth prospects should improve further in 2001 and 2002: domestic demand will be driven by consumption, boosted by higher disposable income as a result of tax reforms and by falling interest rates. The latter will also support investment, particularly in construction. Real output growth is forecast to approach 5% to the end of the forecast period.

Labour market. The situation in the labour market deteriorated in 1999. Sustained activity and the announced plans for structural reform are expected to support an improvement in the forecast period. Real wages decelerated further in 1999, reflecting the restrictive incomes policy in the public sector and the two-year collective wage agreement in the private sector which provided for nominal wage increases on the basis of expected inflation. The agreement expired at the end of 1999 and another was signed in May 2000. Wage increases in 2000 incorporated the year-end increase in prices in excess of projected inflation for end-1999, which was equal to 0.7%. The new two-year wage agreement provides no compensation for inflation until the end of 2001; this, associated with expected wage moderation in the public sector, will contribute to a moderate increase in unit labour costs in the entire forecasting period.

Prices. Favourable developments in unit labour costs and in international commodity prices were reflected in the downward trend of consumer price inflation until the

Main features of country forecast - GREECE

	1999			Annual percentage change						
	bn Euro Curr. prices	% GDP		1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	112,0	100,0		1,0	3,5	3,1	3,4	4,1	4,5	4,8
Private consumption	79,6	71,1		2,0	2,8	3,1	2,9	2,9	3,1	3,2
Public consumption	16,8	15,0		1,1	3,0	1,7	-0,1	0,8	0,6	0,6
GFCF	25,1	22,5		0,2	7,8	11,8	7,3	8,6	10,6	10,9
of which : **equipment**	8,7	7,7		4,4	8,2	24,4	1,9	9,0	10,1	10,1
Change in stocks as % of GDP	-0,2	-0,2		-0,2	0,2	0,4	-0,2	0,1	0,1	0,1
Exports (goods and services)	22,6	20,2		2,2	18,2	5,9	6,5	7,6	7,6	7,9
Final demand	143,9	128,6		1,7	5,7	4,9	3,5	4,7	5,0	5,2
Imports (goods and services)	32,0	28,6		4,7	13,9	11,3	3,9	6,7	6,5	6,6
Contribution to GDP growth :			**Domestic demand**	1,6	4,0	4,9	3,7	4,2	4,9	5,2
			Stockbuilding	0,2	-0,1	0,2	-0,6	0,3	0,0	-0,1
			Foreign balance	-0,8	-0,4	-2,0	0,2	-0,4	-0,4	-0,3
Employment				0,8	-0,3	3,4	-0,7	1,2	1,5	1,6
Unemployment (a)				7,2	9,8	10,9	11,7	11,2	10,6	10,1
Compensation of employees/head				16,5	13,6	6,0	4,8	4,6	5,0	5,0
Unit labour costs				16,3	9,3	6,4	0,6	1,6	2,0	1,8
Real unit labour costs				-0,6	2,3	1,2	-2,2	-0,6	-0,6	-1,0
Savings rate of households (b)				-	-	10,3	9,9	9,7	10,4	11,0
GDP deflator				17,0	6,8	5,2	2,9	2,3	2,6	2,9
Private consumption deflator				16,7	5,5	4,5	2,4	2,9	2,8	2,4
Harmonised index of consumer prices				-	5,4	4,5	2,1	2,7	2,6	2,3
Trade balance (c)				-11,7	-13,8	-15,1	-13,9	-15,2	-15,7	-15,6
Balance on current transactions with ROW (c)				-2,3	-2,3	-3,9	-3,2	-4,1	-4,4	-4,2
General government balance (c)				-10,5	-4,7	-3,1	-1,8	-0,8	-0,3	0,3
General government gross debt (c)				76,8	108,3	105,5	104,6	103,9	99,8	96,4

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

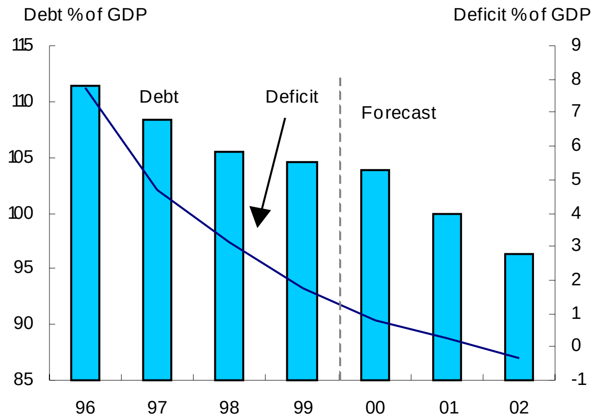
third quarter of 1999; since then, the situation has been reversed under the pressure of surging oil prices. The national index of consumer prices increased by an annual average of 2.6% in 1999 down from 4.8% in 1998. In September 2000, the index rose by 3.1% (year-on-year). Nonetheless, underlying trends point to stable inflation prospects: CPI inflation excluding fresh fruit and vegetables and fuels remains considerably below the headline rate since October 1999. The gap between the increases of prices of goods and services is also narrowing.

In the remainder of the forecast period, a number of factors will push price developments in opposite directions. On one hand, inflation pressures are most likely to emerge from the monetary easing implied by the fall in interest rates and from international price developments. On the other hand, price stability may be supported by fiscal tightening, by the increase in competition in the markets of goods and services following announced structural reforms and the liberalisation of markets. In addition, wage inflation is not expected to emerge, in particular in view of the outcome of the new two-year wage agreement, combined with the acceleration in productivity and the relatively high rate of unemployment.

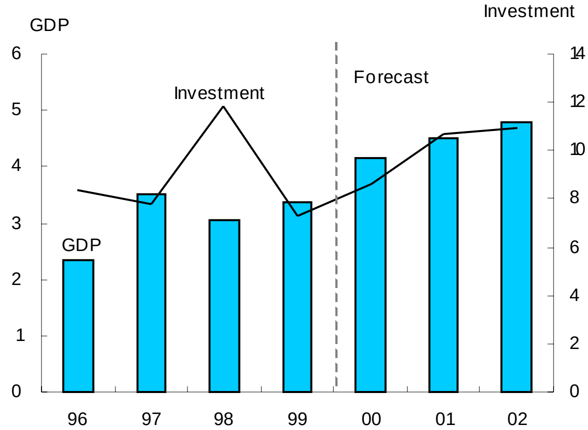
Public finances. The public finances have posted an uninterrupted improvement since 1994. In November 1999, the Council abrogated its decision on the existence of an excessive deficit in Greece. The general government deficit was reduced to 1.8% of GDP from 1.9% set in the budget. The budget for 2000, targeted a deficit for the general government of 1.2% of GDP while the 1999 update of the convergence programme projects a deficit of 0.2% of GDP in 2001 and a surplus of 0.2% of GDP in 2002. As a result of estimated better budget revenues, the general government deficit is estimated at 0.8% of GDP in 2000. The general government deficit is forecast to fall to 0.3% of GDP in 2001 and turn into a surplus of 0.3% in 2002. The primary surplus, after reaching 5.8% of GDP in 1999, is expected to remain broadly stable to the end of the forecasting period. Thus, in both 2001 and 2002, the reduction of the general government deficit would be mostly the result of lower debt servicing costs. The Greek government, in the budget for 2001, presented early November, is targeting a general government surplus already in 2001; this projection assumes somewhat higher GDP growth and primary surpluses compared to Commission forecasts.

Debt ratio. The correction of fiscal imbalances, combined with the allocation of privatisation receipts to pay-off public debt resulted in reducing the debt ratio in 1999 for a third consecutive year. The expected high level of primary surplus throughout the forecasting period is expected to support the downward path of the debt ratio, which is forecast to fall slightly below 100% of GDP at the end of 2001.

Greece - General Government debt and deficit (ESA95, % of GDP at market prices))



Greece - GDP and investment growth (volume, annual % change)



Spain: Growth remains strong although decelerating

Output. GDP rose by 4.0% in 1999 compared to 4.3% in the previous year. In 2000 economic activity is expected to keep its dynamism posting a growth of 4.1%, but with a different GDP composition and a decelerating trend during the year. For 2001, output growth is expected to moderate to 3.5% with an accentuation of the trends previously followed by GDP components. Finally, in 2002 growth is forecast to stabilise at around 3.3%. This growth performance means that GDP would have been rising above 3.0% for six years in a row .

In 2000 economic growth should remain robust, reaching 4.1% due to the strenght showed in the first two quarters whereas a gradual moderation is expected in the second half of the year. GDP components would continue behaving in line with the patterns showed since the third quarter of the previous year. Fisrtly, a deceleration in domestic demand is forecast. Although private consumption should remain strong, its growth should moderate as the main effects of the 1999 tax reform fade away, employment continues growing but at slower pace according to labour current indicators and real disposable income moderates. In addition, investment, especially investment in equipment, should moderate its dynamism partially because of the expected increase of interest rates and the negative effects stemming from high oil prices. Secondly, Spanish exports should continue being strong, although slowing down gradually as the international setting, especially in the EU area, is less favouarable. However, since imports would decelerate sharper, in line with domestic demand, that would give rise to a less negative contribution from the external sector.

In 2001 GDP growth is set at 3.5% with an accentuation of the trends previously described for 2000: a more moderate domestic demand and a less negative contribution from the external sector to GDP growth. Annual average growth of private consumption is expected to decelerate due to a slower employment creation and to the fact that not only the effects of the income tax reform will have completely disappeared but income tax brackets will not be deflated. This would be coherent with the envisaged stabilisation of saving ratio in 2001. As for investment in equipment, it would remain moderate given the worsening in the macoroeconomic scenario, while dwellings would show a decelerating trend after having reached a peak in the second half of 2000. Regarding the external sector, it would register a less negative contribution since imports would continue moderating faster than exports.

For 2002, GDP growth is forecast to stabilise at around 3.3% with a profile suggesting an acceleration in the last part of the year (see graph).

Labour market. Employment is foreseen to rise briskly by 3.1% in 2000 but with a decelerating trend as labour

Main features of country forecast - SPAIN

	1999		Annual percentage change						
	bn Euro Curr. prices	**% GDP**	**1981-96**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
GDP at constant prices	563,1	100,0	2,4	3,9	4,3	4,0	4,1	3,5	3,3
Private consumption	334,1	59,3	2,0	3,1	4,5	4,7	4,1	3,2	2,9
Public consumption	97,6	17,3	4,3	2,9	3,7	2,9	1,3	2,2	2,6
GFCF	136,2	24,2	3,1	5,0	9,7	8,9	6,7	5,4	5,9
of which : **equipment**	48,8	8,7	3,2	10,3	13,4	8,1	4,3	4,3	4,6
Change in stocks as % of GDP	2,5	0,5	0,6	0,2	0,3	0,5	0,6	0,6	0,6
Exports (goods and services)	153,9	27,3	7,3	15,3	8,3	6,6	9,7	8,9	8,7
Final demand	724,5	128,7	3,4	5,7	6,2	5,8	5,6	4,8	4,8
Imports (goods and services)	161,3	28,7	7,3	13,3	13,4	11,9	10,2	8,8	9,1
Contribution to GDP growth :	**Domestic demand**		2,6	3,5	5,5	5,4	4,3	3,6	3,7
	Stockbuilding		0,0	-0,1	0,1	0,2	0,2	0,0	0,0
	Foreign balance		-0,1	0,5	-1,3	-1,5	-0,4	-0,2	-0,3
Employment			0,4	2,8	3,7	3,5	3,1	2,4	2,3
Unemployment (a)			19,5	20,8	18,8	15,9	14,2	12,9	12,0
Compensation of employees/head			8,6	2,5	2,9	2,9	3,4	3,7	2,7
Unit labour costs			6,5	1,3	2,3	2,3	2,4	2,6	1,6
Real unit labour costs			-1,2	-0,8	0,0	-0,6	-0,9	-0,6	-0,8
Savings rate of households (b)			-	-	12,6	11,7	10,7	10,7	10,9
GDP deflator			7,8	2,2	2,3	2,9	3,3	3,2	2,4
Private consumption deflator			7,8	2,4	2,0	2,5	3,5	3,0	2,3
Harmonised index of consumer prices			-	1,9	1,8	2,2	3,4	2,9	2,2
Trade balance (c)			-4,9	-2,4	-3,6	-5,1	-6,1	-6,2	-6,5
Balance on current transactions with ROW (c)			-1,3	0,5	-0,6	-2,3	-3,6	-3,9	-4,2
General government balance (c) (d)			-4,9	-3,2	-2,6	-1,1	-0,3	0,1	0,2
General government gross debt (c)			44,6	66,7	64,6	63,3	61,0	58,1	55,6

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.
(d) Including proceeds relative to UMTS licences in 2000, without which the general government balance would amount to -0.3% of GDP.

market indicators suggest. In 2001 it is expected to remain strong although moderating to 2.4%. This moderation is based mainly on an expected deceleration in those activity branches more labour intensive, especially construction and services, which have been the more dynamic branches in job creation in the recent past. As a result, the still very high unemployment rate should keep on a clear decreasing path during the forecasting period.

Prices. In 2000, despite moderate wage growth, price developments are being worse than expected in the Spring forecast due to the behaviour of the more volatile items, energy prices and unprocessed food. The HICP for 2000 is forecast at 3.4% on average compared to 2.2% in the previous year. In 2001 inflation is expected to decelerate to 2.9%. This would be based on the assumptions on oil prices in 2001, a better behaviour of unprocessed-food prices, a moderation of some components of service prices (especially telecommunications) and the deceleration in domestic demand which should help to ease inflationary pressures in the forecasting period. However, the second-round effects would be visible in the GDP deflator growth rate compared to HICP inflation and in the accceleration of unit labour costs. Finally, in 2002 inflation is forecast to decelerate to 2.2%.

External sector. The current account deficit is expected to widen gradually during the forecasting period. This is due mainly to the worsening of the terms of trade which partially explains the growing trade deficit. The latter could not be offset by the expected surplus in the service balance.

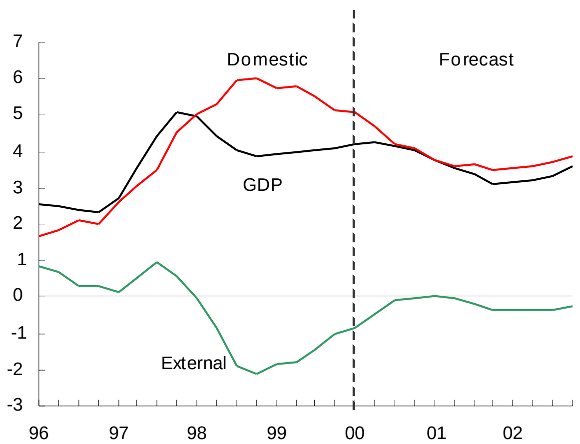
Public finances. In 2000, the ongoing fiscal consolidation is expected to continue based on the strenght of revenues and the control on current expenditure. Thus, general government deficit is forecast at 0.3% of GDP (1.1% in the previous year) in line with the official target recently revised downward (from 0.4% to 0.3% of GDP).

For next year a surplus of 0.1% of GDP is expected, compared to the official target of balance (one year earlier than foreseen in the stability programme update). The achievement of this surplus would be possible thanks to several factors. Firstly, tax revenues, although decelerating slightly, would remain strong. Secondly, the government has recently announced the increase in the fee on UMTS companies. Finally, current expenditure is expected to grow moderately, since civil servant wages will be increased by 2.0% and the outgoing staff (although with some exemptions, such as Justice, Police and Army) will only be substitued by 25% one year more. As a result, public consumption would continue losening weight over GDP. Interest payments are also expected to lose weight. The deficit reduction would be compatible with the continuation of an active labour policy and the increase in public gross fixed capital formation as a percentage of GDP.

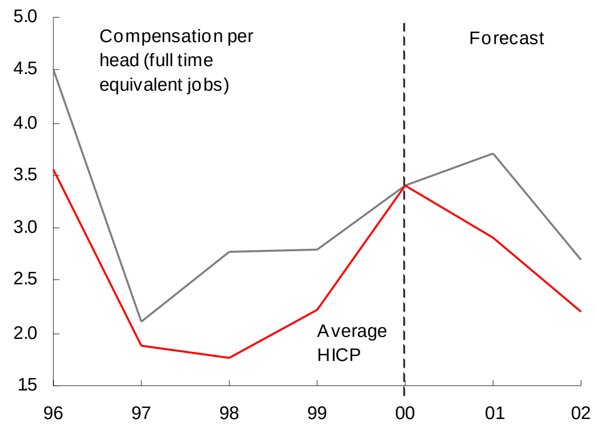
In 2002, and under the assumption of no policy changes, the general government balance is forecast to reach a surplus of 0.2% of GDP.

Stemming from increasing primary surpluses coupled with healthy growth rates and the still relatively low interest rates for the Spanish economy, the debt-to-GDP ratio is expected to continue on a declining path during the forecasting period. As a result, after reaching a figure of 61.0% in 2000, the debt ratio is forecast to fall below 60.0% in 2001.

Spain - contributions to GDP



Spain - HICP-Wages



France: The current phase of expansion is set to continue, but some pressure on wages and prices could gradually emerge

The first half of 2000. French GDP growth slowed from almost 4% in the second half of 1999 to less than 3% in the first six months of 2000. This deceleration mainly reflects the effect of higher oil prices on the real economy, with a marked deceleration in households purchasing power in the first half of the year. It might also have been the result, albeit to a lesser degree, of the emergence of constraints on production and on the labour market. Generally speaking, the latest figures suggest that growth has peaked in the second half of 1999.

Prospects. However, growth should not dip significantly in France. Over the three years covered by the forecast, GDP should expand by an average of 3% a year. The French economy should therefore emerge from the oil crisis without experiencing any marked downturn given that household demand is holding up well, underpinned as it is by job creation and tax cuts. The very gradual slowdown of GDP built into the forecast reflects the influence of several factors. In the first place, the international environment is likely to become less buoyant, and the gains in competitiveness resulting from the depreciation of the euro are expected to vanish gradually. Secondly, the impact of the tax cuts will diminish. Finally, the emergence of constraints on production could gradually exert a dampening effect on activity.

GDP components. Private consumption, which is the mainstay of the current phase of expansion, should remain very firm throughout the forecasting period. Household purchasing power, which will continue to benefit from the positive employment trend, is expected to be bolstered by two main factors. On the one hand, wage growth is set to rebound sharply from the second half of 2000 under the impact of the fall in unemployment and an upturn in inflation in the preceding quarters. On the other, implementation of the multiannual tax-cutting programme will push personal disposable income up by more than one percentage point over the period 2000-02, almost offsetting the loss in purchasing power caused by the oil crisis.

Exports, led by the buoyancy of world demand and the effects of past gains in competitiveness, should continue to increase at a very sustained pace. Since the prospects for demand remain good, French firms will probably continue to increase their production capacities despite a relative worsening of their financial position and a gradual increase in the cost of borrowing.

Employment, wages and prices. Employment growth

Main features of country forecast - FRANCE

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	1344,4	100,0	1,9	1,9	3,1	2,9	3,3	3,1	2,8
Private consumption	728,4	54,2	1,7	0,2	3,3	2,1	2,6	2,8	2,8
Public consumption	318,3	23,7	2,6	2,1	0,1	2,6	1,3	1,3	1,3
GFCF	255,4	19,0	1,5	-0,1	6,3	7,1	6,2	5,4	4,6
of which : **equipment**	92,5	6,9	4,0	2,8	11,6	8,4	6,8	7,3	6,1
Change in stocks as % of GDP	0,3	0,0	0,1	-0,1	0,5	0,0	0,1	0,1	0,0
Exports (goods and services)	350,9	26,1	4,6	11,8	7,8	3,7	12,6	8,5	7,6
Final demand	1653,4	123,0	2,2	2,8	4,5	3,1	5,2	4,2	3,9
Imports (goods and services)	317,2	23,6	3,7	6,9	11,0	3,6	13,1	8,6	7,9
Contribution to GDP growth :	**Domestic demand**		1,9	0,6	3,0	3,1	2,9	2,9	2,7
	Stockbuilding		-0,1	0,1	0,6	-0,5	0,1	0,0	0,0
	Foreign balance		0,2	1,3	-0,5	0,1	0,2	0,2	0,1
Employment			0,2	0,3	1,2	1,8	1,9	1,6	1,6
Unemployment (a)			10,0	12,3	11,8	11,3	9,9	9,0	8,2
Compensation of employees/head			5,5	2,3	2,4	1,8	1,5	2,5	3,0
Unit labour costs			3,7	0,6	0,5	0,6	0,2	1,0	1,7
Real unit labour costs			-0,8	-0,6	-0,4	0,3	-0,6	-0,1	0,0
Savings rate of households (b)			-	-	16,0	16,1	16,2	16,5	16,1
GDP deflator			4,5	1,3	0,9	0,4	0,8	1,1	1,7
Private consumption deflator			4,8	1,4	0,8	0,8	1,4	1,5	1,7
Harmonised index of consumer prices			-	1,3	0,7	0,6	1,8	1,6	1,7
Trade balance (c)			-1,2	1,7	1,4	1,0	-0,2	-0,3	0,1
Balance on current transactions with ROW (c)			-1,4	2,5	2,3	2,3	1,6	1,7	2,2
General government balance (c) (d)			-3,1	-3,0	-2,7	-1,8	-1,4	0,0	-0,5
General government gross debt (c)			37,2	59,3	59,7	58,9	58,3	56,9	55,7

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

(d) Including proceeds relative to UMTS licences in 2001, without which the general government balance would amount to -1.1% of GDP.

should reach in 2000 its highest level for more than 20 years (exceeding 3% for private-sector employment). This exceptional performance is linked to the dynamism of economic activity and the impact of employment policies. In particular, the introduction of the 35-hour week in firms with more than 20 people has given rise to a significant shortening of working time in the private sector. With the unemployment rate falling rapidly, the signing of these working time agreements has contributed to the pronounced wage moderation observed in 2000.

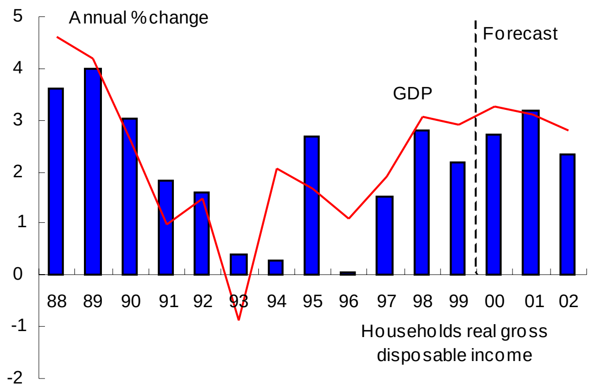
Employment growth is expected to remain firm over the forecasting period. However, it should gradually decelerate because of a slight slowdown in activity and as the effects of employment policies gradually fade. The unemployment rate will continue to fall, and should reach a level close to 8% by the end of 2002. This forecast implies a sustained increase in the size of the labour force and thus a return to the labour market of a significant number of currently inactive people.

The labour market should therefore gradually become tighter, probably triggering a rebound in wage growth. Consequently, despite slightly higher productivity gains than in 2000 and the restraining effect of the reductions in social security contributions accompanying the introduction of the 35-hour week, unit wage costs are expected accelerate gradually over the forecasting period, to around 2% per annum in 2002. The continuing high level of oil prices and the increase in unit labour costs are set to push inflation up slightly over the forecasting period.

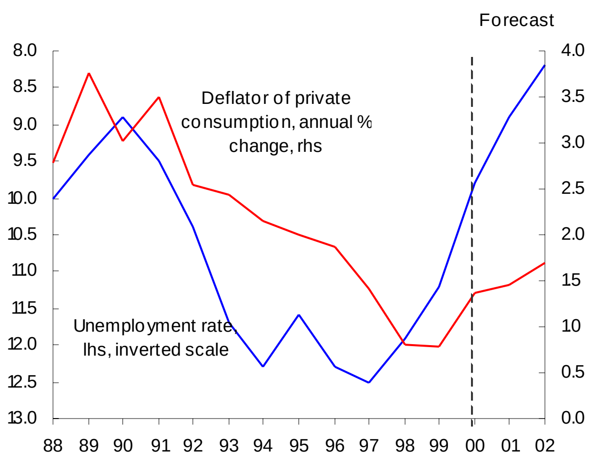
Public finances. The consolidation of French public finances, which for a number of years has been built on a strict control of spending and an increase in revenues underpinned by the buoyancy of economic activity, should continue over the forecasting period. Nevertheless, after last year's sharp deficit reduction (from 2.7% of GDP in 1998 to 1.8% in 1999), budgetary consolidation is expected to slow somewhat under the impact of the tax-cutting measures adopted by the Government in the form of a multiannual programme involving cuts totalling 1.2% of GDP. These come on top of cuts equivalent to 0.9% of GDP implemented in 2000. In this context, the overall tax burden, which reached an historical high level in 1999, is scheduled to fall by more than one percentage point between 1999 and 2002.

The general government deficit - excluding UMTS revenues - is forecast to fall by 0.4 percentage point each year, to ½% of GDP in 2002. If the impact of UMTS revenues is taken into account, the general government budget will be in balance in 2001. The reduction in the debt to GDP ratio should continue at a sustained rate: it is forecast to fall from 58.9% in 1999 to below 56% in 2002.

France - Real GDP and houselholds real gross disposable income



France - Unemployment rate and inflation



Ireland: High, but slowing, growth and moderating inflation

Output in 2000. After a very strong performance in 1999 with real GDP growth of 9.8%, the Irish economy is expected to continue its rapid pace of expansion in 2000. Real GDP growth is forecast to attain 10.5% and be broadly based across all sectors of the economy. Private consumption is expanding faster than in 1999 as a combined consequence of high employment and earnings growth, wealth effects, the current programme of tax cuts and negative real interest rates. Investment in equipment continues to rise rapidly as does output in the construction sector in response to strong housing demand and public expenditure on infrastructure under the National Development Plan. Finally, net exports benefit both from a gain in competitiveness (as the weakness of the euro stimulates exports to non-euro area countries, especially to the UK and the US) and rapid growth in Ireland's markets.

The outlook for growth. In an economy that has been growing at 6.6% on average in the nineties and at 9.3% over the 1995-1999 period, it is hard to gauge the potential rate of output growth. The forecast assumes that double-digit output growth as projected for 2000 cannot continue to be maintained with a tight labour market (see below). While the economy is still expected to grow strongly, the forecast assumes a gentle slowdown to 8.2% in 2001 and 7.1% in 2002. On the domestic demand side, the slowdown in private consumption growth is due to slower employment growth and a saving ratio that is assumed to rise in 2002, while the moderate deceleration in the growth of investment in equipment reflects some expected easing in FDI inflows. Export growth is set to decline as the weakness of the euro is halted and rising unit labour costs start eroding competitiveness.

External sector. For the first time in a decade, the current account is expected to post a deficit in 2000, which will persist over the rest of the forecast period. Apart from the effect of higher oil prices on the trade balance in 2000, this reflects the fact that, in contrast to previous years, the growing trade surplus will no longer be strong enough to offset the steadily increasing deficits on both the services balance and the balance of primary incomes.

Employment and labour supply. Employment growth in 2000 is forecast to be around 5%. However, increasing evidence of general labour shortages suggests that such growth rates are untenable except in the very short run. Unemployment is forecast to continue its declining trend to attain 4.2% in 2000, down from a peak of 15.6% in 1993, and to fall even further to 3.3% by 2002. The contribution of other sources of labour supply, however, is likely to decline. More specifically, the natural demographic increase will come down over the forecast period, there are obviously limits to rises in participation rates (in spite of stimulating tax reforms) and inward

Main features of country forecast - IRELAND

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	87,7	100,0	4,2	10,7	8,6	9,8	10,5	8,2	7,1
Private consumption	43,0	49,0	2,6	7,5	7,8	7,8	10,1	8,0	6,5
Public consumption	12,2	14,0	1,1	5,6	5,3	5,2	4,1	4,1	3,9
GFCF	20,5	23,4	2,0	17,8	14,7	12,5	9,4	7,8	6,5
of which : **equipment**	7,0	8,0	2,1	15,6	24,9	18,1	10,5	8,7	7,5
Change in stocks as % of GDP	0,0	0,0	0,5	1,3	1,6	-0,1	0,3	0,3	0,3
Exports (goods and services)	76,8	87,6	10,0	17,4	21,4	12,4	14,5	12,0	10,1
Final demand	152,5	173,9	5,2	13,2	15,7	9,3	12,2	9,9	8,3
Imports (goods and services)	64,7	73,8	7,1	16,8	25,8	8,7	14,5	11,9	9,7
Contribution to GDP growth : **Domestic demand**			2,1	8,2	7,8	7,4	7,7	6,2	5,2
Stockbuilding			0,2	0,5	0,5	-1,8	0,5	0,0	0,0
Foreign balance			1,8	2,5	-0,3	4,5	2,2	1,9	1,9
Employment			0,7	5,6	5,0	6,4	5,0	3,3	2,6
Unemployment (a)			14,5	9,9	7,6	5,7	4,2	3,6	3,3
Compensation of employees/head			7,3	4,4	6,9	5,6	7,8	8,1	8,3
Unit labour costs			3,8	-0,5	3,4	2,3	2,4	3,3	3,7
Real unit labour costs			-1,6	-4,7	-2,2	-1,4	-1,9	-0,8	0,0
Savings rate of households (b)			-	-	12,0	10,8	8,7	8,7	9,1
GDP deflator			5,4	4,4	5,8	3,8	4,4	4,1	3,7
Private consumption deflator			5,4	2,6	3,8	3,3	5,9	4,0	3,4
Harmonised index of consumer prices			-	1,2	2,1	2,5	5,2	3,7	3,1
Trade balance (c)			6,5	23,1	23,1	25,9	25,7	26,4	27,1
Balance on current transactions with ROW (c)			-2,2	3,1	0,9	0,6	-1,2	-1,8	-1,8
General government balance (c)			-5,7	0,7	2,1	1,9	4,2	4,5	4,6
General government gross debt (c)			97,7	65,1	55,0	50,1	41,6	33,3	26,3

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

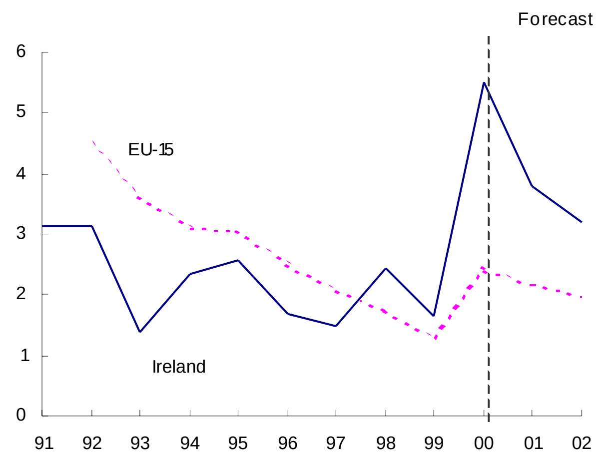
migration will inevitably be discouraged by factors such as rising accommodation costs. The forecast therefore assumes that employment growth will slow down to 2.6% in 2002. Productivity growth of 5.2% in 2000 is projected to decline somewhat over the forecast period to a still very high rate of 4.4% in 2002.

Wage developments. Available data for 2000 suggest that there could be substantial wage drift over and above the 5.5% nominal wage increase provided in the latest national agreement. This drift results from workers' improved bargaining position in a tight labour market and from their demands for compensation for higher-than-expected inflation. Growth in compensation per employee is therefore projected to be 7.8% in 2000, rising further to 8.3% in 2002. This acceleration follows from the assessment that, in a tight labour market, workers will gradually be able to stem the declining trend of the wage share, with total compensation growing at around the same rate as nominal GDP in 2002. The gradual loss in competitiveness resulting from the projected path for wages is compatible with the 'soft landing' scenario described above. In particular, it is assumed that the development of a damaging wage-price spiral can be avoided.

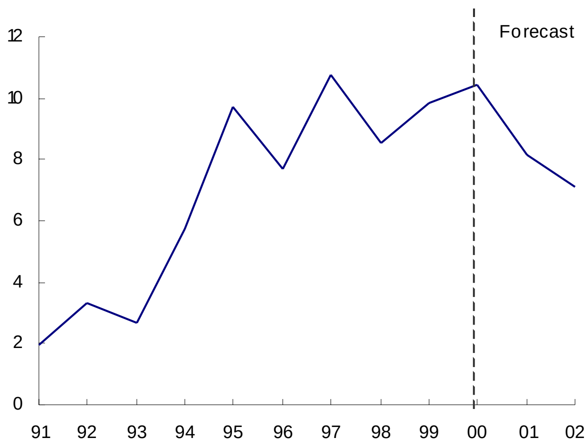
Inflationary pressures. CPI inflation in 2000 is projected to be 5.5%, compared to just 1.6% in 1999. While a significant part of the present rise in CPI inflation is due to one-off factors such as the increases in tobacco duties in the December 1999 Budget, in oil prices and the weakness of the euro, domestically-generated inflation has become increasingly important, with the average inflation rate in services and related expenditure over the first nine months of 2000 standing at 6.2%. However, as one-off factors fall out, CPI inflation is forecast to fall back to 3.8% in 2001 and 3.2% in 2002. In the same terms, HICP inflation will be 3.7% and 3.1% respectively. Underlying this benign outlook is also the expectation that competition in retail markets will help to limit inflationary pressures. Still, the rapid pace of house price increases - observed in the past and unlikely to slow down any time soon - and generous rises in compensation per employee are expected to continue to create inflationary pressures over the forecast period.

Public finances. The public finances are in excellent shape. Despite a programme of tax cuts in the December 1999 Budget, tax revenues are buoyant, having grown at 15.4% over the first three quarters of 2000. The forecast for the general government surplus in 2000 has been revised upwards to 4.2% of GDP, up from 1.7% in the Spring 2000 forecast, but about 2 percentage points of this revision is due to technical factors of accounting connected with pensions pre-funding. The surplus ratio will increase slightly in 2001 and 2002. The debt to GDP ratio is expected to fall to around 26% in 2002 mainly as a result of high nominal GDP growth in association with these high surpluses.

Ireland - CPI Inflation compared to EU-15



Ireland - Real GDP Growth



Italy: The growth gap with the euro area average is narrowing despite the mild slowdown ahead

Growth. The economic recovery, which set in in the second half of 1999, strengthened at the beginning of 2000. After a strong kick-off in the first quarter, GDP growth has slightly flattened thereafter. It is expected to accelerate again in the last two quarters, taking the annual growth rate close to 2.9%. This is less than the *euro-area* average, but more than twice last year's rate of growth and the gap with the *euro-area* is narrowing. The acceleration in GDP growth is mainly driven by net exports. A strong expansion of world trade combined with the depreciation of the euro has led to a sharp increase in external demand for Italian goods and services. In 2000 net exports will add 0.5 percentage points to real GDP growth. Moreover, the strong export performance markedly slowed down the decline in Italy's world export share and will lead to a gain in market share next year. However, the gain is limited to extra-EU trade and echoes the expansion of the market share of the Euro area as a whole.

On the domestic side, the dynamics are mainly supported by investment growth. Very high capacity utilisation, relatively low real interest rates, fiscal incentives and a catching-up process in IT equipment offer a favourable framework for a sustained expansion in gross fixed capital formation. Private consumption expenditure, the problem child of domestic demand over the last several years, is also expected to grow stronger this year helped by robust employment creation as well as by the tax cuts which are to take place at the end of this year.

While the pace of economic expansion is projected to slow only slightly in 2001, the composition of the driving forces will change. The contribution of net exports will weaken as a result of the assumed deceleration of world trade. At the same time domestic demand, notably private consumption expenditure, is expected to advance thanks to continuing employment creation and the decrease in the tax pressure. Investment should remain strong, weakening only slightly compared to 2000.

The economic growth forecast could have been higher without the oil price rally, which is estimated to cost around 0.2 percentage points of growth this year and some further 0.4 percentage points in 2001. However, sustained employment creation, the fiscal measures and some spillover effects from the French and German tax reform help smooth the path of economic expansion.

Prices and Wages. Consumer price inflation as measured by the HICP index is expected to rise by 2.6% in 2000. The increase essentially mirrors the surge in energy prices amplified by the weak euro. Until now the

Main features of country forecast - ITALY

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	1099,1	100,0	1,8	1,8	1,5	1,4	2,9	2,8	2,7
Private consumption	654,5	59,5	2,0	3,0	2,3	1,7	2,1	2,4	2,5
Public consumption	199,1	18,1	1,7	0,8	0,7	0,6	0,9	1,0	0,8
GFCF	208,0	18,9	0,8	1,2	4,1	4,4	7,1	6,2	5,8
of which : **equipment**	121,9	11,1	1,9	4,6	8,2	6,3	8,5	7,9	7,8
Change in stocks as % of GDP	15,6	1,4	0,7	0,5	1,1	1,5	1,1	1,0	1,1
Exports (goods and services)	280,5	25,5	5,1	6,5	3,3	-0,4	9,6	8,7	7,4
Final demand	1357,5	123,5	2,2	3,4	3,0	1,8	4,1	4,1	4,1
Imports (goods and services)	258,4	23,5	4,3	10,2	9,1	3,4	8,4	8,8	8,5
Contribution to GDP growth :	**Domestic demand**		1,7	2,1	2,3	2,0	2,8	2,8	2,8
	Stockbuilding		0,0	0,3	0,6	0,4	-0,3	-0,1	0,1
	Foreign balance		0,2	-0,6	-1,3	-1,0	0,5	0,1	-0,2
Employment			0,3	0,4	1,0	1,2	1,4	1,2	1,2
Unemployment (a)			9,3	11,7	11,8	11,3	10,5	10,0	9,6
Compensation of employees/head			9,2	4,1	-1,8	1,6	2,6	2,9	2,7
Unit labour costs			7,5	2,7	-2,3	1,4	1,0	1,3	1,1
Real unit labour costs			-0,8	0,2	-4,8	-0,1	-0,8	-0,8	-1,0
Savings rate of households (b)			-	-	-	-	-	-	-
GDP deflator			8,5	2,4	2,7	1,5	1,8	2,1	2,2
Private consumption deflator			8,3	2,2	2,1	2,2	2,8	2,4	2,0
Harmonised index of consumer prices			-	1,9	2,0	1,7	2,6	2,2	1,8
Trade balance (c)			0,4	3,8	3,4	2,1	1,4	1,2	1,0
Balance on current transactions with ROW (c)			-0,4	2,8	1,8	0,9	-0,5	-0,7	-0,6
General government balance (c) (d)			-10,3	-2,7	-2,8	-1,9	-0,1	-1,1	-1,0
General government gross debt (c)			94,4	119,8	116,2	115,1	110,7	105,8	102,3

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

(d) Including proceeds relative to UMTS licences in 2000, without which the general government balance would amount to -1.3% of GDP.

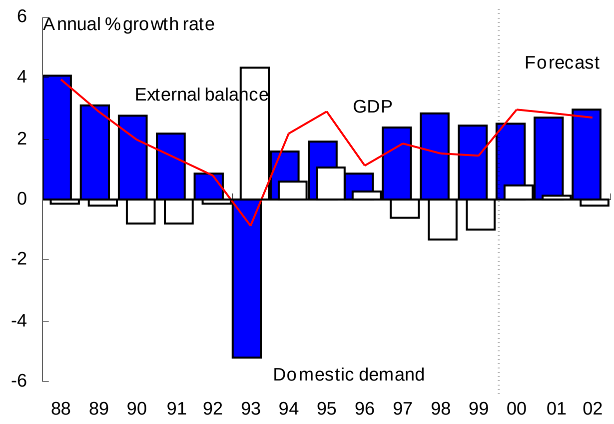
core rate, HICP inflation excluding food and energy, has shown no particular signs of acceleration, partially thanks to a favourable productivity growth in manufacturing and moderate wage increases. The inflationary pressure will gradually weaken in the two years following 2000. One crucial assumption underlying this forecast is that there are no major second-round effects through wage settlements. First, because the tax cuts contained in the fiscal package increase the purchasing power of after-tax wages. Second, the agreement between social partners of 1993 states that imported inflation should not be considered in wage negotiations. Finally, the two major trade unions representing metal workers, whose contract is expiring at the end of this year, have revealed their wage claims, which are in line with continuing wage moderation.

Employment and unemployment. The labour market has performed remarkably well since the beginning of the current recovery. In the twelve months up to July 2000, total employment increased by over 400 000 units and the unemployment rate declined to 10.5%. Most jobs are created in services. The strong increase in total employment is in sharp contrast with previous recoveries, when the link between growth and job creation was much weaker. The higher employment elasticity of growth primarily reflects improved labour market flexibility through the increasing use of part-time and temporary contracts. Those contracts account for around two thirds of the total employment increase over the twelve months up to July 2000. Higher labour flexibility should continue to exert a positive effect on job creation in 2001 and 2002, although less so than this year, as the immediate catching-up response to the introduction of more flexible contracts is phased out.

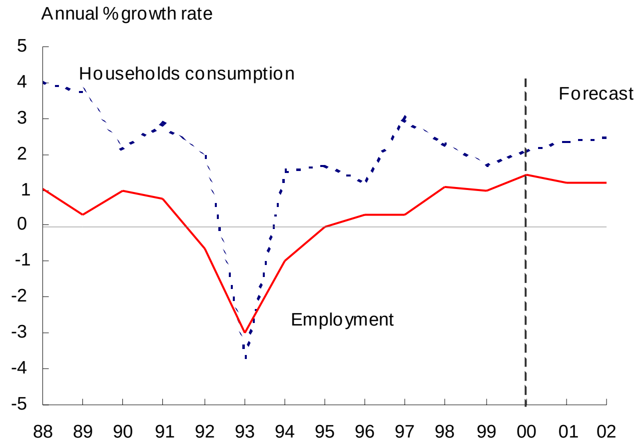
Public finances. The general government deficit-to-GDP ratio is estimated at 0.1% of GDP this year, under the assumption that the proceeds from the allocation of the UMTS licences (€13.8 billion) are recorded in 2000, in accordance with the decision of Eurostat. Without the proceeds of the UMTS licences, the deficit ratio is estimated to be 1.3% of GDP, in line with official projections. The forecast takes into account higher trend tax receipts than expected in the Spring, and fiscal measures (mainly tax cuts) of around 0.6% of GDP, which in part pertain to the draft budget for the year 2001 and which will take effect in the last two months of 2000. Some of these measures are structural (notably the broadening of the personal income tax band with the lowest tax rate), others are temporary (the reduction in the excise duty on fuels and the reductions in the payment on account of corporate income taxes and of the regional tax on production activities). Expenditure net of interest payments assumes strong dynamism in intermediate consumption. In 2000 the primary surplus (net of the proceeds from the auction of UMTS licences) is expected to improve to 5.2% of GDP and interest payments to continue to decline to 6.4% of GDP. For 2001, a cautious estimate of receipts from the capital gains tax and from the sale of real estate, and a preliminary evaluation of the measures in the financial law submitted to parliament, lead to a projection of a deficit of around 1.1% of GDP. The planned tax reductions are expected to be fully implemented, but some of the expenditure-curbing measures may not be entirely effective. For 2002 the scenario, which takes into account further tax reductions and expenditure savings as set out in next year's financial law, points to a further small reduction of the deficit to 1.0% of GDP in the absence of corrective measures.

The government debt ratio is expected to decline to 110.7% of GDP in 2000. This outcome also reflects the assumption that 90% of the minimum required bid of the UMTS auction is used to reduce the debt before the end of the year. The debt ratio is expected to continue to decline over the forecast period, also thanks to the planned privatisations.

Italy - Contribution to real GDP growth



Italy - Employment and households' consumption



Luxembourg: Record growth for the last years of the millennium

Growth. The Luxembourg economy is performing extremely well at the moment, even taking into account the fact that this country is generally recording very high growth rates. Growth has been especially strong in 1999, with the latest estimates around 7.5% in volume, which would represent the second highest growth rate of the decade. Private consumption grew by 4.1%, a significant acceleration with respect to 1998. Government consumption recorded a very strong increase (about 13% in volume) related to the introduction of the dependency insurance at the beginning of the year. Investment growth has been especially dramatic (more than 25% and even more than 50% for investment in equipment), among others due to the purchase of several large aircrafts by a Luxembourg airline and to the strong increase in public investment. Finally, if exports of goods suffered in the 1st semester from the slowdown in international trade, exports of services have proved remarkably dynamic, rising by about 15% in volume.

2000 should be as good a vintage as 1999 and maybe even better. Government consumption and GFCF will probably not repeat last year's exceptional growth rates, even if government investment will presumably rise by about 15% in value (which means around 11% or 12% in volume) but private consumption should remain dynamic while exports of goods should fully benefit from the strong growth in world trade. Since goods imports will presumably slow somewhat for their strong growth last year was for a large part due to the exceptional increase in equipment investment, the contribution of foreign trade to GDP growth, which had been significantly negative in 1999, should turn widely positive in 2000.

Growth might slow slightly down in 2001 and 2002 but should remain strong, presumably above 5% : private consumption will benefit from the large tax cuts recently decided by the Luxembourg government (*ex ante* about 1.2% of GDP in 2001 and 1.6% in 2002), which should raise households disposable income by about 2.4% and 3.6% respectively. Government consumption will keep growing at a quite rapid pace while investment should increase at rates closer to its long-term trend. Government investment should prove very dynamic anyway with the 2001 budget planning a 25.7% increase in value in investment by central government. Exports should slow slightly down from the high growth rate forecast for this year. On the whole the contribution of domestic demand to GDP growth should increase while the contribution of external trade should decrease somewhat over the forecasting period.

Employment and unemployment. Strong growth in the economy in recent years resulted in a rapid increase in employment, which grew by 4.4% in 1998 and 5.0% in 1999. This evolution probably strengthened this year since the number of wage-earners rose by 5.9% over the

Main features of country forecast - LUXEMBOURG

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	18,1	100,0	4,7	7,3	5,0	7,5	7,8	6,5	6,0
Private consumption	7,9	43,4	3,0	3,8	2,3	4,1	3,6	5,0	5,0
Public consumption	3,2	17,7	2,9	2,1	2,8	12,8	4,0	3,8	3,6
GFCF	4,1	22,4	4,0	10,5	1,5	26,6	-1,7	5,7	4,8
of which : **equipment**	2,2	12,0	-	24,9	-1,5	54,2	-11,0	7,5	5,0
Change in stocks as % of GDP	0,1	0,4	-0,8	0,2	0,2	0,3	0,3	0,2	0,1
Exports (goods and services)	20,6	113,4	5,2	10,5	9,9	7,9	12,2	9,6	9,1
Final demand	35,8	197,3	4,4	8,3	6,6	9,3	7,9	7,7	7,3
Imports (goods and services)	17,7	97,3	4,2	9,3	8,3	11,2	8,0	8,8	8,5
Contribution to GDP growth : Domestic demand			3,2	4,4	1,9	9,4	1,9	4,0	3,7
Stockbuilding			0,4	0,4	0,0	0,1	0,0	-0,1	-0,1
Foreign balance			1,1	2,5	3,0	-1,9	5,9	2,5	2,4
Employment			2,1	3,1	4,4	5,0	5,5	4,5	4,1
Unemployment (a)			2,5	2,7	2,7	2,3	1,9	1,6	1,4
Compensation of employees/head			5,3	3,1	0,9	3,1	5,0	4,0	4,0
Unit labour costs			2,7	-0,9	0,3	0,7	2,7	2,0	2,1
Real unit labour costs			-0,8	-4,1	-1,2	-1,6	1,0	0,0	-1,1
Savings rate of households (b)			-	-	-	-	-	-	-
GDP deflator			3,6	3,3	1,5	2,3	1,7	2,1	3,3
Private consumption deflator			4,1	1,7	1,7	1,4	3,0	2,6	2,1
Harmonised index of consumer prices			-	1,4	1,0	1,0	3,8	2,9	1,9
Trade balance (c)			-12,3	-11,5	-10,2	-16,7	-18,0	-19,6	-19,8
Balance on current transactions with ROW (c)			-	-	-	-	-	-	-
General government balance (c)			-	3,4	3,7	4,4	4,9	4,2	3,6
General government gross debt (c)			7,1	6,0	6,4	6,0	5,5	5,3	5,1

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

first eight months and total employment by 5.6%. Consequently, the decline in unemployment continued and even accelerated in the last months. However, like in recent years, the increase in employment mostly benefited to frontier workers, whose number rose by 12.8% in 1999 and should increase by even more this year : they represent now about 30% of domestic employment. Taking into account the strong growth in the economy expected for the whole forecasting period, employment growth should not slow significantly down. Since unemployment is already at a very low level, the share of frontier workers in total employment should keep rising as well probably as the activity rate of residents.

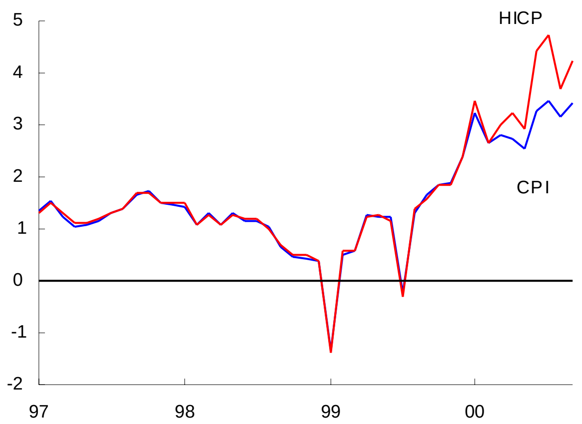
Wages and prices. In such a context of strong activity and employment growth, wage increases have significantly accelerated in recent months : while compensations per head had risen by 3.1% in 1999, they could increase by about 5% this year as a result of an indexation threshold and of a wage agreement in the government sector that both took place in July.

The increase in consumer prices has accelerated even stronger, with the harmonised consumer price index rising by 3.6% over the first 9 months of this year, while it had increased by only 1.0% over the whole year 1999. However, even if this spectacular acceleration fort a part reflects an increase in underlying inflation, it is also due for a large part to the very high share of petroleum products in the Luxembourg price index : since the 1st January 2000, the harmonised index also takes into account expenditure by non-residents on the Grand-Duchy's territory and in particular their huge purchases of petrol, alcohol and tobacco due to the low level of excise duties (about 75% of motor-fuel sold in Luxembourg are bought by non-residents). This is the reason why the Luxembourg statistical office now computes a national consumer price index excluding purchases by non-residents, which is at present used for wage indexation and whose rise has being slower (+3.0% over the first nine months of this year).

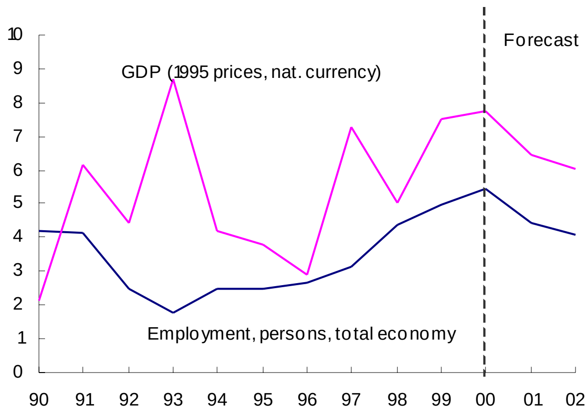
The rise in consumer prices should decelerate significantly in 2001 and more markedly in 2002, provided the assumption of a decrease in oil prices on which the forecast is based materialises. Because of the larger share of petroleum products the harmonised index should slow more than the national index. If this slowing down in inflation occurs, some deceleration in wage increases to around 4% in 2001 and 2002 may probably be expected.

Public finances. Strong growth recorded in 1999 and 2000 also resulted in a rapid increase in tax and Social Security revenues, especially in indirect taxes, which have been rising by more than 10% annually over recent years. Despite a rather fast growth in expenditure, especially in government consumption and investment, the general government surplus increased from 3.8% of GDP in 1998 to 4.4% in 1999. It should keep rising this year and could get close to 5% of GDP. Large tax cuts already planned for 2001 and 2002 as well as a reduction in company taxes announced for 2002 should result in a decrease in the government surplus, especially as the increase in expenditure should remain rather strong. However, the Grand-Duchy's finance should stay widely in surplus and the general government gross debt, already the lowest (and by far) in the whole European Union (6% of GDP in 1999) should decline slightly in percentage of GDP over the forecasting period.

Luxembourg : CPI/ HICP yoy % change



Luxembourg : Annual % change in GDP compared with Employment



The Netherlands: 5 consecutive years of growth at 3% or more

Growth. The Netherlands emerged unscathed from the cyclical slowdown which followed the crisis in the Far East, recording GDP growth of 3.9% in 1999, only slightly down on 1998 (4.1%). GDP growth slowed significantly between mid-1998 and mid-1999 but took off again in the second half of 1999, a development that was confirmed in the first half of 2000 (up 4.4% year-on-year). Even more than in the previous years, growth in 1999 was driven by private consumption, which rose by 4.4%, the same rate as in 1998, but also by investment, which increased by 6.5% against 4.1% in 1998 unaffected by the temporary fall in producer's confidence at the end of 1998. In contrast, export growth slowed sharply (5.6% against 7.4% in 1998), albeit by much less than had been feared, and picked up again briskly in the fourth quarter of 1999.

GDP should accelerate further this year to around 4.3%. Domestic demand will continue to be buoyant, particularly private consumption, which will be underpinned by strong employment growth, the relatively rapid rise in wages and probable wealth effects resulting from the sharp increase in asset prices over recent years. In addition to these factors, which have been in evidence for several years now, the tax reform due to enter into force on 1 January 2001 is likely to impact on the economy: households in particular will probably anticipate the increase in the standard VAT rate from 17.5% to 19% by stepping up purchases of durable goods in the last few months of the year. Total investment should pick up slightly in relation to 1999, public investment proving particularly buoyant. Lastly, exports will benefit from strong growth in international trade and from the depreciation of the Euro, which will compensate for wage costs rising significantly faster than in neighbouring countries.

GDP growth can be expected to slow somewhat next year, to around 4%, and in 2002, to around 3½%. Private consumption will probably remain particularly dynamic, buoyed up by the very solid increase in personal disposable income (up by about 10% in nominal terms and 6% in real terms) that will be amplified by the reduction in income taxes and social security contributions paid by households, planned as part of the 2001 tax reform. In contrast, total investment should ease slightly in both 2001 and 2002, essentially because construction output is not expected to repeat high growth rate registered this year. Exports should also gradually feel the effects of the moderate slowdown in international trade forecast for 2000 and 2001 and of the relative deterioration of the Dutch economy's competitiveness in recent years.

Employment and unemployment. The strong growth in the Dutch economy since 1994 is reflected in a significant rise in employment (about 3% a year in recent years). This trend continued in 1999, with total employment up by 2.8% (2.9% in full-time equivalent).

Main features of country forecast - NETHERLANDS

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	373,9	100,0	2,2	3,8	4,1	3,9	4,3	4,0	3,5
Private consumption	186,6	49,9	1,7	3,0	4,4	4,4	4,3	4,3	4,2
Public consumption	85,4	22,8	1,9	3,2	3,4	2,5	3,2	2,5	2,1
GFCF	83,1	22,2	1,8	6,6	4,1	6,5	6,8	5,4	5,0
of which : **equipment**	29,0	7,8	3,8	9,4	4,5	5,8	6,4	6,6	6,4
Change in stocks as % of GDP	0,4	0,1	0,4	0,3	0,4	0,1	0,1	0,1	0,2
Exports (goods and services)	227,3	60,8	4,4	8,8	7,4	5,6	8,5	7,8	6,6
Final demand	582,7	155,9	2,6	5,8	5,5	4,8	6,1	5,6	5,1
Imports (goods and services)	208,8	55,9	3,6	9,5	8,0	6,3	9,2	8,3	7,5
Contribution to GDP growth :	**Domestic demand**		1,7	3,6	3,8	4,1	4,3	3,9	3,7
	Stockbuilding		-0,1	0,1	0,1	-0,2	0,0	0,0	0,1
	Foreign balance		0,5	0,2	0,1	-0,1	0,0	0,1	-0,3
Employment			1,1	3,2	3,0	2,8	2,7	2,6	2,3
Unemployment (a)			7,7	5,2	4,0	3,3	2,6	2,3	2,1
Compensation of employees/head			2,1	2,2	2,8	3,1	4,2	4,3	4,3
Unit labour costs			1,0	1,6	1,7	2,0	2,6	2,8	3,0
Real unit labour costs			-0,9	-0,4	-0,2	0,4	0,3	-0,7	-0,6
Savings rate of households (b)			-	-	19,4	16,5	15,0	16,1	15,2
GDP deflator			2,0	2,0	2,0	1,7	2,3	3,5	3,7
Private consumption deflator			2,5	2,0	1,8	1,9	2,8	4,0	2,9
Harmonised index of consumer prices			-	1,9	1,8	2,0	2,3	3,9	2,8
Trade balance (c)			2,7	5,6	5,3	4,5	3,6	3,5	3,7
Balance on current transactions with ROW (c)			3,7	6,2	4,1	5,6	4,7	4,4	4,6
General government balance (c) (d)			-4,3	-1,1	-0,7	1,0	1,8	0,6	1,6
General government gross debt (c)			71,4	70,0	66,6	62,9	56,9	52,7	47,5

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

(d) Including proceeds relative to UMTS licences in 2000, without which the general government balance would amount to 1.1% of GDP.

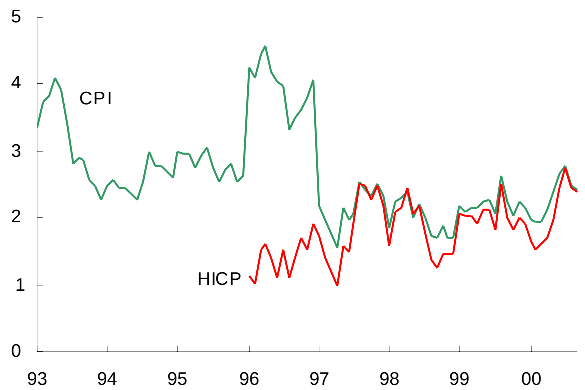
As a result, unemployment continued to fall rapidly, with the harmonised Eurostat rate declining from 4.0% in 1998 on an annual average basis to 3.3% in 1999. Growth in employment is set to remain buoyant over the entire forecasting period, but will probably diminish as a result of mounting labour shortages (the stock of unfilled vacancies has been higher than the number of registered unemployed since the summer). Unemployment has continued its downward trend this year, with the Eurostat rate dipping to 2.5% in July, which should also be the annual average for 2000. In 2001 and 2002 unemployment should continue to fall, albeit at a slower pace as it will doubtless be approaching incompressible levels. Accordingly, higher employment is expected to come essentially from a higher activity rate, which despite climbing significantly in recent years, is still relatively low in international terms.

Prices and wages. The strong growth in activity recorded since 1994 and the resulting fall in unemployment have been reflected in a substantial increase in wage growth since 1997, which brought fifteen years of exemplary wage moderation to an end at the very time when such restraint was becoming the norm in neighbouring countries. The result was a worsening of the external competitiveness of the Dutch economy following the very significant gains in the 1980s and for most of the 1990s. However, the adverse trend in recent years has been offset to date by the depreciation of the Euro. In the light of growing labour market tensions, wage increases are not expected to slow significantly in the forecasting period, even though some restraint in wage claims can perhaps be anticipated in response to the substantial increase in disposable income resulting from the 2001 tax reform.

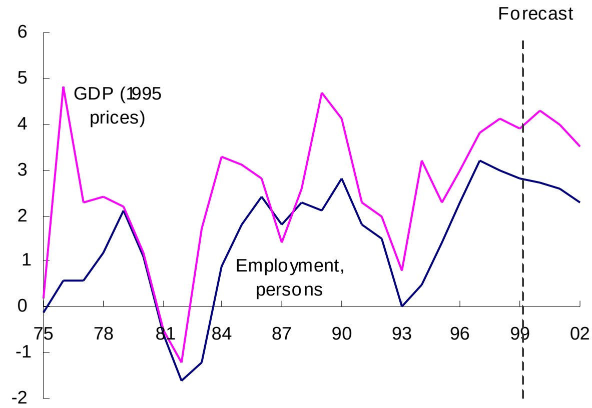
Consumer price inflation has remained rather moderate in recent years but has still become higher than in neighbouring countries, where it fell to an all-time low. CPI inflation stood at 2.0% in 1998 and 2.2% in 1999, compared with 1.8% and 2.0% respectively for the HICP. All things considered, these are rather moderate figures following several years of rapid growth and a sharp fall in unemployment. However, inflation is picking up significantly this year as a result of rising import prices in general and rising oil prices in particular. An even sharper increase is forecast for next year under the additional impact of higher indirect taxes. With sustained growth in the economy and mounting tensions on the labour market, both of which have been built into the forecast, inflation should remain fairly high in 2002, although it will probably be lower than in 2001 as the effects of the rise in indirect taxes gradually fade away.

Public finances. On the basis of strong growth and the higher tax revenues and lower social security expenditure which it engendered, the deficit of 0.6% of GDP initially forecast for 1999 was transformed into a surplus of 1%, the first since 1973, while the ratio of public debt to GDP fell to 62.9%. A general government surplus of about 1¾% of GDP should be posted in 2000, boosted by revenue from the sale of UMTS licences equivalent to 0.7% of GDP, while the public debt is expected to fall below the 60% threshold. The wide-ranging tax reform due to enter into force on 1 January 2001 will lead to a significant decrease in income tax and social security contributions that will be only partly offset by the increase in indirect taxes. Accordingly, the general government surplus should fall to about ½% of GDP before rising sharply in 2002, assuming policy remains unchanged. The public debt ratio will continue on its downward path and should fall below 50% of GDP in 2002

The Netherlands - CPI/ HICP year-on-year % change



The Netherlands - Annual % change in real GDP and total employment



Austria: Favourable growth prospects despite restrictive fiscal stance

Growth. The profile of growth in Austria over the forecasting period is to a significant extent influenced by budgetary policy, apart from factors common to all EU Member States. In the year 2000 a major income tax relief provides fiscal stimulus, while in 2001 and 2002 budgetary consolidation is expected to exert a drag on growth. Hence, in 2000 output growth in Austria is expected to accelerate considerably to 3.5% after 2.8% in 1999. With the exception of public consumption, all demand components are contributing to this expansion. In 2001, growth is projected to decelerate substantially owing to a noticeable slowdown in domestic demand and somewhat slower external demand growth. Restrictive fiscal policy is expected not only to lead to falling public consumption but will also affect enterprises and private households through various mainly tax related measures. In addition, exports are likely to decelerate throughout the forecasting period in step with the economic development of Austria's main trading partners. As a result, annual growth in 2001 should reduce speed to some 2.9%. In 2002, domestic demand is expected to recover somewhat, mostly offsetting the further projected slowdown in exports. Hence, GDP growth is forecast to remain more or less steady.

Demand components. Private consumption is expected to peak in the current year. Households' disposable income surged thanks to a reduction in income taxes and increases in child benefits, combined with higher employment and declining unemployment. By contrast, new excise duties, introduced in June 2000 in conjunction with the high oil prices are likely to lead to some deceleration in the second half year. In 2001, budgetary consolidation measures will act to further dampen households' purchasing power. Supply side conditions in 2001 are expected to deteriorate after the projected resurgence of investment in equipment in the current year. Investment allowances for enterprises will be abolished by 15 December 2000. Consequently, enterprises are expected to bring forward some of their investments with negative repercussions into 2001. Fiscal restraint and the resulting slack in public demand are expected to hamper construction investment particularly in 2001 but also in 2002. Net exports should contribute to GDP growth in both 2001 and 2002 due to a slowdown in import growth.

Prices. In 1999, Austria registered a record low in post-war inflation. Yet, in view of the oil price hike, increases in excise duties introduced in June 2000 and the closing output gap consumer prices are estimated to rise in 2000, remaining, however, rather moderate among euro zone countries. In 2001 and 2002 they are projected to increase at a decelerating pace, given the assumed halt and later decline in oil prices. In addition and contrary to the tax increases introduced in 2000, the

Main features of country forecast - AUSTRIA

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	197,1	100,0	2,1	1,3	3,3	2,8	3,5	2,9	2,8
Private consumption	111,6	56,6	2,4	1,4	2,9	2,3	3,1	2,2	2,4
Public consumption	39,1	19,8	1,6	-1,4	2,8	3,2	0,5	-0,2	-0,4
GFCF	46,7	23,7	2,5	1,0	2,7	3,2	5,2	4,0	4,2
of which : **equipment**	18,0	9,1	3,0	5,3	4,5	4,8	7,7	5,6	5,2
Change in stocks as % of GDP	0,7	0,4	0,3	0,7	0,7	0,4	0,3	0,3	0,3
Exports (goods and services)	88,9	45,1	4,8	9,9	5,5	7,6	9,6	8,6	8,2
Final demand	286,9	145,6	2,8	3,7	3,4	4,1	5,1	4,3	4,3
Imports (goods and services)	89,8	45,6	4,5	9,7	3,7	7,1	8,8	7,1	7,5
Contribution to GDP growth :	**Domestic demand**		2,3	0,7	2,8	2,7	3,1	2,1	2,3
	Stockbuilding		-0,1	0,3	0,0	-0,3	0,0	0,0	0,0
	Foreign balance		0,1	0,0	0,8	0,2	0,4	0,7	0,5
Employment			0,2	0,5	0,8	1,4	0,9	0,7	0,6
Unemployment (a)			3,6	4,4	4,5	3,8	3,3	3,0	2,7
Compensation of employees/head			4,8	0,6	2,8	2,0	2,1	2,7	2,0
Unit labour costs			2,8	-0,2	0,4	0,5	-0,5	0,5	-0,2
Real unit labour costs			-0,5	-1,4	-0,4	-0,3	-1,2	-0,7	-1,2
Savings rate of households (b)			-	-	-	-	-	-	-
GDP deflator			3,3	1,2	0,7	0,9	0,8	1,2	1,1
Private consumption deflator			3,3	1,5	0,5	0,7	2,4	2,0	1,8
Harmonised index of consumer prices			-	1,2	0,8	0,5	1,9	1,8	1,6
Trade balance (c)			-4,8	-1,9	-1,6	-1,6	-2,0	-1,6	-1,2
Balance on current transactions with ROW (c)			-0,4	-2,6	-2,0	-2,6	-3,4	-3,1	-2,9
General government balance (c) (d)			-3,3	-1,7	-2,3	-2,1	-1,3	-0,8	-0,5
General government gross debt (c)			55,2	64,7	64,0	64,6	64,4	62,8	61,0

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.
(d) Including proceeds relative to UMTS licences in 2000, without which the general government balance would amount to -1.7% of GDP.

budgetary consolidation in 2001 and 2002 should be virtually inflation-neutral.

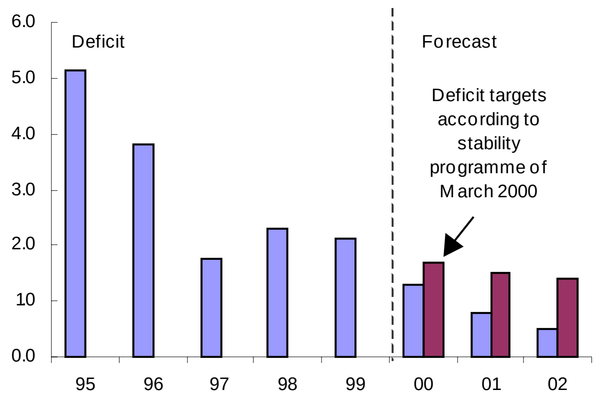
Wages. Given the higher than anticipated inflation rate and low nominal wage increases in the current year, wages in 2001 are expected to recuperate for this income loss in real terms. Nevertheless, a reasonable outcome of the currently ongoing wage negotiations is projected. The wage agreements in some of the industrial sectors concluded so far seem to support this assessment. Public administration agreed on a particularly moderate pay rise in both 2001 and 2002. Still, with higher wage increases in 2001 labour costs are projected to rise, decreasing again in 2002, when no compensation effects are expected. As a result, Austria's improvement in cost-competitiveness vis-à-vis its trading partners is likely to come only temporarily to a halt.

Labour market. In line with the outlook for production, employment growth is expected to continue in 2000 and decelerate afterwards. The forecast assumes that the expansion in employment will to some extent be absorbed by rising labour supply, partly as a consequence of changes in the social security legislation. Consequently, employment gains will translate only partially into a decline in the unemployment rate. Nevertheless, unemployment is expected to fall noticeably not least due to a tightening of eligibility criteria. Due to compulsory participation in training measures persons out of work not actively searching for a new job will drop out of unemployment statistics.

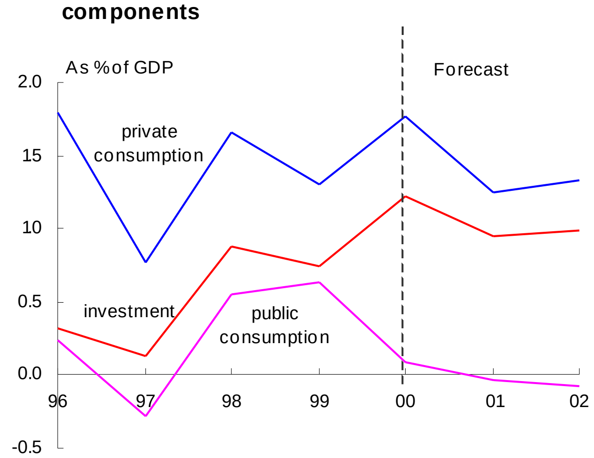
Current account. In the year 1999, the current account deficit widened significantly to 2.6% of GDP owing to a sharp increase in the net outflow of primary income. In the current year the noticeable drop in tourism exports, which have improved substantially in 1999, is expected to result in a lower services surplus. Together with a widening trade deficit – owing to the oil price hike and buoyant domestic demand - the current account deficit is expected to deteriorate further in the year 2000 but to improve somewhat thereafter. In 2001, in particular, the slowdown in domestic demand should result in a lower trade deficit.

Public finances. In the year 2000 an expansive and front-loaded income tax reform took effect, costing some 1.1% of GDP, of which some 0.9% of GDP weigh on the current year. The budgetary outcome in 2000 depends heavily on the revenue from the mobile phone licence sale (UMTS). This forecast incorporates projected revenues of € 727 million or 0.36% of GDP, the minimum amount stipulated by the government. While being some 0.2 percentage points above the income originally budgeted, this seems a cautious estimate. As a consequence, net lending in the year 2000 is expected to drop to 1.3% of GDP from 2.1% in 1999. According to the draft budget for the years 2001 and 2002, the government intends to take a restrictive fiscal stance. The budget will be adopted in December, hence some of the corresponding statutory measures are still being prepared but most likely to be passed. As a consequence, this forecast incorporates expenditure cuts and additional revenue as outlined in the draft budget (except the intended reduction in non-wage labour costs, since no decision has been taken so far). The measures at the federal level incorporated in this forecast amount to € 4.8 billion or 2.3% of GDP cumulatively from 2000 to 2002. More than two thirds are revenue side measures. Noteworthy on the expenditure side is a major pension reform effective since 1 October 2000 resulting in gradually increasing budgetary savings as of next year. In addition, restructuring public administration should reduce budgetary expenses. On this basis, the general government deficit is expected to drop in 2001 to 0.8% of GDP, and to decrease further to 0.5% of GDP in 2002.

Austria - General government deficit and stability programme targets



Austria - Contribution to growth - Domestic components



Portugal: Growth slowdown to a more sustainable pace

2000 outcome. GDP growth is estimated to rise by about 3 % in 2000, the same growth rate as registered in 1999. The intra-annual profile of exports will favour growth in the second half of the year. The composition of growth has changed markedly in 2000, with the slowdown in domestic demand being roughly offset by an acceleration of export growth. Private consumption is estimated to have decelerated from 5 % in 1999 to some 3 % in 2000, with a particular strong slowdown in the demand for durables. Investment growth is expected to have increased from 5¼ % in 1999 to 6 % in 2000. The behaviour of investment differed between its construction and equipment components. In particular, activity in construction is likely to have weakened, reflecting a levelling off in the residential sector, following several years of rapid growth, while investment in equipment is estimated to have accelerated, as indicated also by the rapid growth in imports of equipment. Export growth, which started to pick up in the fourth quarter of 1999, should continue its rise in 2000, reflecting mainly the strengthening of foreign demand. On an annual basis, growth of goods exports is likely to increase by 3 % in 1999 and by about 8½ % in 2000.

Growth outlook. GDP is expected to grow by some 2¾ % in both 2001 and 2002, as a result of the expected further weakening of domestic demand, which will be only partially compensated by stronger export growth. Domestic demand is expected to slow down to an annual growth rate of around 3 %, after an average growth rate of over 5 % in the period 1996-00. Private consumption should remain on its downward trend, attaining a rate of about 2½ %, as the households' saving ratio is assumed to stabilise at a historically low level. A number of factors point to a further deceleration in consumer expenditure, namely the rise in interest rates, the deterioration in consumer confidence registered since the beginning of 2000, some saturation in demand, following the rapid expansion in the consumption of durables in recent years, and the expected slowdown in the pace of employment creation as the economy is operating near full employment. Moreover, households are also likely to curb the pace of total expenditure growth in order to contain a further rise in their debt ratios, which will have attained historically high levels at the end of 2000.

Total investment growth should decelerate only marginally from about 6 % in 2000 to between 5½ and 5¾ % in the period 2001-02, although masking some differences within the sector. More specifically, investment in equipment is likely to remain robust at around 6½ % on the back of brightening prospects for export demand coupled with a relatively high level of capacity utilisation. Also public investment is projected to pick-up in the period 2001-02, in line with the recent evolution in new adjudications and the implementation of a new Community Support Framework. By contrast, investment in construction is forecast to decelerate. This is based on a "soft landing" scenario for the residential

Main features of country forecast - PORTUGAL

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	105.6	100.0	2.7	3.7	3.6	3.0	3.0	2.7	2.7
Private consumption	68.9	65.2	2.8	3.3	6.0	4.6	3.0	2.4	2.4
Public consumption	21.2	20.1	4.2	2.6	3.0	3.8	2.8	1.0	1.0
GFCF	27.2	25.7	2.9	10.6	8.8	5.4	6.0	5.6	5.8
of which : **equipment**	13.6	12.9	2.8	10.0	14.1	6.8	8.0	6.5	6.8
Change in stocks as % of GDP	-0.7	-0.6	0.7	0.5	0.5	0.6	0.0	0.0	0.0
Exports (goods and services)	31.8	30.1	6.8	8.5	7.6	2.5	8.0	7.2	7.1
Final demand	148.4	140.5	3.8	5.5	6.5	4.2	4.7	4.0	4.0
Imports (goods and services)	42.8	40.5	6.7	10.6	13.8	7.0	8.4	6.7	6.9
Contribution to GDP growth : **Domestic demand**			3.2	5.0	6.5	5.0	4.1	3.3	3.4
Stockbuilding			0.0	-0.1	0.0	0.1	0.0	0.0	0.0
Foreign balance			-0.4	-1.2	-2.9	-2.1	-1.1	-0.6	-0.8
Employment			0.0	1.7	2.7	1.8	1.5	0.8	0.8
Unemployment (a)			6.8	6.8	5.2	4.5	4.0	4.2	4.3
Compensation of employees/head			15.4	3.7	3.7	5.3	5.4	5.5	4.9
Unit labour costs			12.4	1.7	2.8	4.1	3.9	3.6	3.0
Real unit labour costs			-1.0	-1.3	-1.0	0.6	2.1	1.1	0.6
Savings rate of households (b)			-	-	-	-	-	-	-
GDP deflator			13.5	3.1	3.8	3.5	1.8	2.5	2.4
Private consumption deflator			13.3	2.2	2.6	2.5	2.8	2.9	2.3
Harmonised index of consumer prices			-	1.9	2.2	2.2	2.7	2.9	2.3
Trade balance (c)			-13.1	-9.6	-11.0	-12.5	-14.2	-14.8	-15.1
Balance on current transactions with ROW (c)			-3.7	-5.7	-7.0	-8.5	-10.9	-11.5	-11.9
General government balance (c) (d)			-6.2	-2.6	-2.3	-2.0	-1.5	-1.4	-1.4
General government gross debt (c)			60.3	59.3	55.6	55.4	56.1	56.5	56.5

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.
(d) Including proceeds relative to UMTS licences in 2000, without which the general government balance would amount to -1.9% of GDP.

construction sector following its exceptionally fast expansion during the period 1996-99, an assumption which appears corroborated by the deceleration in mortgage credit registered since mid-1999 and the reduction in the number of building permits.

Export market growth for goods is estimated to average some 8½ %, after 10¾ % in 2000, making for strong export growth despite some further losses in market shares due to the evolution of labour costs. As imports are projected to decelerate in step with domestic demand, the growth contribution of net exports will improve. However, this will not be sufficient to stop the deterioration in the current balance underway for some years, which in the forecast period is due mainly to the worsening in the terms of trade.

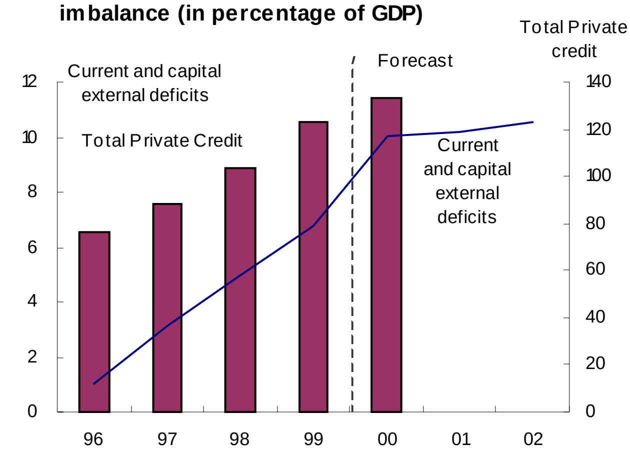
Current account. The current and capital accounts deficit is estimated to attain approximately 9¼ % of GDP in 2000 (6 % in 1999). The external imbalance is not projected to narrow in the period 2001-02, attaining about 9½ % of GDP in 2002. The worsening of the foreign imbalance is due mainly to a deterioration in the terms of trade amounting to an accumulated 4 % in the period 2000-01, a higher trade deficit in volume terms and a deterioration in the balance of primary income. The counterpart of this rising disequilibrium is a rapid accumulation of net external liabilities by the household and the financial sectors.

Prices. Consumer price inflation has accelerated since March 2000, following the rise in fuel prices, the weakening of the euro and higher prices of food products. On average, the HICP is forecast to increase by 2.7 % in 2000, up from 2.2 % in 1999. Inflation is likely to remain above 2½ % in 2001 due basically to carry-over effects and adjustments in user energy prices.

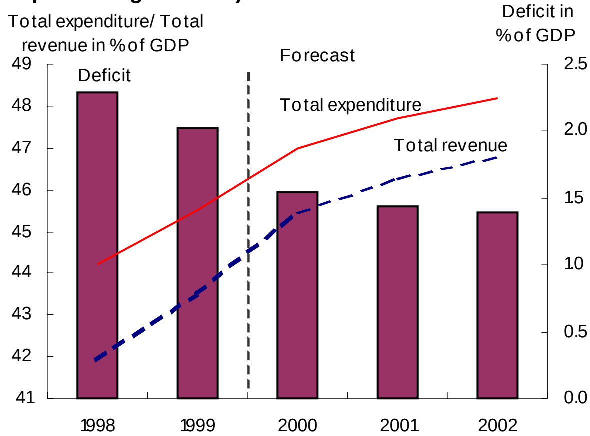
Labour market. Employment growth in 2000 is estimated at 1½ %. It is expected to slow down in the forecast period to about ¾ %, in line with the development of output growth. The unemployment rate is projected to remain below 4½ % in the period 2001-02. In a situation of near full employment companies will find it progressively difficult to recruit qualified personnel. Continued tightness of the labour market will put pressure on wages, which are projected to continue to rise by about 5 % per year.

Government finances. In 2000, windfall revenues of € 0.4 billion (about 0.4 % of GDP) due to the sale of 4 UMTS licenses were instrumental in attaining the government's deficit target of 1.5 % of GDP. In fact, the outcome of budgetary execution was characterised basically by lower (than budgeted) revenue and higher current expenditure. Forecasts for the period 2001-02 include the measures announced in the budget presented to Parliament on the 16th of October. On a public accounts basis, the budget projects *inter alia* a rise of 9.3 % in current revenue (over the estimation of budgetary execution for 2000), an increase of 7.8 % in current expenditure and of 14.7% in capital expenditure. This would translate, on a national accounts basis, into a decline in the general government deficit to 1.1 % of GDP, thereby complying with the Stability Programme objectives. However, given that in the Commission's Autumn forecasts nominal GDP growth is about 1½ percentage points below that of the macroeconomic scenario underlying the budget, the deficit ratio is projected to exceed by about ¼ of a percentage point the official target of 1.1 % of GDP.

Portugal - Private credit and the external imbalance (in percentage of GDP)



Portugal - General government (in percentage of GDP)



Finland: Growth to moderate as capacity limits begin to bind

The economy in 2000. The rate of expansion in activity probably peaked in the first half of 2000, when year-on-year growth was around 5%. The strength of activity in the first half owed much to unusually high consumer spending, particularly on cars and other consumer durables. This was buoyed by the high level of confidence, real income gains (including from stock options and profit-sharing schemes) and wealth effects from rising asset prices. Higher private consumption in turn prompted a strong rise in imports of goods. By contrast the strong momentum of export growth weakened somewhat, and in addition fixed investment expenditure was surprisingly low, and equipment investment is recorded as having fallen compared with the second half of 1999, as did government consumption. Price developments worsened such that deflators of most domestic demand components rose at an annual rate of around 3%; import and export deflators, under the impulse of the euro's weakness and for imports the additional effect of the rise in oil prices, recorded annual rises of around 10%. The worsened inflation performance reflected domestic pressures as well as external factors: there was increasing evidence of higher rates of service sector inflation and in addition the national CPI inflation rate was aggravated by the effect of higher loan interest rates. In this cost and price environment attention increased on the risks of overheating, and the government attributed restrictive multi-annual spending guidelines announced in March to the need to reduce these risks.

Indicators available for the second half of 2000 point to changes in the balance of expenditure growth. A slowdown will be most pronounced for private consumption and merchandise imports. This follows the very high spending in the first half and in reaction to reduced real income gains because of the sharp increase in inflation and negative wealth effects as share markets have suffered sharp declines. The household saving ratio is still likely to have fallen significantly compared with 1999. For government consumption, fixed investment and exports some reaction can be expected to apparently anomalously low expenditure earlier in the year. Annual export growth should thus still be high. With the exception of weakened consumer confidence, other survey indicators point to business confidence remaining quite robust and growth this year is forecast at just under 5%, after an upwardly revised 4% in 1999. Employment growth has strengthened after an uncertain start to the year to around 2%, with both rising participation and declining unemployment. The surplus in public finances continues on an increasing trend and should be of the order some 4% of GDP, over double its level in 1999. Despite a decline in the private sector financial surplus between the two years, national saving increases and is mirrored by a rise in the current external surplus, to 6½% of GDP.

Main features of country forecast - FINLAND

	1999		Annual percentage change						
	bn Euro Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	121,7	100,0	2,0	6,3	5,5	4,0	4,8	4,3	3,8
Private consumption	61,3	50,3	2,1	3,5	4,9	3,6	3,7	3,0	2,1
Public consumption	26,1	21,5	2,0	4,1	1,7	2,0	0,7	1,0	1,0
GFCF	23,3	19,1	-0,4	11,9	9,4	4,6	4,4	5,3	4,8
of which : **equipment**	8,4	6,9	0,8	12,2	8,3	4,1	2,8	5,7	5,5
Change in stocks as % of GDP	0,6	0,5	0,1	0,5	1,1	0,5	-0,3	-0,4	-0,4
Exports (goods and services)	45,5	37,4	4,3	14,1	8,9	6,3	10,0	8,7	7,8
Final demand	156,8	128,8	2,2	7,4	6,1	3,8	5,4	4,9	4,3
Imports (goods and services)	35,7	29,3	3,3	11,3	8,3	3,2	7,5	6,8	5,9
Contribution to GDP growth : Domestic demand			1,5	4,8	4,5	3,1	2,8	2,7	2,1
Stockbuilding			-0,1	0,7	0,7	-0,5	0,1	-0,1	0,0
Foreign balance			0,5	2,0	1,0	1,6	1,9	1,7	1,7
Employment			-0,8	3,3	2,1	2,2	1,9	1,4	1,0
Unemployment (a)			8,0	12,7	11,4	10,2	9,8	9,3	9,1
Compensation of employees/head			7,2	1,7	4,1	2,3	4,1	3,5	3,4
Unit labour costs			4,3	-1,1	0,8	0,5	1,2	0,7	0,5
Real unit labour costs			-0,7	-3,1	-2,3	-0,1	-1,9	-1,7	-1,7
Savings rate of households (b)			-	-	8,7	8,8	8,2	8,3	8,4
GDP deflator			5,0	2,1	3,1	0,7	3,1	2,4	2,3
Private consumption deflator			4,9	1,3	1,9	1,7	2,9	2,5	2,2
Harmonised index of consumer prices			-	1,2	1,4	1,3	2,9	2,5	2,2
Trade balance (c)			3,3	9,5	9,7	9,0	10,3	11,2	12,2
Balance on current transactions with ROW (c)			-1,5	5,6	5,6	5,2	6,4	7,4	8,5
General government balance (c)			0,3	-1,5	1,3	1,9	4,2	4,4	4,9
General government gross debt (c)			28,1	54,1	48,7	46,6	42,5	39,3	36,4

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

Outlook for 2001 and 2002. While growth in 2000 should be particularly strong from the impulse of high private consumption and continued buoyant net exports, some deceleration is likely in 2001 and 2000 due to industrial capacity constraints, with the risks from overheating increasing if this slowing does not occur. Even so, output is still projected to move somewhat ahead of the increase in trend capacity. Overall, a decline in the inflation rate and labour income tax cuts result in a slight acceleration in real household disposable income in 2001 but a technical assumption of smaller tax cuts the following year combined with more moderate output and employment growth produce a slowdown in 2002. Wage growth is assumed to moderate from 2001. After the fall in the saving rate in 2000, the rate of household saving is projected to recover partially in the following two years and private consumption rises more slowly. Although business investment should be fairly strong, given the conditions of rising profitability and capacity concerns, this expenditure will not be sufficient to prevent an overall slowing of domestic demand growth which will also be matched by a gradually less dynamic external environment.

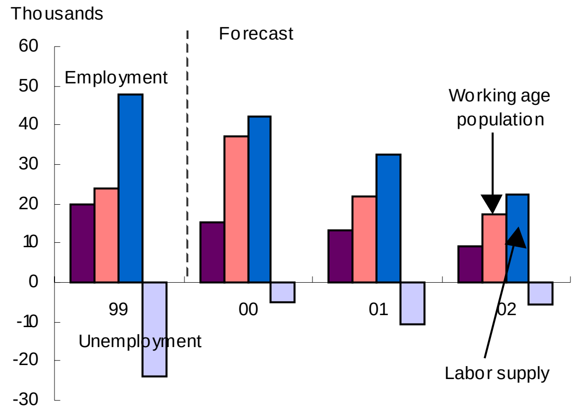
Domestic demand. Growth decelerates by about a half-percentage point in both 2001 and 2002, more moderate than the deceleration in private consumption. Public consumption is expected to remain subdued as a result of tight volume expenditure limits. In addition to higher business investment to meet capacity concerns, continuing high levels of internal migration is expected to stimulate residential and other private construction investment, although shortages of land zoned for construction and skilled construction labour have become increasingly evident and will constrain growth. Government investment, like consumption, is expected to grow more slowly.

Labour market. Employment growth is expected to decelerate, maintaining overall productivity growth at around 2½%, with a much higher rate of productivity growth in manufacturing, such that most jobs are in the more labour-intensive construction and services sectors. Rising participation slows the reduction in the rate of unemployment, to below 9% in 2002.

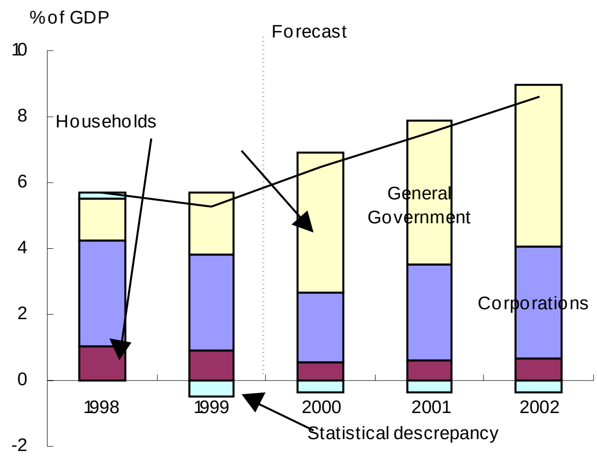
Wages and prices. There are prospects that a centralised two-year wage agreement will be concluded for 2001-02. An assumption has been made that this will result in annual compensation increases of 3½% p.a. or below, slightly down on 2000 and without clawback of higher-than-expected inflation in 2000. This is sufficient to result in a low rate of increase in unit labour costs, and with the effects of exchange rate depreciation and higher oil prices fading in impact, inflation moderates, though slowly.

Public finances. The central government budget for 2001 announced in September proposes inflation-adjusted labour income tax reductions of 0.6% of GDP, with no other major tax proposals. A technical assumption is made of a further ¼% point of tax reductions in 2002. With high economic growth, primary expenditure tightly controlled and a falling interest burden from continuing debt redemption, the general government surplus continues to increase, reaching 5% of GDP in 2002. Tax and expenditure ratios continue to fall in relation to GDP. Although debt will decrease in absolute and relative terms, the reduction is forecast to be slowed by planned gross asset accumulation.

Finland - Labour supply, employment and unemployment, annual change



Finland - net lending by sector



IV Non-euro area

Denmark: Temporary growth acceleration in 2000

Following a policy-induced growth pause in 1999, aimed at avoiding a situation of overheating of the Danish economy, 2000 will see a temporary growth acceleration, due to a large extent to the repair works after the storm last December. Given that the economy operates at a level which is close to or even slightly above its potential, more moderate growth rates are projected for 2001 and 2002.

Growth in 2000. Economic activity is accelerating in 2000 and overall GDP growth is estimated at some 2.6 %. Growth in private consumption remains subdued, mainly due to a persistence of the weakness in car purchases. New car registrations have fallen by more than 20 % year-on-year, seemingly caused by the increase in energy prices, the gradual lowering of the tax deduction of interest payments included in the 1998 tax package and a relative “saturation” of the markets for new cars. Gross fixed capital formation, in contrast, is rising strongly, both in the construction and equipment sectors. Investment in the construction sector is mainly boosted by repair works and contributes significantly to the expansion of output this year. Investment in equipment has also risen strongly, partly linked to rising profits, above all in the manufacturing sector, since the turn of the year. Exports of goods have shown moderate growth rates – especially in comparison to the robust expansion of Danish export markets. Somewhat surprisingly, Danish companies seem to loose market shares mainly outside the EU – despite the depreciation of the Danish *krone*.

Outlook for 2001 and 2002. In 2001, domestic demand growth is expected to decelerate, mainly due to lower prospects for investment. Whereas growth in private consumption should gradually resume strength, since the strong fall in car purchases should taper off, it is nevertheless likely to remain moderate as the rise in real disposable income should be restrained and employment growth is likely to weaken. On the other hand, investment in construction is expected to fall - as the bulk of the repair works will be completed by then – and investment in equipment is projected to grow at a more moderate rate. Lower relative increases in Danish unit labour costs should allow exports to rise at a rate that is closer to the growth rate of export markets whereas import growth is projected to slacken slightly in line with final demand. Overall, GDP is expected to rise by some 2.3 %.

In 2002, expansion of domestic demand, mainly in private consumption and gross fixed capital formation, is projected to strengthen in comparison to 2001. While exports are anticipated to decline slightly – in tandem with external demand, growth in imports should accelerate slightly. Output in 2002 is forecast to expand

Main features of country forecast - DENMARK

	1999		Annual percentage change						
	bn DKK Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	1215,8	100,0	1,8	3,1	2,5	1,7	2,6	2,3	2,4
Private consumption	613,5	50,5	1,5	3,7	3,5	0,6	0,5	1,3	1,7
Public consumption	312,9	25,7	1,4	1,3	3,0	1,4	1,1	1,4	1,4
GFCF	241,3	19,8	2,0	7,9	6,9	0,3	7,9	1,3	3,3
of which : **equipment**	103,3	8,5	3,1	12,6	7,1	3,9	6,7	3,7	3,6
Change in stocks as % of GDP	-3,0	-0,2	0,4	0,8	1,1	-0,1	0,0	0,1	0,1
Exports (goods and services)	448,4	36,9	4,2	4,1	2,2	7,9	6,3	6,8	6,2
Final demand	1613,1	132,7	2,2	4,3	3,7	1,8	3,6	3,0	3,2
Imports (goods and services)	397,3	32,7	3,9	8,0	7,3	2,2	6,2	4,8	5,4
Contribution to GDP growth :	**Domestic demand**		1,5	3,7	3,9	0,7	2,1	1,3	1,9
	Stockbuilding		0,0	0,5	0,3	-1,2	0,3	0,1	0,0
	Foreign balance		0,2	-1,1	-1,6	2,1	0,2	0,9	0,6
Employment			0,2	1,0	2,0	1,1	0,9	0,4	0,4
Unemployment (a)			7,7	5,6	5,2	5,2	4,8	4,6	4,5
Compensation of employees/head			5,5	3,5	3,2	4,0	4,2	3,3	3,7
Unit labour costs			3,9	1,3	2,7	3,3	2,4	1,4	1,6
Real unit labour costs			-0,7	-0,3	0,6	0,6	-0,4	-0,9	-0,6
Savings rate of private sector (b)			-	-	-	24,4	26,4	26,8	27,5
GDP deflator			4,7	1,6	2,1	2,7	2,9	2,3	2,3
Private consumption deflator			4,5	2,0	1,8	2,6	3,3	2,6	2,0
Harmonised index of consumer prices			-	1,9	1,3	2,1	2,8	2,4	1,8
Trade balance (c)			1,1	2,5	1,3	2,9	2,8	3,3	3,7
Balance on current transactions with ROW (c)			-1,2	0,2	-1,4	1,0	0,8	1,4	2,1
General government balance (c) (d)			-2,2	0,5	1,2	2,8	2,6	3,3	3,1
General government gross debt (c)			64,4	61,4	55,8	52,6	48,5	44,6	40,9

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

(d) Including proceeds relative to UMTS licences in 2001, without which the general government balance would amount to 2.8% of GDP.

by some 2.4 %.

With the Danish economy expected to grow at a more moderate speed than its main trading partners, the current account balance is forecast to improve gradually both in 2001 and in 2002.

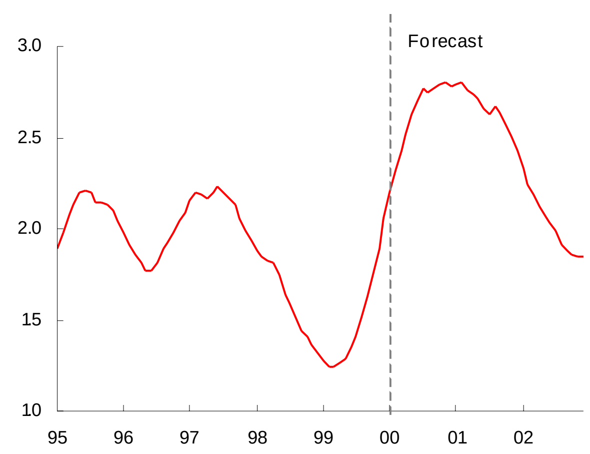
Labour market. The strong job creation experienced up to 1999 has reduced speed and employment growth is projected to increase by less than one per cent in 2000 and by beneath half a per cent in 2001 and 2002. Unemployment is expected to fall slightly throughout the forecast period and to decline to below 5 % of the labour force in 2002. As this unemployment rate is considered to be close to or below most estimates of the NAIRU, the labour market situation will remain tight. Given the already high participation rate, it remains a main challenge for Danish economic policy to raise the labour supply and thus to avoid supply side constraints both in the short and medium-term.

Wages. Compensation of employees per head should increase by slightly above 4 % in 2000. However, data for wage increases per hour indicate a more moderate pay rise and incorporated in the former figure is an increase in overtime work, mainly linked to the repair works in the construction sector. Wage increases per head are likely to be lower in 2001 as employees are expected to trade the additional week of paid annual leave (mainly implemented in 2001 in accordance with the collective agreements for the private sector) for lower pay rises. Bearing in mind the continued tight labour market situation, wage increases per head are projected to go up somewhat in 2002.

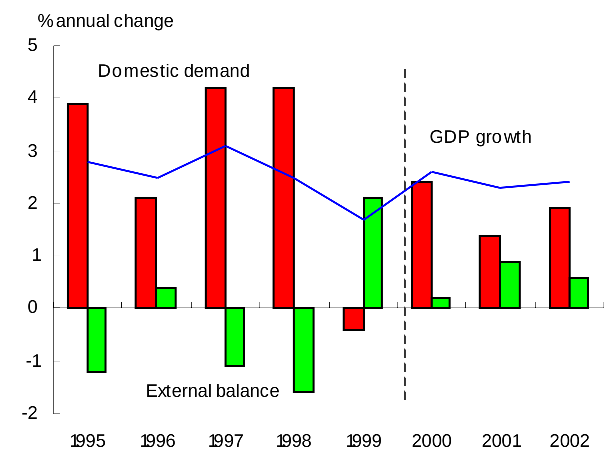
Prices. Consumer prices started to rise at the start of last year, in the beginning mainly driven by domestic factors. However, since the middle of 1999 high energy and import prices have played a dominant role behind the price increases, but inflationary pressures should gradually lose pace as the externally induced price rises taper off. The harmonised consumer price index (HICP) is estimated to rise by 2.8 % this year, and thereafter gradually fall back to 2.4 % in 2001 and to 1.8 % in 2002.

Public finances. Danish general government finances should remain in a solid position over the forecasting period. In 2000 a budget surplus of 2.6 % of GDP is expected. For 2001, the government's budget bill suggests a slight expansionary fiscal stance, among others due to increased investment in the education and health sectors. On the other hand, the structural impact of the 1998 tax package (aimed at strengthening savings incentives) is assumed to continue to exert a small dampening effect on economic activity. Moreover, an auction of UMTS licences is planned to take place at the latest in the autumn of 2001. A cautious technical assumption of the proceeds, corresponding to 0.5 % of GDP, raises the government surplus to 3.3 % of GDP in the coming year. The consolidated gross debt is projected to decline markedly to some 41 % of GDP at the end of the forecast period.

Denmark - HICP (12 months average)



Denmark - Contribution to real GDP growth



Sweden: In the middle of a strong and broad-based expansion

Output. The Swedish economy performed strongly in 1999 and real GDP accelerated to 3.8%. Growth was sustained mostly by domestic demand, with both private consumption and investment achieving high growth rates. The external side contributed as well, with relatively strong net exports. Growth of domestic demand has been sustained by continued favourable monetary conditions. The Riksbank has left the repo-rate unchanged at 3.75% since February this year, largely due to subdued inflationary pressures in spite of higher oil prices. While economic growth has been solid recently, there is still potential for employment to grow and productivity growth is expected to be relatively strong over the forecast period. This should allow for continued robust GDP growth, without inflation rising beyond the Riksbank's inflation target of 2% (+/- 1 percentage point). This implies that the outlook for the Swedish economy is positive and strong demand growth should be accommodated by good output growth without much of a rise in inflationary pressures. With high consumption, strong investment, and high employment growth, GDP is expected to continue to grow above trend at 4.0% in 2000, 3.7% in 2001, and at 3.2% in 2002.

GDP components. Household consumption is expected to grow strongly over the forecast period, due to higher disposable incomes, stemming from lower income tax in 2000 and 2001 and continued employment growth. In 2000 in particular, consumption should continue to grow well with consumer confidence at historically high levels and retail sales growing briskly so far this year. Furthermore, the tax cuts introduced in the budget for 2001, totalling some 0.6% of GDP, should stimulate household spending. However, the strong growth of spending on durables is expected to ease slightly in 2002. After modest growth in construction investment in 2000, this should increase strongly, particularly housing investment, in both 2001 and 2002, due to high demand for housing. Equipment investment should show good growth rates in 2000, and is expected to accelerate in 2001, as capacity utilisation is at high levels. As demand slows down somewhat in 2002, investment growth is expected to weaken, although housing investment is likely to continue to grow robustly. In 2000, exports are projected to accelerate, as demand for Swedish exports among the main trading partners picks up. In particular, the strong performance in the telecom industries, which contributes significantly to total exports, is expected to continue. In 2001 and 2002, export growth should continue to grow relatively strongly, albeit at a lower pace, as external demand moderates somewhat. With strong domestic demand, in particular household consumption expenditure but also investment, imports are also expected to grow strongly over the forecast period.

Main features of country forecast - SWEDEN

	1999			Annual percentage change						
	bn SEK Curr. prices	% GDP		1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	1972,1	100,0		1,5	2,0	3,0	3,8	4,0	3,7	3,2
Private consumption	996,8	50,5		0,9	1,7	2,4	4,1	4,9	3,5	3,1
Public consumption	532,8	27,0		1,1	-1,0	2,2	1,8	-0,8	0,8	0,8
GFCF	326,9	16,6		0,8	-2,2	9,4	8,1	6,0	7,5	7,0
of which : **equipment**	172,0	8,7		4,2	4,4	15,1	10,8	6,6	7,6	7,1
Change in stocks as % of GDP	6,4	0,3		-0,3	0,6	0,9	0,4	0,5	0,6	0,5
Exports (goods and services)	863,3	43,8		4,8	13,0	7,3	5,2	9,4	8,0	7,3
Final demand	2726,2	138,2		1,9	4,5	5,0	4,1	5,5	5,0	4,5
Imports (goods and services)	754,1	38,2		3,2	11,8	10,4	5,0	9,2	8,3	7,7
Contribution to GDP growth :			**Domestic demand**	0,9	0,3	3,2	3,9	3,2	3,3	3,0
			Stockbuilding	-0,1	0,5	0,3	-0,5	0,2	0,1	0,0
			Foreign balance	0,6	1,3	-0,5	0,5	0,6	0,4	0,3
Employment				-0,3	-0,6	1,3	2,3	2,0	1,4	1,0
Unemployment (a)				4,5	9,9	8,3	7,2	6,5	5,7	5,4
Compensation of employees/head				7,1	3,0	3,3	4,1	4,0	4,2	4,2
Unit labour costs				5,3	0,4	1,6	2,6	1,9	1,8	2,0
Real unit labour costs				-0,6	-0,8	0,3	2,1	0,7	0,0	-0,3
Savings rate of households (b)				-	-	7,7	6,8	6,6	6,6	6,5
GDP deflator				5,9	1,2	1,3	0,5	1,3	1,9	2,3
Private consumption deflator				6,7	2,2	1,0	0,7	1,0	1,4	1,8
Harmonised index of consumer prices				-	1,8	1,0	0,6	1,3	1,5	1,9
Trade balance (c)				2,6	7,8	7,2	6,7	6,9	7,0	7,2
Balance on current transactions with ROW (c)				-1,0	3,6	3,4	2,4	2,9	2,9	3,3
General government balance (c)				-3,1	-2,0	1,9	1,9	3,5	3,6	4,1
General government gross debt (c)				60,0	75,0	72,4	65,7	58,6	52,7	47,1

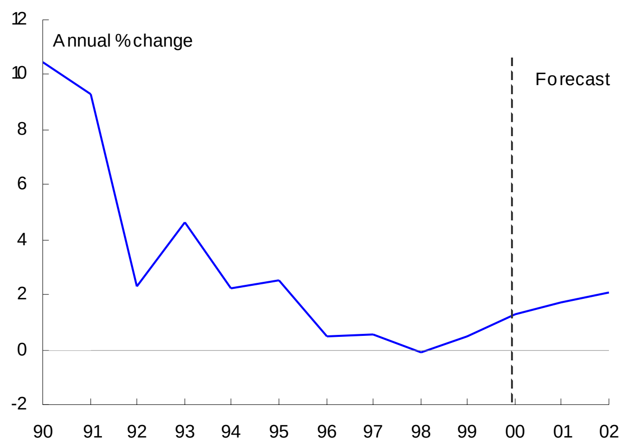
(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

Price developments. While inflation remained low in 1999, averaging 0.3% as measured by the CPI, it has increased in 2000 but remained fairly stable in recent months, at a bit above 1%, despite high oil prices, and stood at 1.3% in September. As the labour market tightens further and economic growth continues to be high in 2001 and 2002, a small increase in inflationary pressures is expected to emerge and inflation could accelerate towards 2% by 2002. It is expected however that the Riksbank will successfully fulfil its task in ensuring that the inflation target, of 2% +/- 1 percentage point, is not breached, though with some further tightening of the monetary policy stance. It is expected that the strong commitment to the inflation target should result in only slightly higher wage increases over the forecast period and that these will be accompanied by good productivity. The result will be sustainable rises in unit wage costs.

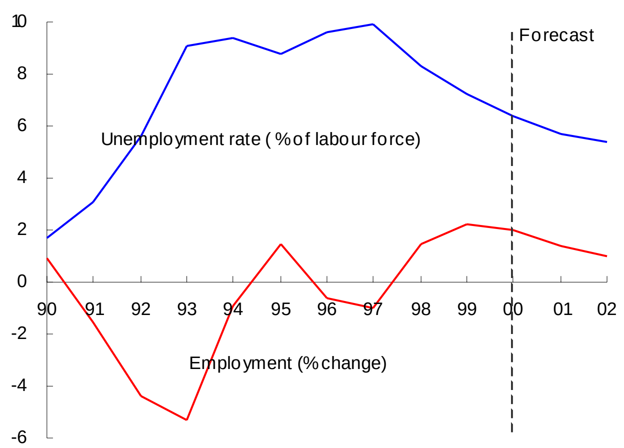
Labour market. Employment grew substantially by more than 2% during 1999 and unemployment fell to 7.2%. Continued relatively strong employment growth is expected to be achieved, albeit at a lower pace, through an increase in labour force participation, partly due to a reduction in labour-market programmes, in addition to demand-driven employment expansion. The number of unemployed is therefore expected to fall each year until 2002, when the unemployment rate should reach 5.4%. Although some sectors appear to face increasing difficulties in recruiting staff, there are no signs of widespread labour shortages yet. While the fact that unfilled vacancies has increased faster than new vacancies so far this year suggests increased matching problems, the observed large differences between sectors and regions should permit further employment growth. The functioning of the labour market seems to have improved in recent years, with moderate wage increases and a tendency towards a closer link between productivity and wage growth at a decentralised level. This trend is expected to continue over the coming years and, in particular, in the wage negotiations starting this winter. In all, these factors, together with the credible fulfilment of the inflation target, are expected to result in relatively strong employment growth without resulting in highly inflationary wage increases over the forecast period.

Public finances. The efforts made to reduce the general government deficit since the early nineties have proven successful and Sweden now exhibits sound public finances. A surplus in government finances was recorded in 1998 and 1999 and larger surpluses are expected in 2000-2002. The favourable economic position and continued adherence to the central government expenditure ceilings contributes to the strong fiscal position. The credibility of the governments' ability not to breach the expenditure ceiling for central government is strong. In addition, the reduction in public debt is expected to contribute to lower interest payments. In 2000, the surplus is expected to be 3.5% of GDP and in 2001 and 2002 it is expected to increase to 3.6% and 4.1% of GDP, respectively, driven by the strong economic growth. This more than outweighs the effects of the lowering of taxes in 2000 and 2001. Debt relative to GDP is projected to fall to below 60% of GDP in 2000, partly due to the use of the proceeds from the flotation of shares in Telia to reduce debt, and, further, to some 47% of GDP at the end of 2002, as the strong budget surpluses described above take effect.

Sweden - CPI Inflation



Sweden - Employment and Unemployment



United Kingdom: Good growth expected to continue with inflation remaining subdued

Output in the first half of 2000 rose by 3.1% on the same period one year earlier. Growth was broadly sustained by especially strong household consumption and a large rise in exports despite sterling's strength. (The latter were supported by good growth in the UK's overseas markets). These were partly offset by a weaker investment performance than seen in recent years and rapidly rising imports; the latter driven by strong growth in domestic demand and, probably, sterling's strength. The labour market is strong with unemployment down to a little over 5% but with not much in the way of accompanying pressures on wages. Average earnings are growing at around a sustainable 4% a year and wage settlements also show a subdued picture. Productivity, having risen slowly for a long period, grew by 2.5% year on year, in the second quarter. Despite the recent oil price rise, inflationary pressures remain very weak - on the HICP measure, inflation is around 1% and amongst the lowest in the EU. The government's target measure of RPIX inflation is well under the 2.5% target.

Forecast output. The strong growth of the first half of the year is likely to have persisted into the second half; though on the preliminary measure, third quarter GDP grew a little under 3% at an annual rate. Retail sales volumes and export volumes have remained strong and some revival in manufacturing output has occurred though, again, imports have risen rapidly. Despite strong growth in activity in recent months, the Monetary Policy Committee of the Bank of England (MPC) have kept the repo rate unchanged, since last February, at 6% because inflationary pressures and prospects have remained muted. Monetary policy has indeed been associated with respectable non inflationary growth and the outturn for GDP growth in 2000 as a whole is projected at 3.1%. Looking towards 2001 and 2002, some slight slowing down in growth is expected. However, the fundamentals of continuing strong household consumption, strong government consumption and investment as well as export growth will ensure that final demand remains strong over the forecast period. The expectation is that rising demand will be accommodated by rises in output with no big upsurge in inflation. While the labour market is tight, a modest rise in the employment rate accompanied by respectable growth in labour productivity should ensure that GDP would grow at 3% in both 2001 and 2002. Strong growth in fixed investment in recent years will also reduce problems of capacity constraints. Oil price rises are unlikely to impact much on growth - the UK is a net exporter of oil.

Output components. Household consumption growth is expected to be maintained well in 2000, 2001 and 2002 as real earnings are expected to grow moderately and the labour market remains strong. Nevertheless some slow down is expected as households lift the saving ratio from

Main features of country forecast - UNITED KINGDOM

	1999			Annual percentage change						
	bn GBP Curr. prices	% GDP	1981-96	1997	1998	1999	2000	2001	2002
GDP at constant prices	891,6	100,0	2,3	3,5	2,6	2,2	3,1	3,0	3,0
Private consumption	586,9	65,8	2,8	3,9	4,0	4,3	3,4	2,9	2,8
Public consumption	163,8	18,4	1,0	-1,4	1,1	3,3	2,2	4,0	4,0
GFCF	158,4	17,8	2,8	7,5	10,1	6,1	3,2	3,8	3,9
of which : **equipment**	76,9	8,6	3,5	10,5	17,2	8,0	1,8	3,0	3,0
Change in stocks as % of GDP	-1,6	-0,2	0,1	0,5	0,6	-0,1	0,2	0,1	0,1
Exports (goods and services)	229,6	25,8	4,3	8,6	2,6	3,3	7,5	7,0	6,6
Final demand	1137,1	127,5	2,9	4,9	4,2	3,6	4,4	4,1	4,0
Imports (goods and services)	244,9	27,5	5,0	9,2	8,8	7,6	8,1	6,9	6,6
Contribution to GDP growth :	**Domestic demand**		2,4	3,5	4,5	4,6	3,3	3,4	3,4
	Stockbuilding		0,1	0,3	0,1	-0,7	0,4	-0,1	0,0
	Foreign balance		-0,2	-0,3	-2,0	-1,6	-0,6	-0,3	-0,3
Employment			0,2	2,0	1,2	1,3	0,9	0,7	0,7
Unemployment (a)			9,6	7,0	6,3	6,1	5,6	5,3	5,1
Compensation of employees/head			7,0	4,4	5,1	4,5	4,1	4,2	4,4
Unit labour costs			4,8	2,9	3,6	3,6	1,9	1,9	2,0
Real unit labour costs			-0,4	0,0	0,6	1,1	-0,4	-0,5	-0,7
Savings rate of households (b)			-	-	5,8	5,1	3,9	4,2	4,5
GDP deflator			5,2	2,9	3,0	2,5	2,4	2,5	2,7
Private consumption deflator			5,4	2,5	2,4	2,0	1,7	2,0	2,1
Harmonised index of consumer prices			-	1,8	1,6	1,3	1,0	1,3	1,4
Trade balance (c)			-1,9	-1,5	-2,4	-3,0	-3,0	-3,1	-3,2
Balance on current transactions with ROW (c)			-0,8	0,8	0,0	-1,2	-1,5	-1,7	-1,5
General government balance (c) (d)			-3,2	-2,0	0,4	1,3	4,5	2,0	2,0
General government gross debt (c)			48,3	51,1	48,0	45,7	38,8	34,8	30,9

(a) as % of civilian labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

(d) Including proceeds relative to UMTS licences in 2000, without which the general government balance would amount to 2.1% of GDP.

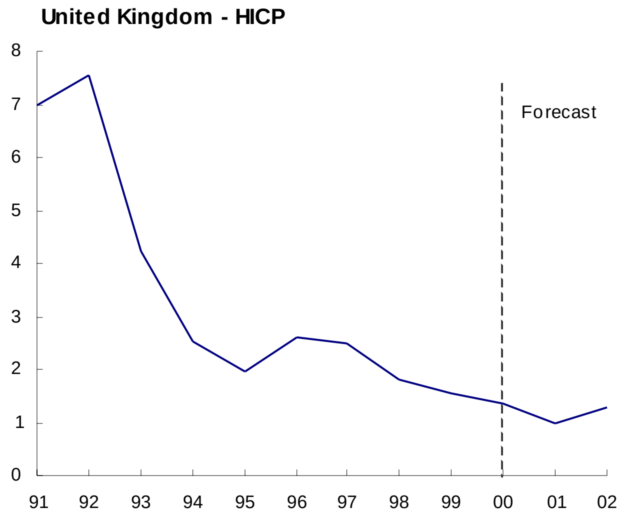
current low levels in the face of what are still high real interest rates and rebuild their financial position from what is expected to be a deficit in 2000. Recent weakness in the equity market and a cooling of the housing market should also act to restrain consumption somewhat. Export growth is expected to remain strong but slower than in 2000 as growth in UK markets slows. Government consumption and investment are expected to be major contributors to demand growth as established in the Government's Comprehensive Spending Review that details spending plans to 2003-04. Non-government fixed investment is expected to show slower growth than in recent years but this reflects the absence of major capacity constraints following some years of very strong investment growth.

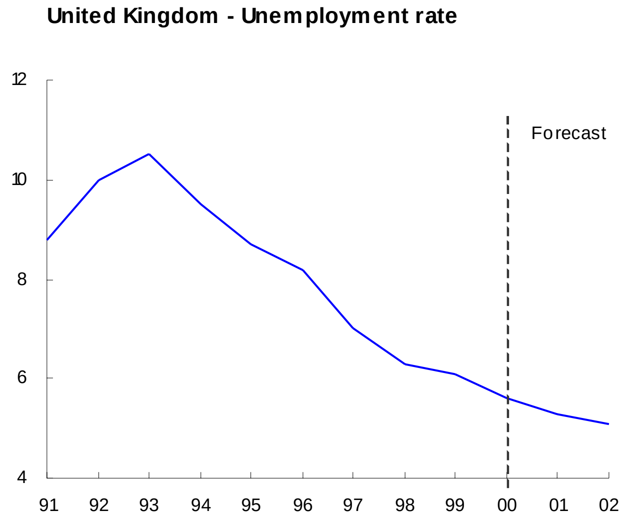
Labour Market. The labour market has continued to strengthen with unemployment hitting a twenty five year low recently. Its rate now stands at 5.3% on the ILO count. Employment is also growing well and rose by 1.2% in the year to May-July of 2000. Wage earnings are subdued. The labour market is expected to strengthen further over the forecast period. Some small rise in the employment rate is expected as labour market measures such as the 'new deal' continue to impact but growth will slow and the fall in unemployment to 2002 will be more modest than recent drops. Rather, the major supply side contributor to economic growth, will be productivity growth in excess of 2% a year. This is a little higher than historical experience would suggest. Nevertheless the rise is expected to be sustainable in the near term and accords with decent rises in productivity in recent quarters. These may be associated with the strong boost to business investment in recent years and, in particular, the high level of inward direct investment. Accordingly, unit wage costs rises are expected to be moderate and sustainable over the forecast period.

External balance. The current account is projected to be in modest deficit of around 1.5% of GDP over the forecast period. This is not thought to constitute a major imbalance. In particular, the negative contribution of net exports of goods and services to GDP growth is expected to be less than in recent years.

Prices. Inflation is very low on the HICP measure, despite oil price rises, and below the RPIX 2.5% target. It is expected that the latter will continue to be met. Current and expected benign developments of wage inflation and, consequently, unit labour costs, may mean that not much, if any, in the way of further monetary tightening will be necessary. However, the inflation rate may tick up a little as the recent, strong, downward competitive pressure on retail margins eases a little.

Public finances. The general government finances are expected to remain in healthy surplus over the period. They have been, and will continue to be, buoyed by strong growth in revenues associated with strong economic growth. This will be partly offset by the growth in planned current and investment expenditure, announced recently. Though the proceeds of sales of UMTS licences will boost the finances in a 'one off' fashion in 2000, to yield a surplus in excess of 4% of GDP, the resulting reduction in debt interest will also make a significant contribution to large government surpluses of around 2% of GDP in both 2001 and 2002. Consequently, the ratio of gross debt to GDP will fall to around 30% by the end of 2002.



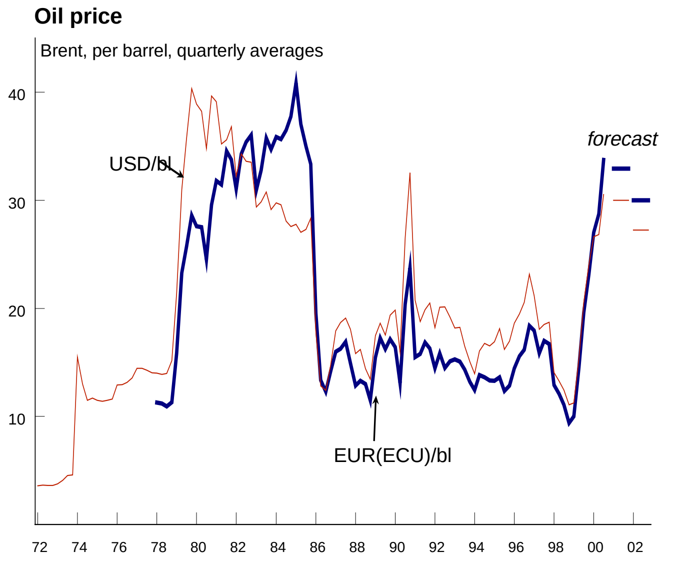


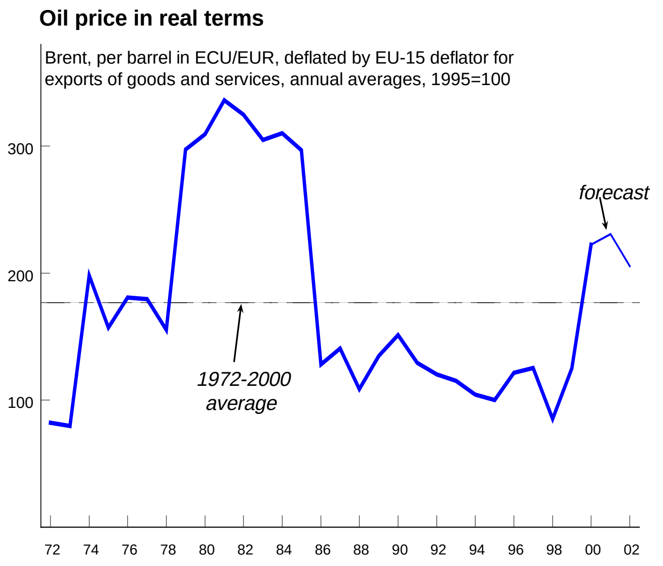
V. Special topics

1. Impact of oil prices

Recent development of oil prices

Oil prices have continued to rise over the past few months. With peaks at close to 35 USD per barrel Brent, they have, in USD terms, more than tripled since OPEC met in February 1999. The result of that conference and a reaccelerating world economy was sharply rising prices over the course of 1999 and the current year. In EUR terms, this increase has even been more pronounced. It was only temporarily interrupted by some calming after an OPEC conference in late March, which decided to raise the output. Hence, OPEC Ministers agreed on 10 September to boost output by another 0.8 million barrels a day (or 3 %) as of 1 October. The decision by the US government to release parts of its strategic petroleum reserve over a period of 30 days, brought some additional downward pressure on prices.





The assumptions for oil prices, and exchange rates, for the Autumn forecast amount to a gradual, but limited, decline of oil prices over the forecast period. Demand is rising further, fuelled by global economic growth and stocks are presently at unusually low levels. Thus, possible supply increases will have a limited price effect.

Comparison to previous periods of oil price rises

The recent increase in 1999 and 2000 stands out as one of the major oil price hikes in the history of that market.

Between the early seventies, when OPEC took over as driving force for the setting of prices and prior to the present phase, three periods of major rises happened:

- the oil price hike in 1973/74, when OPEC started to impose oligopolistic supply conditions on parts of the market;
- in 1979, following the political change in Iran; and
- in 1991, after the invasion of Kuwait by Iraq.

Comparing 1974 and 1979 with the present one (see table), shows the recent price hike, in its magnitude, as comparable to previous ones. In EUR terms it looks even relatively large. In no other period of major oil price rises in the past did the exchange rate movements aggravate the increase for European importers.

Looking at the price for oil imports in real terms for the EU economy, that is corrected for changes in the EU export deflator, shows that such a real oil price, for the average of 2000, will be the highest since 1985. On the other hand, it is still 30 % of its peak in 1981, and only around 25 % above its 30-year average. Yet, in 1998, it was still 50% below that mark (see chart).

In order to analyse possible impacts of these phases, apart from the magnitudes of price rises, major differences are obvious: the EU's energy intensity of production has substantially dropped over the past decades (from 1972 to 1998, oil content -50 %, energy content -32 %). Also the trade exposure of the EU towards energy products has significantly fallen over the past years. Energy imports (of which oil represents the by far most important category), in percent of GDP, amounted to just 1.2% in 1998, as compared to 2% in 1979.

The policy responses to the two oil price shocks in the seventies differed to some degree: after the first oil price shock, governments widened drastically deficit spending, meant to match the negative effects on total domestic demand. Total EU-15 government deficits soared from 0.4 % in 1973 to 4.1 % in 1975. Part of this increase was due to the adverse economic development. But even cyclically adjusted deficits rose from 1.8% of GDP in 1973 to 3.4% in 1975. In addition, wage rounds tried to compensate for the loss of disposable income due to rising oil prices. Real wages (deflated by consumer prices) rose in 1974 and 1975, despite a falling national disposable income, by 3.3 % on average. After the 2nd oil price shock in 1979, the behaviour of governments and wage partners was markedly different. Deficits (cyclically adjusted from 4 % in 1979 to 4.3 % in 1981) and real wages (by 0.6% on average for 1980 and 1981) barely climbed, allowing for a quicker and less costly resolution of the macroeconomic terms of trade shock.

Periods of rising oil prices: basic characteristics for EU-15

Increase in oil prices *(per barrel, Brent, quarterly averages)*		**73Q4 74Q1**	**78Q4 79Q4**	**99Q1 00Q3**
- in USD;	absolute	10.9 USD	25.2 USD	19.1 USD
	% change	237 %	166 %	165 %
in ECU/EUR;	absolute	n/a	17.4 ECU	23.5 EUR
	% change	n/a	154 %	229 %
Exposure to oil[1]		**1972**	**1978**	**1998**
(Share of energy imports from third countries)				
- in % of GDP		1.6	2.0	1.2
- in % of total imports		20.5	10.7	4.7
(Consumption per unit of GDP, TOE per million of 1995 GDP)				
- total energy		370	342	253
- oil		183	151	91
Macroeconomic framework		**1973-75**	**1979-81**	**1999-01**
(% of GDP, change)				*(forecast)*
- adjusted wage share		+ 3.8	+ 1.0	- 0.6
- gross operating surplus		- 2.4	- 0.8	+ 0.1
- gov. net lending/borrowing, cyclically adjusted		- 1.6	- 0.3	+ 0.5
Macroeconomic performance		**1973-75**	**1979-81**	**1999-01**
(annual averages)				*(forecast)*
- output gap (% of GDP,change)		- 4.9	- 2.7	+ 1.3
- consumer price inflation (change in percentage points)		+ 5.3	+1.7	+ 0.8 (HICP)

1: Data on energy import shares and consumption are for different periods not fully comparable, due to changes in methodology and/or nomenclature.

Thus, the economic exposure to oil prices was lower in the 2nd shock than during the 1st one, and the macroeconomic response was more balanced. As a consequence, the macroeconomic fallout, as for growth and inflation, was after the 2nd oil price shock already much more confined than after 1973/74.

The impact of presently rising prices

The rise of oil prices in 1999/2000 will negatively affect GDP growth in the EU. However, as the oil exposure of the EU economy has further significantly diminished, its degree is expected to be accordingly smaller than after previous major oil price rises. DG ECFIN's macroeconomic QUEST model simulated the effects on macroeconomic variables of an increase of oil prices (in 2000 by 12 USD per barrel; constant prices thereafter). For the EU as a whole, it shows a reduction of growth of around 0.2 of a percentage point in 2000 and 0.3 of a percentage point the year after (see table).

This simulation is based on a gradual rise in oil prices over the year, instead of a sudden jump by the full amount. It does not reflect any possible policy reactions, such as a change in interest rates. Given this assumption of no change in the stance of monetary authorities, different assumptions on wage behaviour have only a limited impact on these results.

The drop of the USD/EUR exchange rate would, in EUR terms, aggravate the fall of oil prices, but allows for a stronger contribution of net exports to GDP growth.

Impact of a rise of the oil price by 12 USD/barrel

(Percentage change from baseline; annual growth rates)		**2000**	**2001**	**2002**
EUR-15	GDP	-0.2	-0.3	-0.3
	Inflation	0.6	0.4	0.1
EUR-12	GDP	-0.2	-0.4	-0.2
	Inflation	0.7	0.4	0.2

Source: ECFIN QUEST model.

The impact on Member States is likely to increase with the oil content and net oil imports in GDP. Hence, in particular the exposure of Belgium, Spain or Portugal is higher than the EU average and, therefore correspondingly, the negative impact on GDP growth.

Inflation

The impact of recent oil price rises on inflation is sizeable. In September 2000, for the EU as a whole, the energy component in consumer prices increased by 14.5 %, and for the average of January to September 2000 by 12.5 %. This contributed on average nearly one percentage point to headline inflation for the first 9 months of 2000.

Rising fuel prices fully accounted for this contribution to inflation, the contribution of prices of other sources of energy cancelled each other out, thanks to falling prices for electricity and due to the fact that gas prices react only with an approximate 6 months delay to changes in oil prices (see table).

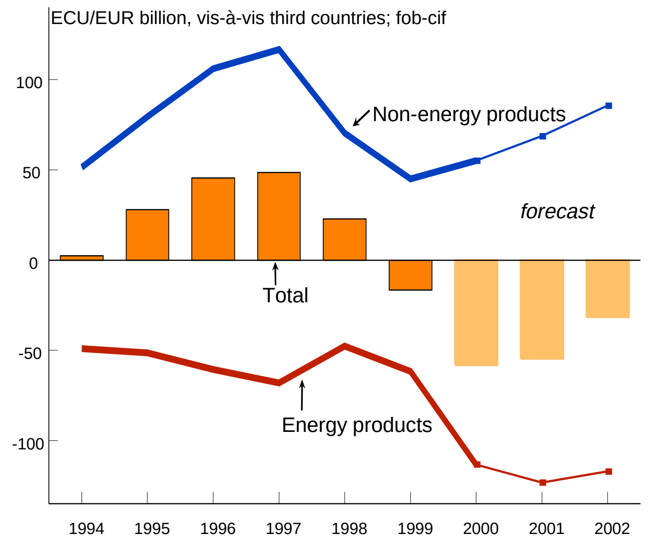
The above mentioned QUEST model simulations estimate second round effects of around 0.4 of a percentage point on consumer price inflation in 2001 (see table), both for the EU as a whole and EUR-12. In other words, the forecast headline HICP inflation for 2001 of 2 % would, without the impact of the oil price increase only be 1.6 %, after an estimated 1.4 % in 2000

Consumer energy prices				
(Average Jan.-Sep. 2000)	**Energy**			
	of which:	**Electricity**	**Gas**	**Fuels**
EU-15				
Annual change (%)	12.5	-1.9	7.9	21.4
Weight in HICP (%)	7.7	2.0	1.0	4.3
HICP contribution (percentage points)	0.97	-0.04	0.08	0.92
EUR-11				
Annual change (%)	13.4	-1.8	9.9	22.6
Weight in HICP (%)	9.0	2.2	1.3	4.8
HICP contribution (percentage points)	1.20	-0.04	0.13	1.09

Foreign trade

Crude oil and other energy products play a very minor role in imports and, even more so, in exports of the Member States. In 1999, crude oil imports amounted to just 3 % and total energy imports to 5.5 % of EU-15 total imports. In general, the share of energy imports has been gradually falling over the last decades. Nevertheless, despite the relatively small weight, the sharp price increases have had a significant impact on the EU trade balance.

EU-15 trade balance



Comparing the 1st half of 2000 with the corresponding 1999 period[1], the non-energy balances have started to stabilize after the slowdown in winter 1998/99. However, rising oil prices have aggravated the trade deficit in energy products from EUR 24.3 billion to EUR 51.5 billion. The overall trade deficit for the first half is therefore roughly four times larger than for the first half of 1999.

The development of the oil trade balance of the EU follows relatively closely the course of the oil price. Hence, on the basis of the assumptions for the oil price over the forecasting period, an estimate of the trade balance in energy can be made. According to that, the energy trade deficit of the EU will rise from EUR 61.6 billion in 1999 to EUR 113 billion in the current and EUR 123 billion in the next year. In 2002, a small decline of that deficit would be registered (see chart).

Terms of trade and real incomes

The terms of trade for the EU as a whole are forecast to deteriorate in 2000 as compared to 1999. The estimate for the current year points to a (negative) terms of trade effect[2] of -1 of a percentage point for the EU and of -1.3 of a percentage point for the euro area (see table below). Around a half comes from the rising USD prices for oil. It boils down, for the EU as a whole, to an additional transfer of around EUR 70 billion (in 1995 prices) to oil exporting countries.

Around half of this increase is due to rising USD prices for crude oil, the rest due to the adverse exchange rate movement and other factors.

Total terms of trade effect and oil price

(% of GDP)	Total		of which due to :			
			USD oil price		Currency effect[1]	
	EU-15	euro area	EU-15	euro area	EU-15	euro area
1998	+0.5	+0.5	+0.3	+0.4	0.0	0.0
1999	-0.1	-0.2	-0.2	-0.3	-0.1	-0.1
2000	-1.0	-1.3	-0.5	-0.7	-0.2	-0.3
2001	-0.2	-0.3	-0.1	-0.1	-0.1	-0.1
2002	+0.1	+0.1	+0.1	+0.1	0.0	0.0

1: Change in oil price denominated in EUR due to change in USD/EUR exchange rate

[1] The numbers are taken from the trade statistics and not from the balance of payments (for which a breakdown in product groups does not exist). For example, unlike for balance of payments statistics, imports are valued in cif. Recorded imports are therefore larger and trade balances are smaller than those in tables 46-50 in the Statistical Annex.

[2] For a more precise definition of the terms of trade effect, see ECFIN: Supplement A, No 1/2 2000; Special topics - Terms of trade and real income, pp 52-55)

2. Information and Communication Technologies: where does the EU stand ?

The focus is put on some key aspects of the Information and Communication Technologies (production, internet, personal computers and mobile phones) across EU countries. A second section deals with the contribution of Information and Communication Technologies (ICT) to GDP growth by presenting the results of several different studies.

The US is the uncontested world leader in the ICT sector. Only the Nordic countries approach, without exceeding, the US level. As regards contributions to GDP growth, estimates suggest that about 1/3 of growth in the US in the second half of the nineties comes from ICT, while it is only 15 % in the EU.

Indicators about the importance of ICT should be interpreted with care as the concept itself is unclear and fraught with measurement problems. A more detailed analysis can be found in the DG ECFIN “EU Economy 2000 Review”.

Share of ICT market* in 1999

(% of GDP)	IT (1)	Telecommunications (2)	ICT (3)=(1)+(2)
B/L	2.6	2.8	5.4
DK	3.2	2.6	5.8
D	2.6	2.7	5.3
EL	1.0	4.4	5.4
E	1.9	4.3	6.4
F	2.9	2.7	5.6
IRL	1.9	3.5	5.4
I	1.7	3.3	5.0
NL	3.2	3.3	6.5
A	2.3	3.0	5.3
P	1.6	4.8	6.4
FIN	2.9	3.3	6.2
S	4.4	3.3	7.7
UK	3.5	3.0	6.5
EU-15	2.7	3.1	5.8
USA	4.5	2.8	7.3

* Market is synonym for sales. A restrictive definition for ICT is adopted here by EITO. Notably are excluded household appliances such as TV sets, video-recorders…When available, other sources generally display higher shares.
Source : EITO 2000.

A broadly discussed concept

The role of Information and Communication Technologies (ICT) is attracting increasing attention in the economic community and on political fora. In March 2000, the Lisbon European Council stressed the need to speed up the transition to a knowledge-based economy and society in the EU.

There is a debate among economists on whether or not these changes are so radical as to merit the label 'New Economy'. The controversy has focused mainly on the interpretation of the recent surge in US labour productivity. Is it just a spike, which in addition can be explained exclusively by productivity gains in the IT sector[1] or is it a more lasting and widespread phenomenon that represent a structural shift from the previous period of subdued productivity growth[2] ?

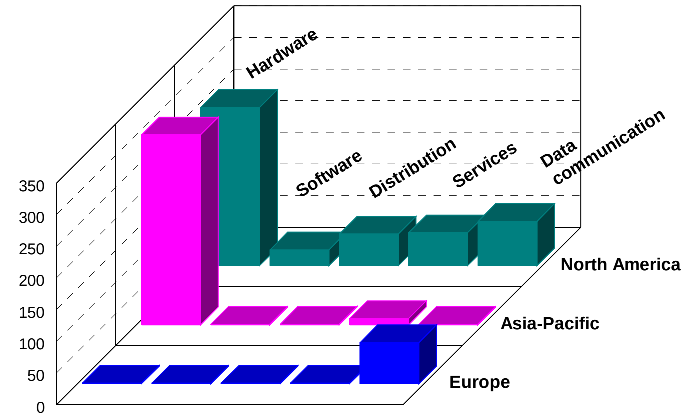
There is no worldwide common definition for the 'Information and Communication Technology' sector. Depending on the availability of data, different goods and services are included. Usually, Information Technologies (IT) refer to the industries producing hardware and software. Hardware concerns office machines and data processing equipment (servers, personal computers, printers, calculators, copiers) and data communications equipment (LAN hardware). Software and services (consulting, support) represent a little over 50 % of IT.

Information and Communications technologies (ICT) include IT as just described plus communications equipment (television/radio transmitters/receivers, sound/video recording, fixed and mobile telephone sets, network equipment) and telecommunications services (telephone, internet, mobile phone expenditures, cable/satellite TV subscription).

Production

Europe is markedly lagging the US in production of ICT goods and services, and according to the latest EITO[3] report, the technology gap is widening.

Revenues for the top 50 IT firms, 1998
Billions of USD



Source : OECD, "Information Technology Outlook", 2000.

Among the 50 largest firms (ranked by total revenue size) operating in the information technology sector, only 5 are European (Siemens and SAP - Germany; CapGemini and Bull - France; Olivetti - Italy). 36 are from the US, the largest being IBM, and 9 from Japan. Contrary to the US, which is present in every technology segment (and notably in the hardware segment), Europe is virtually absent from hardware and software

[1] See for example Gordon, R. (2000) "Does the 'New Economy' measure up to the great inventions of the past?", Journal of economic perspectives.

[2] US Department of Commerce, "Digital Economy 2000", June 2000. Strikingly, the report is no more titled "Emerging Digital Economy" as it used to be in previous years' editions.

[3] European Information Technology Observatory (EITO) 2000. Sponsored by the European Commission, the report consists of an annual report released in March every year, and an update in October.

segments. Europe is significantly present only in the data communication segment (Siemens).

The European Union runs a sizeable deficit in IT trade, with a negative balance that worsened between 1997 and 1998. All the five largest countries of the EU run a deficit in IT equipment. Conversely, the EU runs a small surplus in telecommunication equipment.

As regards telecommunication equipment exports, Finland and Sweden have two world-class champions, who both depend a lot on a single company. Nokia's production is 4 percent of the country's GDP while its foreign sales represent 20 percent of Finland's exports. Although Nokia is the largest company in the Finnish ICT cluster, its share therein is just about 40 percent. Sweden is another ICT leader in Europe.

Importance of Ericsson and Nokia for the Swedish and Finnish economies, 1999

(in % pts)	Nokia	Ericsson
Share of exports	20	15
Share of GDP	4	2.6
Contribution to GDP growth	1	0.5

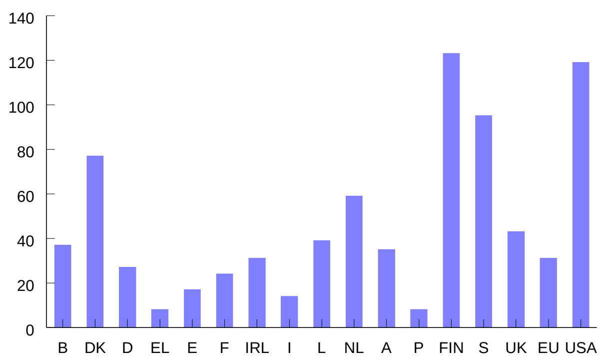
Source : Merita Nordbanken.

In 1989, Ericsson represented some 0.5 percent of total Swedish GDP, approximately the same share as the forest or the automotive industry. Since then, the importance of Ericsson has grown about five times and its production represented in 1999 about 2.6 percent of total Swedish output.

Internet

The Internet has experienced an astounding pace of expansion over the last 5 years. It took 74 years for the (fixed) telephone to reach 50 million users, 38 years for the radio, 16 years for the Personal Computer, 13 years for the television and just 4 years for the worldwide web to reach the same audience.

Internet hosts per 1000 inhabitants, July 1999



Source : OECD, based on Internet Software Consortium <http://www.isc.org/>

It is estimated that there were about 350 million Internet users at mid-2000. Although the US remains by far the largest country in terms of Internet users, its share is declining from 55 percent in 1996 to 46 percent in 1998 and to 36 percent in 2000.

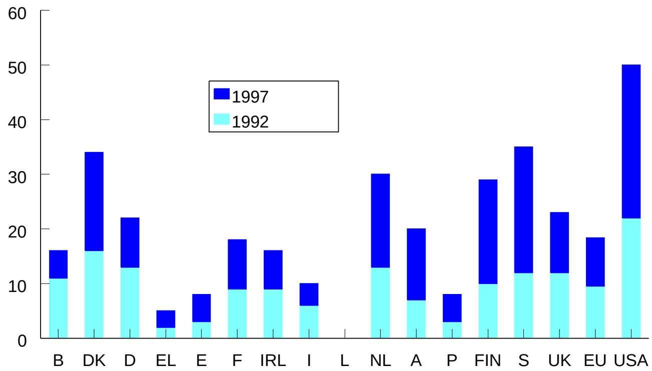
Personal computers

In 1999, software and services saw their shares rise to around 16 percent and 38 percent, respectively, of the IT market. The remainder is made up by hardware, of which about 50 % PC production. It illustrates the position PCs occupy in IT.

The USA remains by far the biggest market in the world. Approximately four out of every ten PCs worldwide are sold in the US. By the end of 1998, there were more than 50 PCs per 100 people in the US while there were only 20 PCs per 100 people in Europe.

Although there remain wide diversity, all EU countries have raised their PC base between 1992 and 1997, with the average number of PCs per 100 inhabitants in the EU rising from 9 to 19. The Nordic countries (S, FIN, DK) plus the Netherlands stand markedly above the EU average, while Mediterranean countries (EL, P, E, I) remain below the average.

PCs per 100 inhabitants*, 1992 and 1997



* includes home and office equipment.
Source : OECD, "Information Technology Outlook", 2000.

In the second quarter of 2000, the world PC market rose by about 15 percent compared to the same quarter of the previous year (International Data Corp.), somewhat down from growth rates observed last year. In 2000, Asia and developing regions were the more dynamic PC markets, while North America and Europe have recently shown some signs of saturation.

Mobile phones

Mobile phones already account for almost one-third of all telephone connections. Worldwide mobile phone subscribers will probably surpass conventional fixed lines during this decade. It already happened in 1999 in some countries (Finland, Italy, Portugal) and the most recent evidence in the UK suggests that also there, more than half of the population now owns a mobile phone.

The success can also be illustrated by the fact that it took a little over two decades to reach one billion mobile phone subscribers, while fixed networks needed more than 130 years to reach the same number.

Mobile phone subscribers	per 100 inhabitants		% of total phone subscribers
	1990	**1999**	**1999**
B	0.4	31.5	38.6
DK	2.9	49.9	42.2
D	0.0	28.6	32.7
EL	0.0	31.1	37.0
E	0.1	31.2	42.7
F	0.5	36.5	38.6
IRL	0.7	37.5	44.2
I	0.5	52.8	53.3
L	0.2	48.6	40.2
NL	0.0	43.5	41.8
A	1.0	49.0	49.8
P	0.1	46.8	52.5
FIN	4.5	66.0	54.7
S	5.4	57.8	46.5
UK	1.9	40.8	42.2
EU-15	0.9	39.7	36.4
USA	--	31.1	32.4

Source : International Telecommunication Union.

While the Internet has been a predominantly US revolution, the mobile phone is mainly European. In all European countries, mobile phone penetration is greater than Internet penetration while in the US it is the other way around. The long-term future for the mobile phone sector is likely to be closely tied to that of Internet. Third-generation mobile phone systems will enable Internet access at high speeds. The demand for mobile access to data services via Internet, is potentially huge and third-generation mobiles will create a virtually new industry.

Falling ICT prices, but difficult to measure

The sharp fall in prices is a key element behind the rapid expansion of the ICT market. Sustained technological progress in microprocessors (a key component of PCs), together with fierce competition at all levels (producers and distributors) have triggered a continued fall in prices for hardware, software and ICT services. In the US, computer prices declined on average 12 percent per year between 1987 and 1994, and even more rapidly by 26 percent per year during 1995-99.

A crucial issue in the debate on the 'New Economy' is the way computer prices are measured. Because ICT products have undergone rapid technological change, conventional statistical methods to construct price series may inadequately reflect improved quality, performance and wider choice. If quality improvements are only partially captured, price indices will tend to overstate inflationary developments and understate volume changes.

The hedonic price measurement method decomposes the price of ICT goods into implicit prices for each important feature and component. The US Bureau of Labor Statistics (BLS) has been using hedonic prices for a few years, while in Europe this practice is less used. It could explain part of the gap between the US and Europe. If US hedonic pricing would have been applied, real expenditure on IT equipment in Germany would have risen by an annual 27.5 % between 1991 and 1999, compared with only 6 % according to the conventional approach (German Bundesbank, Monthly Report, August 2000). The ICT contribution to growth would by implication also be upgraded.

US price developments for ICT goods and services		
	Dec. 1997	**Oct. 1999**
PCs and peripheral equipment*	100	48
Computer software*	100	89
Cellular telephone services*	100	82
	Dec. 1992	**Jul. 1999**
PCs and workstations**	100	10

*Consumer price index. December 1997=100

**Producer price index. December 1992=100

Source : US Bureau of Labor Statistics, November 1999.

A rising contribution to GDP growth

The US

The largest part of the research on the importance of ICT has been carried out in the US where national product accounts provide more timely and detailed series. The US Department of Commerce[4] estimates that, although ICT industries still account for a relatively small share of the US economy's total output (8.3 percent in 2000), they contributed nearly a third of real US economic growth between 1995 and 1999. The contribution of ICT to investment is massive. In 1999, business spending for ICT equipment and software represented more than three-quarters of the 12 percent real growth in total equipment and software spending that year.

Importance of ICT in the US economy						
(% change, not for ICT)	**94**	**95**	**96**	**97**	**98***	**99***
GDI**	4.2	3.3	3.5	4.7	4.8	5.0
of which ICT***	0.8	1.0	1.2	1.3	1.3	1.6
Equipment investment	11.8	11.9	11.0	11.5	15.8	12.1
of which ICT***	5.3	7.4	7.5	7.5	9.8	9.4

* Estimates.

** Gross Domestic Income.

*** Contribution of ICT in % pts.

Source : US Department of Commerce, "Digital Economy 2000".

EU countries

The ICT sector is moving fast and EU national accounts statistics are often not detailed enough to capture the phenomenon. At the country level, recording practices may also differ. In consequence, estimating the importance of ICT in the EU is even more difficult than in the US and comparisons should be interpreted with care.

[4] See also : Oliner and Sichel (May 2000) "The resurgence of growth in the 1990s : is information technology the story ?", mimeo, Federal Reserve Board; Jorgenson and Stiroh (May 2000) "Raising the speed limit : US economic growth in the information age", mimeo, Federal Reserve Board.

Schreyer (OECD, 2000) shows for *Germany* a relatively small contribution of ICT capital to output growth. ICT investment in Germany contributed 0.2 percentage point to GDP growth, which reached on average 1.8 percent annually over 1990-96 (equivalent to 11 % of growth). In a recent study commissioned by the German Ministry of Economics and Technology, the RWI forecasts that ICT will contribute 11.2 percent a year to GDP growth over the ten years ahead.

In *France*, Ripert (CDC, 1999) estimates that ICT goods and services contributed about one third of total households consumption growth in 1999. This rough estimate for ICT consumption is corroborated by another study carried out by Khaber, Parisot and Mourier (Aurel-Leven, 1999). A somewhat less optimistic estimate is provided by INSEE, which has calculated, from a supply-side approach, that ICT production added some 0.4 percentage point to GDP growth in 1998.

As regards the *United Kingdom*, Schreyer (op.cit.) shows that overall, the contribution of ICT accounted for about one-half of the contribution of fixed capital to growth during the period 1990-96.

In *Italy*, Schreyer (op.cit.) displays a relatively strong contribution of 17.5 percent of ICT capital stock to GDP growth over the period 1990-96.

Van der Wiel (CPB, 2000) shows that ICT has become very important for *Dutch* output growth since 1995. Prior to the second half of the 1990s, the contribution to the ICT to GDP growth amounted to some 10 percent. Between 1996 and 1998, it averaged about 17 percent before rising further to an estimated 23 percent during the period 1999-2001.

Ali-Yrkkö and al. (2000) reports that the *Finnish* electronic equipment industry (this is not the whole ICT sector) contributed alone ¾ percentage point a year to GDP growth in the period 1995-99. In 1999, the impact rose to 1¼ percentage point, of which 1 percentage point was contributed by Nokia alone (according to another study from the Research Institute of the Finnish Economy-ETLA, the figure is even 1.6 percentage point).

In *Sweden*, Nelson-Edberg and Heiskanen (Merita Nordbanken, 2000) have calculated that the ICT sector has contributed about 20 percent of total GDP growth every year since 1995.

Bearing in mind the incomplete nature of the sample, the shortcomings of national accounts statistics in this field and the use of different methods in the mentioned studies, a tentative estimate of the contribution of ICTs to EU GDP growth would amount to around 15 percent in the late nineties (against 33 percent in the US). This estimate is obtained by a simple weighted average of the effect reported at the country level. In some EU countries, like Finland, Sweden and to a lesser extent Denmark, the Netherlands and the UK, the ratio is probably higher (20 to 25 percent). The main difference between the US and the EU seems to lie in the role of investment, which was more dynamic in the US. An increase in the contribution is likely in the very near future, provided that investment in ICTs accelerates markedly in the EU.

Survey of studies on the contribution of ICT to GDP growth*

Country	Author	Period	Result**
D	Shreyer P., OECD (2000), "The contribution of information and communication technology to output growth : a study of the G7 countries", STI Working Papers 2000/2.	1990-96	11.0
	Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI), (May 2000), "Wachstums- und Beschäftigungspotentiale der Informationsgesellschaft bis zum Jahre 2010".	2000-2010	11.2
F	Shreyer, OECD (2000), op.cit.	1990-96	18.9
	Ripert M.P. (March 1999) CDC Marchés, service de la recherche économique.	1999	15.5
	Khaber R., Parisot C., Mourier J.L. (May 1999) Le Point Mensuel-Aurel-Leven.	1981-1997	17.0
	Heitzmann R. and Rouquette C. (May 1999) INSEE Première n°648, and dossier spécial, Comptes de la Nation 2000.	1998	13.0
I	Shreyer, OECD (2000), op.cit.	1990-96	17.5
NL	Van der Wiel H. (2000), "ICT and the Dutch economy, an historical and international perspective", CPB working paper 125.	1999-2001	23.0
FIN	Ali-Yrkkö and al. (2000), cited in OECD ECO/EDR(2000)9.	1999	36.0
	ETLA (2000), cited by Handelsbanken Markets, 2000.	1999	46.0
S	Merita Nordbanken,(May 2000), Nelson-Edberg M. and Heiskanen R. "What Ericsson and Nokia mean for their home countries".	1995-99	20.0
UK	Shreyer, OECD (2000), op.cit.	1990-96	13.8
EU-15	weighted average based on figures presented above for member countries.		15.0
USA	US Department of Commerce (June 2000), "Digital Economy 2000".	1995-99	33.0

* These percentages are not strictly comparable because of the different time-periods, definitions and methodologies used across studies.
** Contribution to GDP growth in percent of the GDP growth rate.

3. The decline in the household saving rate

The decline of household saving rates has caused much discussion, mainly in the US, and raised worries about the adequacy of saving. While it could spur consumption in the medium term, the downward trend could negatively influence the level of investment required by the rapid technological progress. Moreover, the low level of savings would be unable to match the financing needs from the developing countries.

This note puts the decline of the household saving rate into perspective. First, its development since the early sixties is presented. Then, the main determinants of the household saving rate are discussed. Third, attention is paid to other saving concepts and it happens that the decline in the national saving rate is less dramatic. Four, also a more economic interpretation rather than an accounting approach to the household saving rate would make the decline less sharp. Five, the impact of the new accounting system (ESA95), which tends to shift upward the level of savings, is briefly documented. Finally, the importance of saving for economic growth is examined.

The household saving rate in perspective

Households save because in the presence of cyclical income fluctuations and various types of uncertainties concerning lifetime resources, they prefer a smooth consumption profile over time. The household saving rate is household saving divided by household disposable income.

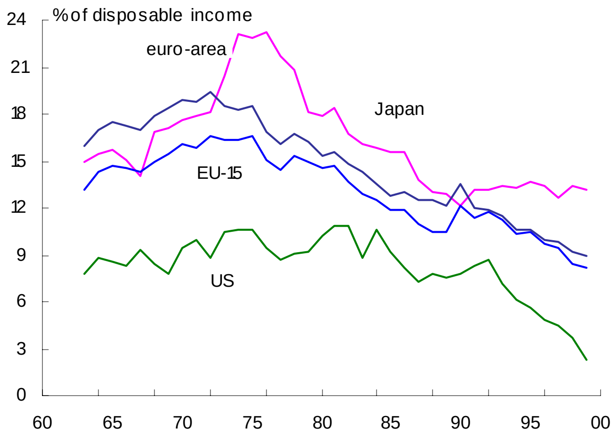
Household saving rates exhibited by most industrial countries present two main features (see graphs). First, the share of disposable income saved differs markedly amongst countries with the US generally showing the lowest saving rate and Japan the highest. Second, while during the sixties up to approximately the mid-seventies household saving rates remained rather steady in most countries, from the first oil shock on they started to decline albeit with a different pace in each country.

In the *US*, from a quite steady level or around 9-10% during the sixties and the seventies, the household saving rate has continued to decline in the following two decades. By the end of the nineties it was just above 1%, 8-9 points below the average level of the first two decades.

In *Japan*, the saving rate picked up very fast until the mid-seventies but since then has followed a declining path. From a maximum level of about 23% reached in 1976, the household saving rate fell to 12% in 1999, down by approximately 11 points.

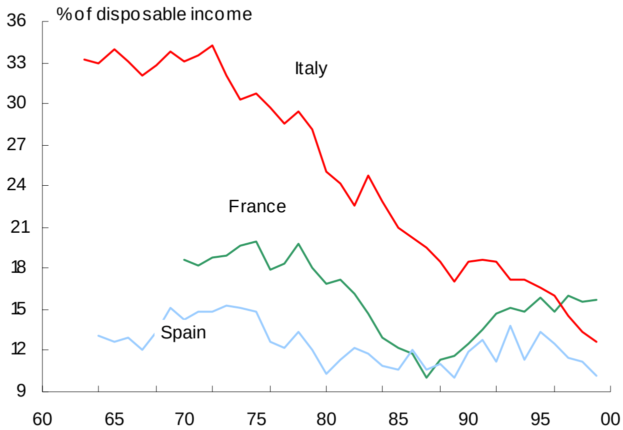
In the *EU*, the average household saving rate remained about 15-16% from the early sixties up to 1975. Since then it has followed a declining path with only a partial rebound in 1990-91. By the end of the nineties, the household saving rate in the EU was below 9%, hence 6-7 points lower than in the first period. Due to the historically low household saving rate in the UK, the household saving rate for EUR-11 presents an upward shift compared to the EU average.

Household saving rate in the EU, US and Japan



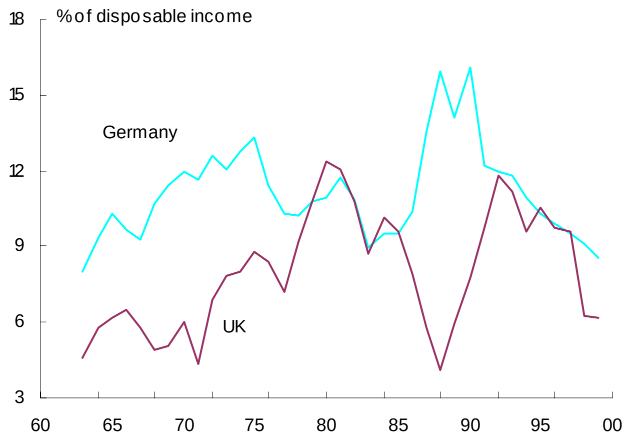
Source : OECD Economic Outlook No. 67 (June 2000)

Household saving rate in France, Italy and Spain



Source: OECD Economic Outlook No. 67 (June 2000)

Household saving rate in Germany and the UK



Source: OECD Economic Outlook No. 67 (June 2000)

As for the large European countries, in *France, Italy* and *Spain* household saving rates were relatively stable before declining. In *France*, the saving rate remained at high levels (about 18-19%) up to the end of the seventies. Then it declined sharply and reached a minimum of about 10% in 1987, whilst during the nineties there has been a partial rebound. The household saving rate is now 3-4 points below the average level of the seventies. In *Italy*, from a level as high as 33-34% for the whole sixties up to the mid- seventies, the household saving rate continued to fall over the last 25 years. By the end of the nineties it was about 13%, down by 20 points compared to the average level of the sixties. In *Spain*, the declining tendency of the household saving rate continued from the mid seventies up to the late eighties and then again from the mid-nineties. The average rate has been between 13% and 15% in the sixties and the first part of the seventies while it is now 10%, 5 points below the previous average level.

Compared to the other countries, in *Germany* and the *UK*, the household saving rates follow more irregular patterns, declining trends are less evident and saving rates were already quite low during the sixties and the seventies. *Germany* had a rising household saving rate up to 1975 when it reached 13%. During the following decade there has been a downward tendency interrupted by the pick-up in the late eighties, mainly as a consequence of the tax reform implemented in those years. The saving rate is now 8.5% like in the beginning of the sixties. Also in the *UK*, the household saving rate starts from very low levels and increases continuously up to the late seventies when it was above 12%. After large swings in the eighties and nineties, the UK household saving rate is now about 5% as in the sixties.

Determinants of household saving

Real interest rate. The effect of the interest rate on household saving is ambiguous due to the contemporaneous presence of substitution, wealth and income effects. First, for a net saver, an increase in the interest rate increases the relative price of present consumption compared to future consumption, thus inducing the individual to save more. This is the substitution effect. Second, the discounted value of future income streams, i.e. his/her human wealth, declines thus causing a reduction of current consumption and a corresponding increase of current saving. This is the wealth effect. Third, the increase of capital income will allow the household to consume more now and in the future and this will push down current saving. This is the income effect. Since the income effect moves in the opposite direction to the substitution and wealth effects, the overall net effect is ambiguous[1].

The relationship between saving and interest rates is not only theoretically ambiguous. The empirical evidence is also very scant: most macroeconomic time series simply do not exhibit sensible correlations between the two variables[2].

Demographic trends. In the absence of strong ties linking current to future generations, the intertemporal optimisation model of consumption (and saving) predicts that households save when young and dissave when old and retired. Saving arises because households prefer a stable consumption profile[3] and thus try to smooth out the availability of financial resources over time. It follows that the age distribution of the population is a key determinant of household saving. A related implication is that the resulting profile of household wealth is hump-shaped with the peak occurring when people reach retirement.

It is widely recognised that household saving declines after retirement and the life-cycle model is largely accepted as the standard benchmark for the analysis of saving behaviour. However, empirical evidence shows that households are perhaps less forward looking than suspected by the model: A large proportion arrives close to retirement with ‘too little’ or no wealth at all.

Other demographic variables influencing household savings are fertility rates and female participation to the labour market. The decrease of fertility changes the composition of the average family size increasing the proportion of single households which generally exhibit a lower propensity to save.

The distribution by sex of the labour force also influences household saving. For instance, when the precautionary motive for saving is important, a higher level of female participation to labour supply reduces uncertainty about family income and spurs consumption with a subsequent reduction of saving.

Financial markets. When access to financial markets is limited, households have to finance their current consumption with their disposable income. Hence, in the presence of borrowing restrictions household saving increases.

Financial innovation increased markedly since the early eighties. Consumer credits are very diffused and increasing percentages of households invest in shares.

Part of the household saving decline, in many countries and primarily in the US, is certainly due to this process of financial innovation. Note, however, that financial deregulation increases also the opportunities for higher

[1] If the individual is a net borrower rather than a net saver, the ambiguity disappears. Indeed, in that case also the income effect tends to reduce current consumption because the borrower will be faced with higher interest payments in the future.

[2] Testing this relationship with the use of cross-section data is not very helpful because interest rates are economy wide variables which do not vary in cross sections.

[3] Consumption smoothing is implied by convexity of preferences: utility is increased by averaging over present and future consumption.

returns and this can in principle stimulate rather than reduce household saving.

Pensions and social security programs. If a worker perceives that he will get high social security benefits when he retires, the need for saving during working time is reduced. More generally, the replacement of public pension schemes with private schemes will tend to increase household saving if (and only if) net benefits accruing from private schemes, i.e. the net discounted value of pension payments less contributions, are lower than net benefits accruing from public schemes.

Although the empirical evidence is not fully conclusive, there is substantial agreement that replacing a pay-as-you-go system with a fully funded system tends to increase household saving.

Taxes may influence household saving in at least three respects. First, they reduce disposable income and thus saving possibilities. Second, since the tax structure is progressive in most countries, households with higher incomes – the ones that save more – are proportionally more affected by the increase of taxes. Third, the taxation of capital income modifies the return on saving because it changes the relative price of present consumption compared to future consumption.

Other saving concepts

Gross *national saving* is the amount of saving which is made available to the residents of a nation in a determined period of time, usually a year. It is the sum of private saving (i.e. household plus corporate saving) and government saving.

While in a closed economy, the saving-investment equation posits that higher saving automatically implies higher investment, either private or public, this is not necessarily the case in an open economy. National saving in one country can be invested in another country if capital mobility is allowed. The excess of domestic national saving over domestic investment is '*foreign saving*'.

Corporate saving consists of retained earnings by corporations, i.e. after-tax income less dividends paid to shareholders. The separating line between household and corporate saving is somewhat arbitrary because households are the ultimate owners of corporations. Indeed, it may be the case that households perceive retained earnings as non-labour income, equivalent to income that corporations distribute. When this happens and there exists a complete market for trading existing capital goods[4], household saving is unaffected by the policy of retained earnings made by corporations.

[4] Otherwise, the household is faced with a sort of borrowing constraint because his share in a company cannot be sold. In this latter case, the optimal saving decision does depend on the income source.

Box 1: Saving related concepts and accounting

Gross national saving: Sum of private (household and corporate) saving and government saving. In turn, gross national saving is gross national income less household and government consumption. Net saving is gross saving less consumption of fixed capital.

$$S = S_p + S_g = S_h + S_c + S_g = Y - C_h - C_g$$

Open economy saving-investment identity: The excess of national saving over domestic investment, either private or public, is foreign saving. Foreign saving is the sum of net exports, net incomes and net current transfers from abroad.

$$(S_p - I_p) + (S_g - I_g) = S_x$$

Household saving: Household disposable income less household consumption. In turn, household disposable income is labour and non-labour income (interest income, dividend income and social transfers) less household taxes and social security contributions.

$$S_h = Y_d - C_h = W + INT + \Pi + TR - T_h - C_h$$

Corporate saving (retained earnings): gross national income less labour costs, distributed dividends and corporate taxes.

$$S_c = Y - W - \Pi - T_c$$

Government saving: Current receipts less current expenditures. In turn, current receipts are the sum of household and corporate taxes, i.e taxes on production, imports, income, wealth and social contributions, less government consumption, social transfers, subsides and interest paid on public debt.

$$S_g = T_h + T_c - C_g - TR - INT$$

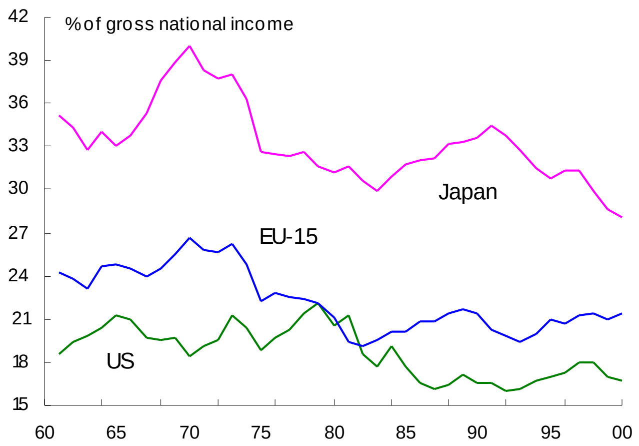
The government deficit (also termed government borrowing if negative or government lending if positive) is the difference between total expenditures and total receipts. It can also be obtained as the excess of government gross fixed capital formation (including net capital transfers) over government saving.

$$DEF_g = I_g - S_g$$

Government saving is the difference between total current receipts and total current expenditures. Government may influence national saving in different ways. First, it can modify the level of expenditures and receipts. Second, it can modify the structure of the tax system to promote private saving, for instance favouring the subscription to private pension schemes. Third, it can introduce administrative regulations which influence households in their choice between consumption and saving. National saving is not affected by government policies only if the private sector reacts with a one-to-one change to modifications in government saving (Ricardian equivalence proposition).

The decline of gross national saving rates from the mid-seventies is evident but less sharp compared to household saving rates. It turns out that savings in the corporate and government sector have only partially offset the reduced propensity to save of households.

Gross national saving rate in the EU, US and Japan



Source: OECD Economic Outlook No. 67 (June 2000)

Some 'accounting corrections' on household saving

Very often the appropriate definition of saving depends on the question being asked. In what follows, a few cases are discussed.

Definition of capital. Gross saving includes the consumption of capital. But, which definition of capital should be used? Given the growing importance of IT investments, it seems logical to consider a definition that includes not only physical but also intangible goods as recently introduced by ESA95. A further step then would be the inclusion of investment in human capital.

Durables. Spending on durables is considered household consumption in National Accounts and thus directly affecting household saving. On the other hand, spending on owner-occupied housing does not modify household saving because both household disposable income and household consumption change by the amount of the imputed rent.

Inflation. In National Accounts interests are always measured in nominal terms. However, with a positive rate of inflation, (real) saving of lending sectors, typically the household sector, is overstated while (real) saving of borrowing sectors, typically the government and the corporate sector, is understated.

Pensions and social security. In National Accounts contributions to public pension plans are considered tax payments and thus excluded from household disposable income (and saving) while pension benefits accruing to the retired are considered as transfers and thus included in household income (and saving). The treatment of private pensions runs exactly the opposite way. Contributions are not considered taxes and thus are part of household disposable income (and saving) while pension benefits are not counted as transfers and thus excluded from household income (and saving). Comparing household saving rates in countries characterised by large differences in the proportions of 'mandatory' and 'private' saving can be misleading.

Capital gains. The revaluation of the capital stock certainly increases the purchasing power of the asset holder. Most notably, the revaluation increases household disposable income as the household sector is a net lender of the economy. However, for the economy as a whole and excluding claims to foreigners, capital gains do not modify the level of current production and thus do not reflect increased consumption possibilities. On this basis, National Accounts exclude capital gains from the definitions of production and consumption and, as a consequence, both national and household saving are unaffected by such revaluations. Note however that taxes on those capital gains are included in the definition of disposable income and thus influence household saving possibilities.

The changeover to ESA95 tends to increase savings

The European system of accounts (ESA95) introduces new guidelines for the compilation of National Accounts. Most notably, ESA95 recognises a wider scope for capital formation and the changing role of government[5]. The impact on saving is considerable: corporate and household saving increase while government saving declines.

In the corporate sector, expenditures for intangible assets (software, literary and artistic originals, audio-video) and mineral exploration are reclassified from intermediate expenditure to gross fixed capital formation. As a consequence, gross value added, gross operating surplus and gross corporate saving increase.

Government expenditure has been extended with goods and services paid by general government but produced for households. The most relevant examples are reimbursements for medicaments and housing allocations. Since these expenditures were previously counted as household consumption[6], this aggregate shows a decline counterbalanced by a substantial increase in the consumption of the general government and of the NPISHs. As in general the impact of ESA95 on disposable income is less, the household saving rate increases.

The first table illustrates the decline of household consumption (increase in saving) and the increase of government consumption (decline in saving) under ESA95 compared to ESA79. Some countries (Denmark, UK, EU average) are missing from the table because they moved already earlier to ESA95.

[5] All in all, ESA95 improves the comparability of international data and provides a better description of modern economies whose main activity is the production of services.

[6] In addition, ESA95 distinguishes more specifically between taxes and payments for services provided by government. Broadly, if the payment for a service is not out of proportion to its cost, then the payment should not be considered as a tax. Examples are garbage taxes, fees for passports, driving licenses, etc.

The impact of ESA95 on Household and Government Consumption Expenditure *(bn. of EURO)*

	HCE[1]			GCE[2]		
	ESA95	ESA79	Diff.%	ESA95	ESA79	Diff.%
	(1)	(2)	(1-2)	(3)	(4)	(3-4)
B	121.2	142.4	-14.9	47.5	32.0	48.6
D	1118.8	1099.6	1.1	367.8	362.9	1.4
F	717.3	774.3	-7.4	307.5	247.0	24.5
IRL	38.0	35.6	7.0	11.0	9.6	14.9
I	629.8	647.0	-2.7	192.2	174.9	9.9
L	7.5	7.3	1.8	2.8	1.9	45.1
NL	174.4	190.1	-8.3	80.9	44.0	83.9
A	106.5	105.8	0.7	37.5	35.7	5.0
P	61.1	61.4	-0.4	19.3	18.0	7.6
E	309.7	307.2	0.8	95.7	78.3	22.2
FIN	58.1	59.0	-1.5	25.1	22.8	9.9
S *(bn SEK)*	950.5	956.8	-0.7	505.0	464.7	8.7
Euro area	3316.3	3421.5	-3.1	1175.5	1023.5	14.9

1: Household Consumption Expenditure
2: Government Consumption Expenditure
Source: Commission Services

The impact of ESA95 on the household saving rate

	ESA95	ESA79	Diff.
	(1)	(2)	(2-1)
B	16.7	14.5	2.2
D	10.1	11.0	-0.9
F	15.6	14.3	1.3
IRL	11.5	8.5	3.0
NL	18.1	11.0	7.1
FIN	9.3	10.2	-0.9
S	3.2	5.1	-1.9
Euro area	13.0	12.5	0.5

Source: Commission Services

The average decline in household consumption for the euro area is estimated by 3.1% but with marked country differences: Belgium, the Netherlands and France exhibit marked declines while Germany, Sweden and Austria display a slight increase. Government expenditure increases sharply by 14.9% on average for the euro area. Also in this case, differences amongst countries are wide: The Netherlands, Belgium, France and Spain exhibit the largest increases, while in Germany the impact of ESA95 is much lower.

The new accounting system has generally a positive effect on the level of household saving but this does not necessarily imply a higher saving rate if disposable income changes in the same direction. This seems to be the message of the second Table where household saving rates are compared. It is estimated that the household saving rate increased by only 0.5 points in the euro area, but with great country differences. An increase of the household saving rate is observed in the Netherlands and to a lesser extent in Ireland, Belgium and France while it actually declines by 0.9 points in Germany.

Saving versus growth or growth versus saving?

Views on the relation between saving and growth vary widely with radically different policy implications.

Household saving is not so important. In an intertemporal optimisation model, it is theoretically possible that the saving of the young is completely offset by the dissaving of the old[7].

In the (neo)Keynesian tradition, a low household saving rate means good news. Aggregate demand remains sustained stimulated by consumption. Holders of this view explain the new strong performance of the US economy by the marked decline of the household saving rate there.

Household saving as a key factor for growth. According to a more supply-side view a low household saving rate is a bad thing. It may lead to scarce accumulation of capital and thus reduce growth over the medium term. Empirical data based on cross-country studies show that the share of income saved is positively correlated with the rate of economic growth. However, the direction of causality – if from saving to growth or from growth to saving - remains an issue.

Standard neoclassical exogenous growth models postulate that changes in the saving rate cannot influence the steady state rate of growth and that the level of saving, while important, should be left to the market forces. Higher saving rates generate higher growth rates only during the transition between steady states. This happens because an upward shift in the saving rate temporarily raises the growth rate of capital and of income. With decreasing returns however this situation cannot last forever because the marginal productivity of capital cannot remain forever above the rate of time preference.

By contrast, in recent models of endogenous growth permanently higher growth rates are also possible. They are obtained through some kind of externality (or policy action) that keeps the marginal productivity of capital always above the rate of time preference thus allowing a higher rate of growth even in the long run.

A causality from growth to saving. In the life-cycle models, the driving force for more saving is growth. Higher rates of economic growth increase lifetime resources of the young compared to the old and since the young save a greater proportion of their income, a positive aggregate saving rate arises.

Furthermore, income growth decreases the proportion of inactive/retired workers, who have a lower propensity to save compared to employed persons.

[7] The conclusion holds only under highly unrealistic hypotheses: without population and productivity growth and absent any form of uncertainty and altruism, the life-cycle model generates no aggregate household saving.

On the other hand, if workers currently employed expect rising income levels in the future, their optimal consumption plans are likely to be changed. Households may well decrease present saving because they expect to be even wealthier in the future.

Different policy implications

Is the current generation saving less compared to the previous one because of the slowdown of economic growth in the seventies provoked by the oil shocks? Or, did the decline in national and household saving rates over the last 25-30 years prevent sufficient accumulation to support higher growth rates? If the answer to the first question is yes, policy incentives (like tax reductions) to promote household saving even at the risk of introducing distortions in households' portfolios are the measures to take. In the other case, efficiency should be encouraged in the goods and labour markets because it is income that 'tracks' consumption over the life cycle and therefore, when the economy is growing robustly, people are able to save more.

10 November 2000

Statistical Annex: list of tables

STATISTICAL ANNEX : AUTUMN 2000 ECONOMIC FORECASTS

TABLE 1 : Gross domestic product, volume (percentage change on preceding year, 1961-2002) **26.10.2000**

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.9	2.0	3.1	1.5	2.9	2.4	2.7	3.5	3.9	3.3	3.3	-	3.2
DK	4.3	1.6	1.3	2.0	2.5	2.5	1.7	2.0	2.6	2.1	2.3	-	2.4
D	4.3	1.7	3.4	2.0	2.1	2.1	1.6	2.9	3.1	2.9	2.8	-	2.8
EL	8.5	1.7	1.2	1.2	3.7	3.1	3.4	3.9	4.1	4.0	4.5	-	4.8
E	7.2	1.9	4.5	1.3	3.7	4.3	4.0	3.8	4.1	3.4	3.5	-	3.3
F	5.4	2.2	3.3	1.1	2.6	3.1	2.9	3.7	3.3	3.2	3.1	-	2.8
IRL	4.4	3.8	4.6	4.7	8.9	8.6	9.8	7.5	10.5	6.2	8.2	-	7.1
I	5.3	2.7	2.9	1.3	2.0	1.5	1.4	2.7	2.9	2.7	2.8	-	2.7
L	4.0	1.8	6.4	5.4	6.1	5.0	7.5	5.6	7.8	5.7	6.5	-	6.0
NL	4.9	1.9	3.1	2.1	3.8	4.1	3.9	4.1	4.3	3.7	4.0	-	3.5
A	4.9	2.3	3.2	1.9	2.6	3.3	2.8	3.2	3.5	3.0	2.9	-	2.8
P	6.9	2.2	5.5	1.8	3.2	3.6	3.0	3.6	3.0	3.5	2.7	-	2.7
FIN	5.0	2.7	3.3	-0.7	4.7	5.5	4.0	4.9	4.8	4.2	4.3	-	3.8
S	4.1	1.8	2.3	0.6	3.0	3.0	3.8	3.9	4.0	3.3	3.7	-	3.2
UK	3.2	1.4	3.3	1.6	2.9	2.6	2.2	3.3	3.1	3.0	3.0	-	3.0
EU-15	4.8	2.0	3.3	1.5	2.7	2.7	2.5	3.4	3.4	3.1	3.1	-	3.0
Euro area	5.2	2.2	3.4	1.5	2.7	2.8	2.5	3.4	3.5	3.2	3.2	-	3.0
USA	4.4	2.8	3.2	2.4	4.0	4.4	4.3	3.6	5.1	3.0	3.3	-	3.0
JAP	9.4	3.4	4.6	1.4	1.4	-2.5	0.2	1.1	1.4	1.8	1.9	-	2.2

TABLE 2 : Profiles (qoq) of quarterly GDP, volume (percentage change from previous quarter, 2000-2002) [1]

	2000/1	2000/2	2000/3	2000/4	2001/1	2001/2	2001/3	2001/4	2002/1	2002/2	2002/3	2002/4
B	1.1	0.2	0.5	0.2	1.1	1.0	1.1	1.4	0.4	0.5	0.4	1.3
DK	0.2	1.1	0.2	0.2	0.8	0.8	0.5	0.5	0.5	0.6	0.7	0.8
D	0.8	1.1	0.9	0.8	0.6	0.6	0.5	0.6	0.7	0.7	0.7	1.0
EL	-	-	-	-	-	-	-	-	-	-	-	-
E	1.2	0.9	0.9	1.0	0.8	0.8	0.8	0.7	0.9	0.9	0.9	0.9
F	0.7	0.7	0.8	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.6
IRL	2.4	2.6	2.7	2.6	2.5	2.3	2.1	1.9	1.8	1.8	1.7	1.7
I	1.1	0.3	1.0	0.9	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.7
L	-	-	-	-	-	-	-	-	-	-	-	-
NL	0.8	0.7	0.9	2.6	0.6	0.5	0.6	0.6	1.0	1.0	1.1	1.1
A	0.8	0.8	0.8	0.7	0.7	0.6	0.7	0.7	0.6	0.6	0.7	0.8
P	0.7	0.2	1.0	1.3	0.5	0.0	0.8	0.8	1.1	0.0	0.8	0.6
FIN	1.8	0.3	1.3	0.7	1.0	1.8	0.9	0.6	0.9	1.2	1.0	0.3
S	0.8	1.1	1.0	0.9	0.9	0.8	1.0	0.9	0.7	0.8	0.7	0.5
UK	0.5	0.9	0.5	0.9	1.8	0.2	1.0	0.8	1.3	1.0	0.5	0.9
EU-15	0.8	0.8	0.8	0.9	0.9	0.6	0.8	0.7	0.8	0.8	0.7	0.9
Euro area	0.9	0.8	0.9	0.9	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.9
USA	1.2	1.3	0.6	0.8	0.9	0.8	0.6	0.7	0.7	0.8	0.7	0.9
JAP	2.5	-0.2	0.9	0.9	0.2	0.4	0.6	0.0	0.8	0.7	0.6	0.6

[1] Outcomes for 2000/1 and 2000/2 as reported by Eurostat. Forecast X-2000 from 2000/3 onwards.

TABLE 3 : Profiles (yoy) of quarterly GDP, volume (percentage change from corresponding quarter in previous year, 2000-2002) [1]

	2000/1	2000/2	2000/3	2000/4	2001/1	2001/2	2001/3	2001/4	2002/1	2002/2	2002/3	2002/4
B	5.1	4.5	3.5	2.5	2.3	2.8	3.4	4.6	4.0	3.4	2.8	2.7
DK	2.7	3.6	2.5	1.7	2.2	2.0	2.3	2.6	2.4	2.2	2.4	2.7
D	2.3	3.6	3.3	3.3	3.1	2.9	2.6	2.4	2.4	2.6	2.8	3.2
EL	-	-	-	-	-	-	-	-	-	-	-	-
E	4.2	3.9	4.1	4.0	3.8	3.6	3.4	3.1	3.2	3.2	3.3	3.6
F	3.5	3.4	3.2	2.9	3.1	3.1	3.1	3.1	3.0	2.9	2.8	2.6
IRL	9.6	9.9	10.3	10.7	10.8	10.5	9.9	9.1	8.4	7.8	7.4	7.2
I	3.0	2.6	2.9	3.3	2.8	3.1	2.8	2.5	2.6	2.7	2.7	2.8
L	-	-	-	-	-	-	-	-	-	-	-	-
NL	4.6	4.2	3.8	5.0	4.8	4.6	4.3	2.3	2.7	3.3	3.8	4.3
A	3.5	4.1	3.5	3.4	3.1	2.8	2.8	2.8	2.8	2.8	2.7	2.8
P	3.2	2.6	3.0	3.2	3.0	2.8	2.7	2.1	2.7	2.7	2.7	2.5
FIN	5.5	4.5	5.0	4.3	3.4	4.9	4.5	4.3	4.3	3.7	3.8	3.5
S	3.4	3.9	4.1	4.0	3.9	3.7	3.7	3.6	3.5	3.4	3.2	2.8
UK	3.0	3.2	3.4	4.0	4.0	3.5	4.1	3.9	3.4	4.2	3.6	3.7
EU-15	3.4	3.6	3.5	3.6	3.4	3.4	3.3	3.1	3.0	3.1	3.1	3.2
Euro area	3.4	3.7	3.5	3.5	3.3	3.3	3.1	2.9	2.9	2.9	3.0	3.1
USA	5.3	6.0	5.2	4.0	3.7	3.2	3.2	3.0	2.9	2.9	3.0	3.2
JAP	0.7	-0.5	1.4	4.1	1.8	2.4	2.1	1.2	1.8	2.1	2.1	2.7

[1] Outcomes for 2000/1 and 2000/2 as reported by Eurostat. Forecast X-2000 from 2000/3 onwards.

TABLE 4 : Final domestic demand, volume (percentage change on preceding year, 1961-2002) 26.10.2000

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.8	1.6	3.6	1.2	2.6	3.9	2.1	3.1	3.0	2.9	2.7	-	2.8
DK	4.6	1.1	0.7	2.3	2.3	4.3	-0.4	1.7	2.5	1.8	1.4	-	1.9
D	4.5	1.3	3.5	2.1	1.9	2.4	2.4	2.3	2.3	2.8	2.6	-	2.7
EL	8.9	1.5	2.5	1.5	4.0	4.6	3.0	3.9	4.2	4.2	4.4	-	4.7
E	7.7	1.3	6.6	0.8	4.0	5.6	5.5	4.2	4.4	3.8	3.5	-	3.6
F	5.6	1.9	3.6	0.7	2.4	3.7	2.7	3.6	3.1	3.2	3.0	-	2.8
IRL	5.1	2.1	3.3	2.5	7.9	10.2	6.0	7.6	9.5	6.8	7.3	-	6.1
I	5.3	2.4	3.4	0.3	2.4	2.9	2.5	2.5	2.5	2.9	2.8	-	3.0
L	4.1	1.5	6.5	3.8	4.7	2.4	11.3	2.7	2.2	3.8	4.8	-	4.5
NL	4.9	1.6	3.0	1.6	4.0	4.2	4.2	4.3	4.6	3.8	4.1	-	4.0
A	4.9	1.9	3.0	2.3	2.2	2.5	2.6	3.0	3.1	2.4	2.2	-	2.3
P	7.3	1.1	7.6	2.8	4.0	6.1	4.7	4.0	3.7	4.0	2.9	-	3.0
FIN	5.0	2.5	4.3	-2.7	3.6	4.9	2.7	3.8	3.2	3.1	3.0	-	2.5
S	3.7	1.4	2.8	-0.9	2.7	3.8	3.5	3.7	3.6	3.3	3.6	-	3.1
UK	3.2	1.3	4.0	1.1	3.6	4.6	3.6	3.6	3.5	3.0	3.1	-	3.2
EU-15	4.9	1.7	3.8	1.1	2.8	3.7	3.1	3.2	3.2	3.1	3.0	-	3.1
Euro area	5.3	1.8	3.9	1.1	2.7	3.5	3.0	3.1	3.1	3.2	3.0	-	3.0
USA	4.3	2.7	2.7	2.4	4.5	5.6	5.2	4.1	5.9	2.9	3.5	-	2.9
JAP	9.5	2.8	5.4	1.3	1.2	-3.1	0.5	1.0	1.4	2.2	1.9	-	2.2

TABLE 5 : Final demand, volume (percentage change on preceding year, 1961-2002)

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	6.2	2.0	4.5	2.3	4.1	4.1	3.4	4.9	5.8	4.6	5.2	-	5.0
DK	5.0	1.7	1.8	2.4	3.2	3.7	1.8	2.5	3.6	2.6	3.0	-	3.2
D	4.9	2.0	3.9	2.5	3.4	3.4	3.0	3.9	4.7	4.0	4.4	-	4.2
EL	9.1	1.9	2.7	1.8	4.6	4.9	3.5	4.3	4.7	4.5	5.0	-	5.2
E	8.1	2.0	6.2	2.5	5.2	6.2	5.8	5.6	5.6	5.2	4.8	-	4.8
F	6.0	2.3	3.8	1.4	3.5	4.5	3.1	4.4	5.2	3.8	4.2	-	3.9
IRL	5.8	3.9	5.4	6.5	11.1	15.7	9.3	9.7	12.2	8.2	9.9	-	8.3
I	5.8	2.8	3.7	1.6	3.0	3.0	1.8	3.7	4.1	3.7	4.1	-	4.1
L	5.1	2.2	6.3	4.2	7.2	6.6	9.3	5.2	7.9	5.5	7.7	-	7.3
NL	6.1	2.1	3.8	2.6	5.2	5.5	4.8	5.5	6.1	4.6	5.6	-	5.1
A	5.7	2.9	3.9	2.7	4.0	3.4	4.1	4.9	5.1	4.4	4.3	-	4.3
P	8.0	1.8	8.1	3.1	4.7	6.5	4.2	4.7	4.7	4.6	4.0	-	4.0
FIN	5.3	2.8	3.8	-0.2	5.2	6.1	3.8	5.1	5.4	4.5	4.9	-	4.3
S	4.4	1.8	2.9	1.0	4.3	5.0	4.1	4.9	5.5	4.4	5.0	-	4.5
UK	3.5	1.6	4.0	1.9	4.2	4.2	3.6	4.4	4.4	3.8	4.1	-	4.0
EU-15	5.4	2.1	4.1	2.0	4.0	4.3	3.5	4.5	5.0	4.1	4.5	-	4.3
Euro area	5.9	2.3	4.2	2.1	3.9	4.4	3.5	4.5	5.1	4.2	4.6	-	4.4
USA	4.5	2.9	3.4	2.8	4.8	5.3	5.1	4.3	6.2	3.3	4.1	-	3.6
JAP	9.7	3.2	5.2	1.6	1.8	-3.0	0.7	1.6	2.2	2.4	2.5	-	3.1

TABLE 6 : Gross domestic product at current market prices (percentage change on preceding year, 1961-2002)

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	9.2	8.8	6.1	4.3	4.2	4.1	3.8	4.7	4.4	4.8	4.9	-	5.3
DK	11.7	11.1	5.4	4.1	4.9	4.7	4.5	4.7	5.6	4.3	4.7	-	4.8
D	8.9	5.9	5.9	5.5	2.9	3.2	2.5	3.6	2.9	4.6	3.9	-	3.9
EL	13.3	21.0	18.6	15.4	8.1	8.4	6.3	6.6	6.5	7.2	7.2	-	7.8
E	14.9	17.2	12.2	6.8	6.6	6.7	7.0	6.5	7.6	5.8	6.8	-	5.8
F	10.7	12.5	6.8	3.2	3.7	4.0	3.3	4.7	4.1	4.6	4.2	-	4.6
IRL	11.8	17.0	7.9	7.7	13.4	14.8	14.0	11.7	15.3	10.7	12.6	-	11.1
I	11.0	19.4	10.2	6.2	4.7	4.2	2.9	4.7	4.8	4.9	5.0	-	4.9
L	8.7	8.5	8.8	8.1	8.5	6.6	9.9	6.8	9.6	7.8	8.6	-	9.5
NL	11.2	7.5	4.0	4.4	6.2	6.1	5.6	6.9	6.7	7.3	7.7	-	7.3
A	9.7	7.8	5.8	5.1	3.7	4.0	3.7	3.8	4.3	3.8	4.1	-	3.9
P	11.1	23.4	19.6	9.9	6.2	7.6	6.6	5.8	4.8	6.2	5.3	-	5.1
FIN	12.1	13.6	9.1	1.5	6.7	8.8	4.7	6.1	8.1	5.9	6.8	-	6.2
S	9.2	11.7	9.4	4.0	4.4	4.3	4.3	5.9	5.4	5.6	5.7	-	5.6
UK	8.5	14.0	9.4	5.1	5.7	5.7	4.7	6.1	5.6	5.7	5.5	-	5.8
EU-15	10.2	12.8	8.4	5.3	4.7	4.8	4.0	5.1	4.9	5.2	5.1	-	5.1
Euro area	10.6	12.4	8.0	5.2	4.4	4.5	3.8	4.8	4.7	5.1	5.1	-	5.0
USA	7.8	9.7	6.6	5.0	6.1	5.7	5.8	5.7	7.4	4.5	5.9	-	5.5
JAP	16.2	9.1	6.1	2.4	1.3	-2.2	-0.7	1.2	0.3	2.6	3.1	-	3.1

TABLE 7 : Private consumption expenditure, volume (percentage change on preceding year, 1961-2002) **26.10.2000**

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.3	2.0	3.1	1.4	2.2	3.3	1.9	2.2	2.5	2.4	2.4	-	2.4
DK	3.8	1.2	0.8	2.3	2.0	3.5	0.6	1.4	0.5	1.6	1.3	-	1.7
D	4.9	1.9	3.6	2.3	1.9	2.0	2.6	2.2	1.7	3.0	2.6	-	2.4
EL	6.8	3.4	3.1	1.8	2.9	3.1	2.9	3.0	2.9	3.0	3.1	-	3.2
E	7.2	1.6	4.7	1.1	3.5	4.5	4.7	3.8	4.1	3.3	3.2	-	2.9
F	5.3	2.2	3.0	0.7	2.1	3.3	2.1	3.1	2.6	3.0	2.8	-	2.8
IRL	3.8	2.2	3.4	3.2	7.7	7.8	7.8	7.2	10.1	6.7	8.0	-	6.5
I	6.0	3.1	3.5	0.9	2.2	2.3	1.7	1.9	2.1	2.3	2.4	-	2.5
L	4.6	2.6	5.1	2.3	4.0	2.3	4.1	3.2	3.6	3.0	5.0	-	5.0
NL	5.6	1.8	2.9	1.9	4.1	4.4	4.4	3.9	4.3	3.9	4.3	-	4.2
A	4.6	2.4	3.2	2.2	2.5	2.9	2.3	2.7	3.1	2.2	2.2	-	2.4
P	6.0	1.4	5.2	2.6	3.7	6.0	4.6	3.5	3.0	3.5	2.4	-	2.4
FIN	5.2	2.6	3.6	-0.9	3.6	4.9	3.6	3.0	3.7	3.3	3.0	-	2.1
S	3.4	1.1	2.4	-0.3	3.0	2.4	4.1	3.7	4.9	3.4	3.5	-	3.1
UK	3.0	1.6	4.7	1.2	3.6	4.0	4.3	3.1	3.4	2.6	2.9	-	2.8
EU-15	4.9	2.1	3.7	1.4	2.7	3.2	3.0	2.8	2.8	2.9	2.8	-	2.7
Euro area	5.5	2.2	3.5	1.4	2.5	3.0	2.8	2.7	2.6	3.0	2.8	-	2.7
USA	4.5	3.0	3.2	2.6	3.9	4.7	5.3	4.4	5.2	2.7	2.9	-	2.4
JAP	8.7	3.2	4.4	1.9	1.3	-0.5	1.2	0.6	1.7	2.9	1.7	-	2.0

TABLE 8 : Government consumption expenditure, volume (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	5.5	2.5	0.8	1.5	1.6	1.4	3.4	1.3	1.1	1.7	1.5	-	1.5
DK	5.8	2.9	0.3	2.1	1.8	3.0	1.4	1.4	1.1	1.2	1.4	-	1.4
D	4.5	2.2	1.4	1.9	0.8	0.5	-0.1	0.7	1.6	0.8	1.2	-	1.6
EL	6.2	5.0	-0.1	0.5	1.1	1.7	-0.1	0.7	0.8	0.6	0.6	-	0.6
E	4.5	5.0	6.6	2.7	2.4	3.7	2.9	1.7	1.3	1.6	2.2	-	2.6
F	4.0	3.2	2.4	2.3	1.6	0.1	2.6	1.7	1.3	1.4	1.3	-	1.3
IRL	5.2	3.7	-0.7	2.7	4.5	5.3	5.2	4.7	4.1	3.7	4.1	-	3.9
I	4.0	2.6	2.8	-0.2	0.8	0.7	0.6	0.5	0.9	1.0	1.0	-	0.8
L	3.4	2.4	3.9	2.7	4.7	2.8	12.8	3.2	4.0	3.2	3.8	-	3.6
NL	2.9	2.8	2.2	2.0	2.3	3.4	2.5	2.0	3.2	1.8	2.5	-	2.1
A	3.2	2.7	1.2	1.9	0.8	2.8	3.2	0.7	0.5	0.0	-0.2	-	-0.4
P	9.1	6.7	6.3	3.3	2.0	3.0	3.8	2.0	2.8	2.0	1.0	-	1.0
FIN	5.4	3.9	3.2	-0.5	1.9	1.7	2.0	0.3	0.7	0.3	1.0	-	1.0
S	4.9	2.7	1.5	0.3	0.6	2.2	1.8	1.4	-0.8	1.3	0.8	-	0.8
UK	2.5	1.4	1.0	1.1	2.1	1.1	3.3	3.1	2.2	3.5	4.0	-	4.0
EU-15	3.9	2.7	2.1	1.5	1.5	1.2	1.8	1.5	1.5	1.5	1.8	-	1.8
Euro area	4.2	2.9	2.5	1.7	1.4	1.2	1.6	1.2	1.5	1.2	1.4	-	1.5
USA	2.5	2.4	2.8	-0.2	1.8	1.6	2.1	1.8	2.3	2.0	2.1	-	2.3
JAP	4.9	3.8	2.5	2.4	0.9	1.5	1.3	1.2	-0.1	-9.3	0.3	-	0.0

TABLE 9 : Total investment, volume (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	5.1	-0.2	9.2	-0.2	4.4	4.6	4.8	5.0	4.6	4.5	4.5	-	4.5
DK	6.5	-1.1	1.7	1.9	4.4	6.9	0.3	0.9	7.9	2.2	1.3	-	3.3
D	3.9	-0.3	4.8	1.8	2.3	3.0	3.3	3.9	3.4	3.9	3.5	-	3.6
EL	9.6	-2.2	2.3	-0.2	9.3	11.8	7.3	8.8	8.6	9.3	10.6	-	10.9
E	10.5	-0.9	11.6	-0.7	6.2	9.7	8.9	7.2	6.7	6.4	5.4	-	5.9
F	7.7	0.5	6.4	-1.2	4.2	6.3	7.1	6.0	6.2	5.2	5.4	-	4.6
IRL	9.9	0.7	4.5	2.3	12.1	14.7	12.5	10.8	9.4	9.1	7.8	-	6.5
I	4.5	0.3	4.3	-1.2	4.6	4.1	4.4	6.2	7.1	5.6	6.2	-	5.8
L	4.9	-2.7	14.3	6.3	5.9	1.5	26.6	3.7	-1.7	6.4	5.7	-	4.8
NL	5.4	0.0	3.7	0.9	5.8	4.1	6.5	6.3	6.8	5.2	5.4	-	5.0
A	6.5	0.9	5.3	2.7	3.2	2.7	3.2	5.1	5.2	4.8	4.0	-	4.2
P	7.9	-1.3	11.0	2.0	6.9	8.8	5.4	6.2	6.0	6.3	5.6	-	5.8
FIN	4.8	1.0	4.9	-9.5	7.0	9.4	4.6	6.1	4.4	5.0	5.3	-	4.8
S	4.4	0.5	5.5	-4.8	5.8	9.4	8.1	6.1	6.0	5.9	7.5	-	7.0
UK	4.6	0.9	5.7	-0.5	5.6	10.1	6.1	5.2	3.2	4.0	3.8	-	3.9
EU-15	5.7	0.0	5.9	-0.2	4.6	6.0	5.5	5.6	5.3	5.1	4.9	-	4.9
Euro area	5.8	0.0	6.1	0.0	4.3	5.1	5.4	5.6	5.5	5.2	5.1	-	5.0
USA	5.3	2.7	1.5	4.1	8.5	10.8	9.3	5.1	10.0	3.5	6.4	-	5.0
JAP	14.0	1.6	8.4	0.1	1.2	-7.4	-1.2	2.1	1.0	4.5	3.0	-	3.4

TABLE 10 : Investment in construction, volume (percentage change on preceding year, 1971-2002) 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1971-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	2.4	-2.5	8.1	0.7	3.2	4.2	5.4	3.5	4.0	3.0	3.2	-	3.0
DK	5.1	-3.1	0.6	-0.6	3.3	4.3	-5.5	-2.9	10.3	-1.0	-2.1	-	2.4
D	4.0	-1.4	3.1	4.0	-0.7	-1.0	0.5	0.8	-1.1	1.3	0.3	-	1.0
EL	14.5	-3.3	0.8	-2.8	8.1	6.6	9.0	9.0	9.0	9.5	11.5	-	12.0
E	7.3	-1.5	11.3	0.2	5.5	8.1	9.0	6.5	8.2	5.5	6.1	-	6.7
F	6.1	-1.1	4.1	-2.1	1.9	1.7	6.5	3.2	5.7	2.5	3.5	-	2.8
IRL	8.0	0.6	3.3	3.2	11.0	9.9	10.5	11.5	8.5	9.9	7.0	-	5.8
I	0.5	-1.3	2.4	-2.4	2.0	-0.1	1.8	2.7	5.0	0.8	3.6	-	2.7
L	-	-	-	-	2.8	3.8	3.1	3.8	9.9	4.5	3.6	-	4.3
NL	0.4	-1.6	3.7	0.3	4.1	3.2	6.3	5.7	6.9	3.8	4.2	-	3.8
A	10.1	-0.1	4.9	3.7	1.1	0.9	2.2	2.1	2.5	2.1	1.7	-	2.1
P	-	-	8.8	3.9	5.5	5.1	4.2	3.0	3.7	3.0	4.5	-	4.5
FIN	6.3	0.4	3.7	-11.1	7.4	11.2	4.5	5.4	5.7	3.8	5.1	-	4.3
S	-0.5	-1.1	3.9	-8.3	2.0	4.6	3.5	6.7	4.9	7.2	7.3	-	7.1
UK	2.0	-0.7	8.1	-1.8	3.8	3.5	4.3	5.1	4.9	4.3	4.9	-	5.3
EU-15 [1]	4.1	-1.1	4.9	-0.1	2.4	2.1	3.7	3.6	4.0	3.1	3.5	-	3.7
Euro area [1]	4.3	-1.2	4.6	0.5	2.1	1.7	3.7	3.2	3.6	2.8	3.3	-	3.4
USA	6.6	1.4	-0.3	0.7	3.6	6.5	3.4	3.9	2.5	1.9	-0.2	-	2.0
JAP	9.3	0.2	8.6	0.3	-0.2	-4.5	0.9	-0.9	0.7	0.0	1.6	-	1.9

[1] Excluding Portugal up to 1985.

TABLE 11 : Investment in equipment, volume (percentage change on preceding year, 1971-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1971-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	3.1	2.3	10.3	-2.1	5.1	3.3	5.4	6.0	5.0	5.6	5.4	-	5.6
DK	3.8	2.5	1.8	2.7	4.8	7.1	3.9	2.7	6.7	3.5	3.7	-	3.6
D	0.2	1.6	7.2	-2.4	6.3	9.2	6.7	7.9	9.3	6.9	7.2	-	6.3
EL	11.9	0.7	5.4	4.6	12.2	24.4	1.9	9.1	9.0	9.5	10.1	-	10.1
E	10.9	-0.5	13.0	-2.4	7.5	13.4	8.1	8.3	4.3	8.0	4.3	-	4.6
F	9.2	2.9	9.0	-0.1	6.4	11.6	8.4	8.2	6.8	7.0	7.3	-	6.1
IRL	13.8	1.6	6.0	1.8	13.7	24.9	18.1	10.4	10.5	8.3	8.7	-	7.5
I	8.4	2.8	6.3	-0.1	6.7	8.2	6.3	8.7	8.5	8.8	7.9	-	7.8
L	-	-	-	-	9.0	-1.5	54.2	3.5	-11.0	8.0	7.5	-	5.0
NL	0.4	2.8	3.6	1.3	6.9	4.5	5.8	7.0	6.4	6.8	6.6	-	6.4
A	6.4	2.4	6.1	1.4	5.4	4.5	4.8	8.0	7.7	6.9	5.6	-	5.2
P	-	-	13.5	1.9	8.5	14.1	6.8	9.0	8.0	9.0	6.5	-	6.8
FIN	6.2	1.6	6.4	-9.3	7.0	8.3	4.1	9.2	2.8	6.8	5.7	-	5.5
S	6.9	3.2	6.9	-0.6	8.7	15.1	10.8	5.9	6.6	5.1	7.6	-	7.1
UK	4.3	1.9	4.9	1.1	7.5	17.2	8.0	5.3	1.8	3.8	3.0	-	3.0
EU-15 [1]	5.3	2.2	7.4	-0.7	6.7	10.5	7.2	7.5	6.6	6.9	6.3	-	6.0
Euro area [1]	5.4	2.2	7.9	-1.2	6.6	9.2	7.1	8.1	7.5	7.6	7.0	-	6.5
USA	10.3	4.7	3.7	7.6	12.1	14.7	14.5	6.1	15.1	4.8	10.3	-	6.7
JAP	7.5	4.2	9.9	-0.3	2.9	-10.8	-3.8	5.8	1.4	9.7	4.7	-	5.3

[1] Excluding Portugal up to 1985.

TABLE 12 : Public investment (as a percentage of GDP, 1971-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1971-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.8	3.9	1.8	1.5	1.7	1.5	1.8	1.7	1.8	1.7	1.7	-	1.7
DK	4.3	3.1	1.7	1.8	1.8	1.7	1.6	1.6	1.7	1.6	1.8	-	1.8
D	4.3	3.2	2.4	2.6	1.9	1.8	1.8	1.7	1.8	1.7	1.8	-	1.8
EL	2.9	2.8	2.9	3.2	3.8	3.6	4.1	4.3	4.2	4.3	4.2	-	4.3
E	2.7	2.5	3.9	4.1	3.3	3.3	3.3	3.4	3.3	3.5	3.4	-	3.5
F	3.7	3.3	3.3	3.3	3.0	2.9	2.9	2.9	3.0	2.9	3.0	-	3.0
IRL	4.0	4.6	2.3	2.2	2.6	2.7	2.6	3.1	2.6	3.2	2.6	-	2.6
I	2.8	3.3	3.4	2.7	2.5	2.4	2.6	2.6	2.6	2.5	2.8	-	2.7
L	4.0	5.2	-	4.7	4.7	4.6	4.5	5.1	4.7	5.2	5.2	-	5.2
NL	3.8	2.9	2.0	2.2	3.1	3.0	3.0	3.2	3.2	3.1	3.1	-	3.1
A	5.2	4.4	3.3	3.2	2.0	1.9	1.8	1.6	1.8	1.6	1.7	-	1.7
P	2.2	3.5	3.2	3.6	4.3	4.0	4.1	4.6	4.3	4.7	4.4	-	4.5
FIN	3.9	3.9	3.6	3.2	2.9	2.9	2.8	2.7	2.9	2.6	2.8	-	2.7
S	5.6	3.9	2.4	2.4	2.7	2.7	2.8	2.5	2.6	2.5	2.6	-	2.6
UK	4.6	2.9	1.8	1.9	1.3	1.2	1.1	1.4	1.2	1.6	1.4	-	1.5
EU-15	4.0	3.2	2.7	2.7	2.3	2.2	2.3	2.3	2.3	2.3	2.4	-	2.4
Euro area	3.7	3.3	3.0	2.9	2.5	2.4	2.5	2.5	2.5	2.5	2.6	-	2.6
USA	3.1	2.8	2.8	2.8	3.1	2.8	2.9	-	3.4	-	3.5	-	3.5
JAP	5.9	6.4	5.9	7.0	-	5.8	-	-	7.3	-	7.4	-	7.1

TABLE 13 : Output gap relative to trend GDP (deviation of actual output from trend output as percentage of trend GDP, 1961-2002) [1] 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-0.1	0.0	0.3	0.2	-0.5	-1.0	-1.0	0.0	0.0	0.6	0.4	-	0.7
DK	0.5	-0.6	1.4	-1.5	0.5	1.0	0.2	0.2	0.4	-0.1	0.3	-	0.2
D	0.3	-0.4	-0.8	2.3	-0.8	-1.2	-1.7	-0.6	-0.7	0.2	-0.2	-	0.3
EL	0.5	-0.1	-0.6	-0.3	-0.4	-1.0	-0.9	0.7	-0.2	1.5	0.6	-	1.7
E	0.2	-0.2	1.3	0.0	-0.4	-0.6	0.1	0.3	0.8	0.3	0.8	-	0.6
F	0.2	-0.2	0.6	0.3	-0.7	-1.2	-0.8	0.0	0.0	0.5	0.4	-	0.5
IRL	-0.3	1.0	-0.6	-2.7	1.3	0.5	1.8	3.3	3.7	2.1	3.5	-	2.3
I	0.3	-0.3	0.9	-0.1	-0.6	-0.9	-1.5	-0.4	-0.7	0.2	-0.1	-	0.4
L	0.1	-0.7	0.6	1.5	-0.4	-2.2	-0.7	0.1	1.0	0.8	1.6	-	1.8
NL	-0.2	-0.1	0.1	0.1	-0.1	-0.4	-0.1	0.5	0.6	0.8	1.0	-	0.9
A	-0.1	0.1	-0.7	1.0	-0.6	-1.0	-0.8	-0.3	0.0	0.1	0.2	-	0.2
P	0.2	-0.5	0.4	0.3	0.0	0.3	0.4	-0.1	0.5	0.3	0.3	-	0.2
FIN	0.2	-0.5	4.8	-4.7	0.4	1.0	1.1	1.3	1.8	1.3	1.9	-	1.5
S	0.2	-0.4	2.5	-1.6	-0.4	-1.5	-0.5	0.9	0.5	1.4	1.2	-	1.2
UK	0.2	-0.9	2.9	-1.6	0.2	0.3	-0.2	0.4	0.2	0.8	0.5	-	0.8
EU-15	0.2	-0.3	0.7	0.3	-0.4	-0.8	-0.9	0.0	-0.1	0.5	0.3	-	0.6
Euro area	0.2	-0.2	0.2	0.8	-0.6	-1.0	-1.0	-0.2	-0.2	0.4	0.3	-	0.5

[1] Output gaps are non observable concepts and can be measured in different ways. Analysis based on them should be treated with prudence.
This measure of output gap is used for the cyclical adjustment of public finance data.

TABLE 14 : Output gap relative to potential GDP (deviation of actual output from potential output as percentage of potential GDP, 1974-2002) [1]

							2000 estimate of		2001 forecast of		2002 forecast of	
	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-1.7	0.7	-1.5	-	-0.7	-1.1	-0.2	-	-0.6	-	-	-
DK	-0.9	-3.8	-1.3	-	-1.6	-2.9	-2.2	-	-2.2	-	-	-
D	-1.6	1.4	-1.1	-	-1.1	-1.8	-0.3	-	0.0	-	-	-
EL	-3.8	-1.6	-2.6	-	1.4	1.0	0.9	-	0.7	-	-	-
E	-1.2	-1.8	-3.9	-	-2.1	-1.8	-1.6	-	-1.4	-	-	-
F	-1.6	0.3	-1.9	-	-2.7	-2.0	-0.7	-	0.0	-	-	-
IRL	-3.4	-1.7	-2.3	-	-1.2	-0.1	0.0	-	0.2	-	-	-
I	-2.2	0.4	-2.6	-	-3.1	-2.6	-1.8	-	-1.2	-	-	-
L	-1.8	-3.3	-3.9	-	-3.4	-2.8	-1.9	-	-1.1	-	-	-
NL	-2.3	-2.4	-2.3	-	-2.0	-1.0	-0.1	-	0.4	-	-	-
A	0.7	0.1	-0.3	-	-0.3	-0.4	0.2	-	0.1	-	-	-
P	-3.4	-0.6	-0.5	-	-0.4	-0.6	-0.4	-	-1.0	-	-	-
FIN	-0.1	1.8	-7.7	-	-2.6	-1.3	-1.0	-	-0.7	-	-	-
S	-1.2	-2.0	-1.7	-	-0.7	-0.1	0.2	-	0.1	-	-	-
UK	-0.1	5.8	0.9	-	0.7	0.0	0.3	-	0.2	-	-	-
EU-15	-1.4	0.9	-1.6	-	-1.3	-1.2	-0.4	-	0.0	-	-	-
Euro area	-1.7	0.3	-2.0	-	-2.1	-2.0	-1.2	-	-0.7	-	-	-

[1] Output gaps are non observable concepts and can be measured in different ways. Analysis based on them should be treated with prudence, series under revision.

TABLE 15 : Deflator of gross domestic product (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.1	6.7	2.9	2.7	1.3	1.6	1.0	1.1	0.5	1.5	1.5	-	2.0
DK	7.0	9.4	4.1	2.1	2.3	2.1	2.7	2.6	2.9	2.2	2.3	-	2.3
D	4.4	4.1	2.4	3.4	0.8	1.1	0.9	0.6	-0.2	1.7	1.1	-	1.1
EL	4.4	19.0	17.1	14.0	4.3	5.2	2.9	2.7	2.3	3.1	2.6	-	2.9
E	7.2	15.0	7.4	5.4	2.8	2.3	2.9	2.7	3.3	2.3	3.2	-	2.4
F	5.1	10.0	3.4	2.1	1.1	0.9	0.4	1.0	0.8	1.3	1.1	-	1.7
IRL	7.2	12.8	3.2	2.9	4.1	5.8	3.8	3.8	4.4	4.3	4.1	-	3.7
I	5.5	16.3	7.1	4.9	2.6	2.7	1.5	1.9	1.8	2.1	2.1	-	2.2
L	4.4	6.7	2.2	2.5	2.3	1.5	2.3	1.2	1.7	2.0	2.1	-	3.3
NL	6.0	5.4	0.8	2.2	2.3	2.0	1.7	2.7	2.3	3.4	3.5	-	3.7
A	4.6	5.4	2.5	3.2	1.0	0.7	0.9	0.6	0.8	0.8	1.2	-	1.1
P	3.9	20.8	13.3	8.0	2.9	3.8	3.5	2.1	1.8	2.6	2.5	-	2.4
FIN	6.8	10.5	5.6	2.2	1.9	3.1	0.7	1.2	3.1	1.6	2.4	-	2.3
S	4.9	9.8	7.0	3.4	1.4	1.3	0.5	1.8	1.3	2.3	1.9	-	2.3
UK	5.1	12.4	5.9	3.5	2.7	3.0	2.5	2.7	2.4	2.6	2.5	-	2.7
EU-15	5.2	10.6	5.0	3.8	1.9	2.0	1.5	1.7	1.4	2.0	1.9	-	2.0
Euro area	5.2	10.0	4.4	3.6	1.7	1.7	1.3	1.4	1.2	1.9	1.8	-	1.9
USA	3.2	6.8	3.3	2.5	2.0	1.3	1.5	2.1	2.2	1.5	2.5	-	2.4
JAP	6.2	5.6	1.4	0.9	-0.1	0.3	-0.9	0.1	-1.2	0.8	1.2	-	0.9

TABLE 16 : Price deflator of private consumption (percentage change on preceding year, 1961-2002) 26.10.2000

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	3.7	7.4	1.9	2.3	1.7	1.0	1.2	1.5	2.6	1.5	1.9	-	1.4
DK	6.6	9.7	3.4	2.3	2.3	1.8	2.6	2.4	3.3	1.7	2.6	-	2.0
D	3.4	4.3	1.4	3.3	1.4	1.1	0.3	1.5	1.7	1.6	1.6	-	1.4
EL	3.6	18.2	17.6	13.8	4.1	4.5	2.4	2.5	2.9	2.6	2.8	-	2.4
E	6.5	15.4	6.6	5.6	2.7	2.0	2.5	2.5	3.5	2.2	3.0	-	2.3
F	4.7	10.5	3.1	2.5	1.3	0.8	0.8	1.2	1.4	1.2	1.5	-	1.7
IRL	6.3	13.8	3.2	2.7	3.7	3.8	3.3	4.0	5.9	3.0	4.0	-	3.4
I	4.9	15.9	6.1	5.8	2.6	2.1	2.2	2.3	2.8	2.1	2.4	-	2.0
L	3.0	7.4	2.4	3.0	2.0	1.7	1.4	2.0	3.0	1.8	2.6	-	2.1
NL	5.1	6.0	0.9	2.5	2.4	1.8	1.9	2.4	2.8	3.2	4.0	-	2.9
A	4.1	5.8	2.0	3.0	1.6	0.5	0.7	1.2	2.4	1.1	2.0	-	1.8
P	3.9	22.2	12.2	7.7	2.6	2.6	2.5	2.2	2.8	2.1	2.9	-	2.3
FIN	5.7	10.7	4.3	3.0	2.0	1.9	1.7	2.3	2.9	2.0	2.5	-	2.2
S	4.8	10.3	6.7	4.7	1.4	1.0	0.7	1.4	1.0	1.8	1.4	-	1.8
UK	4.8	11.9	5.4	4.2	2.3	2.4	2.0	2.1	1.7	2.3	2.0	-	2.1
EU-15	4.6	10.9	4.4	4.2	2.0	1.7	1.4	1.9	2.2	1.9	2.1	-	1.9
Euro area	4.6	10.4	3.8	3.9	1.9	1.4	1.3	1.8	2.3	1.8	2.1	-	1.9
USA	2.9	6.9	3.8	2.7	2.0	1.1	1.8	2.3	2.5	1.7	2.3	-	2.3
JAP	6.1	6.5	1.2	1.1	0.4	0.2	-0.5	-0.2	-0.1	0.5	0.5	-	1.2

TABLE 17 : Consumer prices (general index) (percentage change on preceding year, 1961-2002)

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.0	7.6	2.1	2.4	1.7	1.0	1.1	1.5	2.6	1.5	1.9	-	1.4
DK	6.2	9.7	3.9	2.0	2.3	1.8	2.5	2.5	3.0	1.7	2.4	-	1.8
D	3.4	4.4	1.4	3.5	1.4	0.9	0.6	1.5	1.9	1.5	1.7	-	1.6
EL	3.3	18.7	17.4	13.9	4.2	4.8	2.6	2.7	3.0	2.7	2.8	-	2.5
E	6.8	15.5	6.5	5.2	2.6	1.9	2.3	2.5	3.4	2.2	2.9	-	2.2
F	4.6	10.4	3.1	2.2	1.4	0.7	0.6	1.1	1.7	1.2	1.6	-	1.7
IRL	5.9	14.1	3.3	2.5	2.8	2.4	1.6	3.5	5.5	2.8	3.8	-	3.2
I	4.7	15.6	5.7	5.0	2.3	1.9	1.7	2.1	2.5	1.9	2.2	-	1.8
L	3.2	7.3	1.7	2.8	1.8	0.9	1.0	2.0	3.2	1.8	2.6	-	2.1
NL	5.1	5.9	0.8	2.9	2.6	2.0	2.2	2.5	2.5	3.5	4.0	-	2.9
A	4.2	5.7	2.2	3.2	1.5	0.9	0.6	1.2	2.3	1.1	1.9	-	1.7
P	6.1	22.3	11.3	7.1	2.6	2.8	2.3	2.2	2.8	2.1	2.9	-	2.3
FIN	5.7	10.9	4.9	2.3	1.7	1.4	1.2	2.3	3.4	2.0	2.4	-	2.1
S	4.6	9.8	6.2	4.2	0.9	-0.1	0.4	1.6	1.3	2.1	1.7	-	2.1
UK	5.1	12.2	5.9	3.4	2.5	3.4	1.6	2.7	2.7	2.6	2.2	-	2.3
EU-15	4.7	10.9	4.4	3.9	2.0	1.8	1.3	2.0	2.4	1.9	2.2	-	2.0
Euro area	4.6	10.4	3.7	3.7	1.9	1.3	1.2	1.8	2.3	1.8	2.2	-	1.9
USA	3.2	7.6	4.0	3.1	3.8	1.6	1.8	2.6	3.2	2.4	2.6	-	12.4
JAP	6.2	6.7	1.4	1.4	0.4	0.6	-0.3	-0.2	-0.6	0.5	0.4	-	0.7

TABLE 18 : Consumer prices (harmonised index) (percentage change on preceding year, 1961-2002)

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-	-	-	-	1.6	0.9	1.1	1.3	2.7	1.4	2.0	-	1.5
DK	-	-	-	1.8	2.1	1.3	2.1	2.4	2.8	1.7	2.4	-	1.8
D	-	-	-	-	1.4	0.6	0.6	1.6	2.0	1.6	1.8	-	1.7
EL	-	-	-	-	3.9	4.5	2.1	2.3	2.7	2.3	2.6	-	2.3
E	-	-	-	-	2.6	1.8	2.2	2.5	3.4	2.2	2.9	-	2.2
F	-	-	-	2.3	1.4	0.7	0.6	1.1	1.8	1.2	1.6	-	1.7
IRL	-	-	-	-	2.9	2.1	2.5	3.7	5.2	3.0	3.7	-	3.1
I	-	-	-	5.1	2.3	2.0	1.7	2.1	2.6	1.9	2.2	-	1.8
L	-	-	-	-	1.9	1.0	1.0	2.0	3.8	1.8	2.9	-	1.9
NL	-	-	-	2.3	2.3	1.8	2.0	2.4	2.3	3.4	3.9	-	2.8
A	-	-	-	2.8	1.4	0.8	0.5	1.3	1.9	1.0	1.8	-	1.6
P	-	-	-	7.0	2.4	2.2	2.2	2.2	2.7	2.1	2.9	-	2.3
FIN	-	-	-	2.6	1.8	1.4	1.3	2.3	2.9	2.0	2.5	-	2.2
S	-	-	-	-	1.3	1.0	0.6	1.6	1.3	2.0	1.5	-	1.9
UK	-	-	-	3.8	1.6	1.6	1.3	1.4	1.0	1.6	1.3	-	1.4
EU-15	-	-	-	-	1.8	1.3	1.2	1.8	2.1	1.7	2.0	-	1.8
Euro area	-	-	-	-	1.8	1.1	1.1	1.8	2.3	1.8	2.2	-	1.9
USA	-	-	-	-	-	-	-	-	-	-	-	-	-
JAP	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 19 : Price deflator of exports of goods in national currency (percentage change on preceding year, 1961-2002) 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	2.2	8.3	-0.7	-0.6	2.4	-0.4	-0.9	2.4	6.0	1.8	2.5	-	2.0
DK	-	8.6	0.2	1.2	1.5	-1.2	1.1	2.9	4.6	2.3	1.8	-	1.3
D	2.1	4.5	0.3	0.9	1.2	0.0	-0.7	1.3	3.4	1.3	3.1	-	1.8
EL	3.6	17.1	10.7	8.7	4.0	3.9	-0.2	4.8	8.3	1.4	4.7	-	2.8
E	-	14.4	0.6	3.4	2.0	-0.1	-1.0	2.4	6.3	1.8	2.8	-	1.9
F	2.5	10.3	-0.5	-1.5	1.0	-1.9	-0.8	1.4	1.5	1.6	2.2	-	2.1
IRL	6.0	12.5	-0.8	1.1	2.4	2.8	2.4	3.5	5.9	2.6	3.2	-	2.3
I	2.3	16.3	1.0	5.5	1.6	0.6	-0.5	2.8	6.0	1.9	3.0	-	1.6
L	-	7.1	-0.7	-2.0	0.8	0.1	-3.3	1.5	4.5	1.8	3.0	-	2.0
NL	1.7	6.9	-4.0	-0.9	1.7	-1.7	-0.8	3.9	7.2	2.1	2.8	-	1.8
A	-	-	-0.6	-0.1	1.3	0.2	-0.6	1.7	3.5	1.0	2.7	-	1.7
P	-	-	-	-	-	-	-	2.5	3.5	1.1	2.7	-	1.5
FIN	-	-	1.6	3.7	0.6	-1.3	-5.0	1.4	9.7	1.1	2.8	-	1.7
S	-	-	2.7	3.3	-0.4	-0.6	-1.4	1.2	2.1	0.8	1.8	-	1.1
UK	4.1	12.6	0.6	3.0	-0.7	-5.7	-2.1	0.2	2.3	1.0	3.1	-	1.8
EU-15	2.6	9.4	-0.1	1.3	1.2	-1.2	-0.9	1.9	4.3	1.6	2.8	-	1.8
Euro area	2.3	8.7	-0.4	0.9	1.5	-0.5	-0.8	2.1	4.6	1.6	2.8	-	1.9
USA	3.2	5.8	1.2	0.3	-0.6	-3.1	-1.4	1.5	1.6	1.2	2.0	-	2.3
JAP	-	-	-	-	-	-	-	-0.4	-7.7	1.0	1.1	-	0.5

TABLE 20 : Price deflator of imports of goods in national currency (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	2.3	9.4	-2.2	-0.7	2.8	-2.2	0.1	3.0	8.5	1.8	3.0	-	1.5
DK	-	10.3	-1.8	0.5	1.4	-1.2	-1.6	2.7	6.4	1.9	2.2	-	1.3
D	1.0	6.2	-3.2	-0.1	1.8	-2.6	-1.7	4.2	9.1	1.0	3.6	-	1.4
EL	2.9	19.9	9.9	8.5	4.0	4.1	0.4	6.6	9.5	1.2	4.7	-	1.8
E	-	17.8	-3.2	3.1	2.6	-0.8	0.1	4.3	9.9	1.8	3.5	-	1.9
F	2.2	10.1	-2.9	-1.7	1.4	-3.0	0.1	2.5	5.5	1.2	2.8	-	0.4
IRL	3.9	14.7	-0.9	2.4	2.8	2.3	3.0	5.0	9.6	1.6	3.7	-	2.4
I	3.5	17.7	-2.9	4.9	1.9	-2.5	0.6	5.6	12.5	1.0	4.0	-	1.0
L	-	8.4	-1.5	-1.8	0.7	-2.6	-1.8	2.5	7.5	1.7	4.0	-	1.0
NL	1.4	7.4	-4.0	-1.0	2.0	-2.0	0.4	3.6	9.2	1.1	3.0	-	0.6
A	-	-	-0.8	0.1	2.0	-0.5	-0.1	3.2	6.4	1.0	3.4	-	1.9
P	-	-	-	-	-	-	-	4.0	7.5	1.1	3.1	-	1.5
FIN	-	-	-1.1	3.7	1.4	-4.1	0.0	3.3	10.6	1.1	3.1	-	1.5
S	-	-	0.7	3.4	0.5	-1.2	1.1	1.4	3.9	0.2	2.1	-	0.9
UK	4.7	12.5	0.8	3.4	-1.6	-7.4	-3.0	-1.1	2.1	1.1	2.9	-	1.7
EU-15	2.5	11.0	-2.0	1.1	1.5	-2.8	-0.7	3.1	7.7	1.2	3.3	-	1.3
Euro area	2.0	10.5	-2.9	0.5	1.9	-2.3	-0.3	3.9	8.8	1.2	3.4	-	1.2
USA	3.3	8.5	2.8	0.1	-0.6	-6.0	0.2	3.9	4.2	2.0	1.9	-	2.2
JAP	-	-	-	-	-	-	-	1.9	1.7	-0.5	1.6	-	0.2

TABLE 21 : Terms of trade of goods (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-0.1	-1.0	1.5	0.1	-0.4	1.8	-1.0	-0.6	-2.3	0.0	-0.5	-	0.5
DK	-	-1.5	2.0	0.7	0.1	0.0	2.7	0.2	-1.6	0.3	-0.4	-	0.0
D	1.1	-1.6	3.6	1.0	-0.5	2.7	1.0	-2.8	-5.1	0.3	-0.5	-	0.3
EL	0.7	-2.3	0.7	0.2	0.0	-0.2	-0.6	-1.7	-1.1	0.2	0.0	-	0.9
E	-	-2.9	3.9	0.4	-0.5	0.6	-1.1	-1.7	-3.3	-0.1	-0.7	-	0.0
F	0.3	0.2	2.5	0.2	-0.4	1.1	-1.0	-1.1	-3.8	0.4	-0.5	-	1.7
IRL	2.1	-1.9	0.0	-1.2	-0.4	0.5	-0.6	-1.5	-3.4	1.0	-0.4	-	-0.1
I	-1.2	-1.2	4.0	0.5	-0.4	3.2	-1.1	-2.7	-5.8	0.9	-1.0	-	0.6
L	-	-1.2	0.8	-0.2	0.1	2.7	-1.5	-1.0	-2.8	0.0	-1.0	-	1.0
NL	0.2	-0.4	0.0	0.2	-0.3	0.2	-1.2	0.3	-1.8	0.9	-0.2	-	1.2
A	-	-	0.2	-0.1	-0.8	0.7	-0.4	-1.5	-2.7	0.1	-0.7	-	-0.2
P	-	-	-	-	-	-	-	-1.4	-3.7	0.0	-0.4	-	0.0
FIN	-	-	2.7	-0.1	-0.7	2.9	-5.0	-1.8	-0.9	-0.1	-0.4	-	0.3
S	-	-	2.0	-0.1	-0.9	0.6	-2.5	-0.2	-1.7	0.6	-0.3	-	0.1
UK	-0.6	0.1	-0.3	-0.4	0.8	1.9	0.9	1.4	0.2	-0.1	0.1	-	0.1
EU-15	0.1	-1.5	2.0	0.2	-0.3	1.7	-0.3	-1.2	-3.2	0.3	-0.5	-	0.5
Euro area	0.3	-1.6	2.6	0.4	-0.4	1.8	-0.5	-1.7	-3.9	0.4	-0.5	-	0.6
USA	-0.1	-2.5	-1.6	0.2	0.0	3.0	-1.5	-2.3	-2.6	-0.8	0.1	-	0.0
JAP	-	-	-	-	-	-	-	-2.3	-9.3	1.5	-0.4	-	0.3

TABLE 22 : Compensation of employees per head (percentage change on preceding year, 1961-2002) 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	9.1	9.4	3.9	4.7	2.6	2.0	2.3	2.2	3.2	2.1	3.0	-	2.9
DK	10.7	10.5	5.4	3.1	3.7	3.2	4.0	3.8	4.2	3.5	3.3	-	3.7
D	9.1	5.8	3.5	5.4	1.5	1.1	1.1	2.0	1.7	2.4	1.9	-	2.6
EL	10.1	21.5	16.8	12.1	6.8	6.0	4.8	4.7	4.6	4.5	5.0	-	5.0
E	14.6	18.0	8.0	6.4	3.2	2.9	2.9	2.9	3.4	2.6	3.7	-	2.7
F	9.9	12.8	4.2	2.9	2.2	2.4	1.8	2.1	1.5	2.4	2.5	-	3.0
IRL	11.3	16.7	5.6	4.4	6.3	6.9	5.6	6.5	7.8	7.0	8.1	-	8.3
I	11.4	18.2	8.5	5.0	2.5	-1.8	1.6	2.4	2.6	2.7	2.9	-	2.7
L	7.4	9.2	5.3	4.6	3.2	0.9	3.1	2.6	5.0	2.5	4.0	-	4.0
NL	10.7	6.1	1.4	3.0	3.2	2.8	3.1	4.0	4.2	3.4	4.3	-	4.3
A	9.4	7.9	4.7	4.6	1.9	2.8	2.0	1.6	2.1	2.0	2.7	-	2.0
P	10.9	24.1	16.7	10.5	4.8	3.7	5.3	4.8	5.4	4.7	5.5	-	4.9
FIN	11.2	13.4	8.7	3.3	3.1	4.1	2.3	4.0	4.1	4.0	3.5	-	3.4
S	8.4	10.7	9.2	4.5	4.2	3.3	4.1	4.1	4.0	4.3	4.2	-	4.2
UK	8.2	13.8	8.4	4.9	4.1	5.1	4.5	5.0	4.1	4.7	4.2	-	4.4
EU-15	9.9	12.4	6.1	4.9	2.8	2.2	2.5	3.0	2.8	3.1	3.2	-	3.3
Euro area	10.5	12.0	5.3	4.8	2.3	1.4	1.9	2.5	2.4	2.7	2.9	-	3.0
USA	5.5	7.6	4.4	3.4	4.2	4.5	4.0	4.3	4.7	4.3	5.2	-	4.9
JAP	14.2	8.3	4.1	1.9	0.6	-0.6	-0.3	-0.4	0.9	1.7	0.9	-	1.1

TABLE 23 : Real compensation of employees per head [1] (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	5.2	1.9	1.9	2.3	0.8	1.0	1.1	0.7	0.6	0.6	1.0	-	1.5
DK	3.8	0.7	2.0	0.8	1.3	1.4	1.4	1.4	0.9	1.8	0.7	-	1.7
D	5.5	1.4	2.1	2.0	0.1	0.0	0.8	0.6	0.0	0.7	0.4	-	1.2
EL	6.4	2.7	-0.7	-1.5	2.6	1.5	2.4	2.1	1.7	1.9	2.1	-	2.5
E	7.6	2.3	1.2	0.8	0.5	0.9	0.4	0.3	0.0	0.4	0.6	-	0.4
F	5.0	2.1	1.1	0.4	0.9	1.6	1.0	0.9	0.2	1.2	1.0	-	1.3
IRL	4.7	2.6	2.3	1.7	2.5	3.0	2.2	2.4	1.7	3.9	3.9	-	4.7
I	6.3	2.0	2.2	-0.8	-0.1	-3.8	-0.5	0.1	-0.2	0.6	0.5	-	0.7
L	4.2	1.7	2.8	1.6	1.1	-0.8	1.7	0.5	1.9	0.6	1.4	-	1.9
NL	5.4	0.0	0.4	0.5	0.8	1.1	1.2	1.6	1.4	0.3	0.3	-	1.4
A	5.1	2.0	2.6	1.5	0.3	2.3	1.2	0.4	-0.2	0.9	0.6	-	0.2
P	6.7	1.6	4.0	2.6	2.1	1.1	2.8	2.5	2.5	2.5	2.5	-	2.5
FIN	5.2	2.4	4.2	0.2	1.1	2.2	0.6	1.7	1.2	2.0	1.0	-	1.1
S	3.5	0.4	2.3	-0.2	2.8	2.3	3.3	2.6	2.9	2.4	2.7	-	2.3
UK	3.2	1.7	2.8	0.7	1.8	2.6	2.5	2.8	2.4	2.4	2.2	-	2.2
EU-15	5.0	1.4	1.6	0.6	0.7	0.5	1.0	1.1	0.6	1.2	1.0	-	1.4
Euro area	5.7	1.4	1.5	0.8	0.4	0.0	0.6	0.6	0.1	0.8	0.7	-	1.1
USA	2.6	0.6	0.5	0.7	2.1	3.4	2.2	2.0	2.2	2.6	2.8	-	2.5
JAP	7.6	1.7	2.8	0.8	0.1	-0.8	0.2	-0.2	1.1	1.1	0.4	-	-0.1

[1] Deflated by the price deflator of private consumption.

TABLE 24 : Labour productivity (real GDP per occupied person) (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.4	2.2	2.1	1.7	1.8	1.2	1.4	2.2	2.6	1.9	1.9	-	1.8
DK	3.2	1.3	1.2	2.2	1.5	0.5	0.6	1.8	1.7	1.8	1.9	-	2.0
D	4.0	1.9	1.9	2.1	1.4	1.1	0.5	2.5	1.7	2.2	1.7	-	1.9
EL	9.0	0.7	0.5	0.7	2.8	-0.3	4.1	2.5	2.9	2.7	3.0	-	3.1
E	6.5	3.4	1.2	1.8	0.9	0.6	0.5	1.0	1.0	0.9	1.1	-	1.0
F	4.7	2.1	2.3	1.2	1.4	1.9	1.1	1.9	1.3	1.9	1.5	-	1.2
IRL	4.3	3.7	3.5	2.7	4.2	3.4	3.2	3.9	5.2	3.4	4.7	-	4.4
I	5.5	1.8	2.0	1.8	1.0	0.5	0.2	1.7	1.5	1.5	1.6	-	1.5
L	3.0	1.3	3.2	2.7	1.9	0.6	2.4	1.6	2.2	1.9	1.9	-	1.9
NL	3.3	1.5	0.8	1.0	1.1	1.1	1.0	1.5	1.6	1.4	1.4	-	1.2
A	4.9	2.2	2.4	1.5	2.0	2.5	1.4	2.4	2.6	2.2	2.2	-	2.2
P	6.6	2.6	4.4	2.3	1.6	0.9	1.2	2.4	1.5	2.2	1.8	-	1.8
FIN	4.5	2.4	3.0	3.2	2.7	3.3	1.8	2.5	2.8	2.7	2.8	-	2.8
S	3.5	1.0	1.2	2.8	2.0	1.7	1.4	2.5	2.0	2.6	2.3	-	2.2
UK	2.9	1.5	1.5	2.5	1.5	1.5	0.9	2.3	2.2	2.1	2.3	-	2.3
EU-15	4.4	2.0	1.8	1.9	1.4	1.2	0.8	2.1	1.8	1.9	1.8	-	1.8
Euro area	4.8	2.2	1.9	1.8	1.3	1.1	0.7	2.0	1.6	1.8	1.7	-	1.6
USA	2.3	0.9	1.0	1.3	2.4	2.1	2.3	2.3	3.6	2.0	2.4	-	2.3
JAP	7.9	2.7	3.6	0.7	1.3	-1.8	1.0	1.6	1.6	2.4	1.6	-	1.9

TABLE 25 : Unit labour costs, whole economy [1] (percentage change on preceding year, 1961-2002) **26.10.2000**

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	4.5	7.0	1.8	3.0	0.8	0.8	0.9	0.0	0.6	0.2	1.1	-	1.1
DK	7.3	9.1	4.2	0.9	2.1	2.7	3.3	1.9	2.4	1.7	1.4	-	1.6
D	4.9	3.8	1.6	3.2	0.2	0.0	0.6	-0.4	0.0	0.2	0.2	-	0.8
EL	1.0	20.6	16.2	11.4	3.9	6.4	0.6	2.1	1.6	1.8	2.0	-	1.8
E	7.6	14.2	6.7	4.6	2.3	2.3	2.3	1.9	2.4	1.7	2.6	-	1.6
F	5.0	10.5	1.8	1.7	0.9	0.5	0.6	0.2	0.2	0.5	1.0	-	1.7
IRL	6.8	12.5	2.1	1.7	2.0	3.4	2.3	2.5	2.4	3.5	3.3	-	3.7
I	5.6	16.2	6.4	3.1	1.5	-2.3	1.4	0.8	1.0	1.1	1.3	-	1.1
L	4.3	7.8	2.1	1.8	1.3	0.3	0.7	1.0	2.7	0.6	2.0	-	2.1
NL	7.2	4.5	0.5	1.9	2.1	1.7	2.0	2.4	2.6	2.0	2.8	-	3.0
A	4.3	5.6	2.2	3.0	-0.1	0.4	0.5	-0.7	-0.5	-0.2	0.5	-	-0.2
P	4.0	20.9	11.7	8.0	3.1	2.8	4.1	2.4	3.9	2.4	3.6	-	3.0
FIN	6.4	10.7	5.5	0.0	0.4	0.8	0.5	1.4	1.2	1.3	0.7	-	0.5
S	4.7	9.6	7.8	1.7	2.2	1.6	2.6	1.5	1.9	1.7	1.8	-	2.0
UK	5.1	12.1	6.9	2.3	2.6	3.6	3.6	2.6	1.9	2.6	1.9	-	2.0
EU-15	5.2	10.2	4.3	2.9	1.3	1.0	1.6	0.9	1.1	1.2	1.3	-	1.5
Euro area	5.5	9.6	3.3	2.9	1.0	0.3	1.1	0.5	0.8	0.8	1.2	-	1.3
USA	3.2	6.6	3.3	2.2	1.8	2.3	1.7	2.0	1.1	2.2	2.7	-	2.5
JAP	5.8	5.5	0.5	1.2	-0.7	1.3	-1.3	-1.9	-0.6	-0.7	-0.8	-	-0.8

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

TABLE 26 : Real unit labour costs [1] (percentage change on preceding year, 1961-2002)

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	0.4	0.3	-1.1	0.2	-0.5	-0.8	-0.1	-1.2	0.1	-1.3	-0.5	-	-0.9
DK	0.2	-0.2	0.1	-1.2	-0.2	0.6	0.6	-0.7	-0.4	-0.5	-0.9	-	-0.6
D	0.5	-0.3	-0.8	-0.2	-0.7	-1.1	-0.3	-1.1	0.3	-1.5	-0.8	-	-0.3
EL	-3.2	1.3	-0.8	-2.3	-0.3	1.2	-2.2	-0.5	-0.6	-1.2	-0.6	-	-1.0
E	0.5	-0.8	-0.7	-0.8	-0.5	0.0	-0.6	-0.8	-0.9	-0.6	-0.6	-	-0.8
F	-0.1	0.4	-1.5	-0.4	-0.2	-0.4	0.3	-0.8	-0.6	-0.8	-0.1	-	0.0
IRL	-0.4	-0.2	-1.1	-1.2	-2.0	-2.2	-1.4	-1.3	-1.9	-0.7	-0.8	-	0.0
I	0.1	-0.1	-0.7	-1.7	-1.1	-4.8	-0.1	-1.1	-0.8	-1.0	-0.8	-	-1.0
L	-0.2	1.1	-0.2	-0.6	-0.9	-1.2	-1.6	-0.2	1.0	-1.4	0.0	-	-1.1
NL	1.1	-0.9	-0.3	-0.3	-0.2	-0.2	0.4	-0.2	0.3	-1.4	-0.7	-	-0.6
A	-0.3	0.2	-0.3	-0.2	-1.1	-0.4	-0.3	-1.2	-1.2	-1.0	-0.7	-	-1.2
P	0.1	0.1	-1.4	0.0	0.2	-1.0	0.6	0.3	2.1	-0.2	1.1	-	0.6
FIN	-0.4	0.1	-0.1	-2.1	-1.5	-2.3	-0.1	0.2	-1.9	-0.4	-1.7	-	-1.7
S	-0.2	-0.1	0.8	-1.6	0.8	0.3	2.1	-0.3	0.7	-0.6	0.0	-	-0.3
UK	0.0	-0.3	0.9	-1.1	-0.2	0.6	1.1	-0.1	-0.4	0.1	-0.5	-	-0.7
EU-15	0.0	-0.3	-0.7	-0.8	-0.6	-1.0	0.1	-0.7	-0.4	-0.8	-0.6	-	-0.6
Euro area	0.2	-0.3	-1.1	-0.7	-0.7	-1.5	-0.1	-0.9	-0.4	-1.1	-0.7	-	-0.6
USA	-0.1	-0.1	0.0	-0.4	-0.2	1.0	0.2	-0.1	-1.1	0.7	0.2	-	0.1
JAP	-0.4	0.0	-0.8	0.3	-0.6	0.9	-0.5	-2.0	0.5	-1.5	-1.9	-	-1.7

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

TABLE 27 : Total employment (percentage change on preceding year, 1961-2002)

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	0.5	-0.3	1.0	-0.2	1.1	1.2	1.3	1.3	1.3	1.4	1.4	-	1.4
DK	1.1	0.3	0.1	-0.2	0.9	2.0	1.1	0.2	0.9	0.3	0.4	-	0.4
D	0.3	-0.2	1.5	-0.1	0.7	0.9	1.1	0.4	1.5	0.7	1.0	-	0.9
EL	-0.5	1.0	0.7	0.6	0.9	3.4	-0.7	1.3	1.2	1.3	1.5	-	1.6
E	0.7	-1.4	3.3	-0.5	2.7	3.7	3.5	2.8	3.1	2.5	2.4	-	2.3
F	0.7	0.1	0.9	-0.2	1.2	1.2	1.8	1.7	1.9	1.3	1.6	-	1.6
IRL	0.1	0.1	1.1	1.9	4.5	5.0	6.4	3.5	5.0	2.7	3.3	-	2.6
I	-0.2	0.9	0.9	-0.6	1.0	1.0	1.2	1.1	1.4	1.2	1.2	-	1.2
L	1.1	0.5	3.2	2.7	4.2	4.4	5.0	4.0	5.5	3.8	4.5	-	4.1
NL	1.5	0.4	2.3	1.1	2.7	3.0	2.8	2.6	2.7	2.3	2.6	-	2.3
A	0.0	0.1	0.8	0.4	0.6	0.8	1.4	0.9	0.9	0.7	0.7	-	0.6
P	0.3	-0.4	1.1	-0.6	1.6	2.7	1.8	1.3	1.5	1.3	0.8	-	0.8
FIN	0.5	0.3	0.3	-3.8	1.9	2.1	2.2	2.3	1.9	1.5	1.4	-	1.0
S	0.6	0.8	1.0	-2.2	1.0	1.3	2.3	1.4	2.0	0.7	1.4	-	1.0
UK	0.3	-0.1	1.8	-0.9	1.3	1.2	1.3	1.0	0.9	1.0	0.7	-	0.7
EU-15	0.4	0.0	1.4	-0.4	1.3	1.6	1.6	1.3	1.6	1.2	1.3	-	1.2
Euro area	0.4	0.0	1.4	-0.2	1.3	1.6	1.8	1.4	1.8	1.3	1.5	-	1.4
USA	2.0	1.8	2.2	1.1	1.6	2.2	1.9	1.3	1.5	1.0	0.9	-	0.7
JAP	1.3	0.7	1.0	0.7	0.1	-0.7	-0.8	-0.5	-0.1	-0.5	0.2	-	0.3

TABLE 28 : Number of unemployed (as a percentage of civilian labour force, 1964-2002) [1] 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1964-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	2.0	7.7	8.7	8.5	8.8	9.5	9.1	8.5	8.6	7.9	8.0	-	7.4
DK	0.9	6.4	6.4	8.6	5.2	5.2	5.2	4.2	4.8	4.4	4.6	-	4.5
D	0.7	4.2	5.9	7.4	8.6	9.4	8.8	8.6	8.3	7.8	7.8	-	7.1
EL	4.2	3.8	6.6	8.3	10.6	10.9	11.7	10.0	11.2	9.6	10.6	-	10.1
E	2.8	11.3	18.9	20.9	16.7	18.8	15.9	13.8	14.2	12.1	12.9	-	12.0
F	2.2	6.4	9.8	11.1	10.7	11.8	11.3	10.0	9.9	9.4	9.0	-	8.2
IRL	5.7	10.6	15.5	14.5	6.6	7.6	5.7	5.7	4.2	5.1	3.6	-	3.3
I	5.2	7.0	9.5	10.1	10.9	11.8	11.3	10.9	10.5	10.4	10.0	-	9.6
L	0.0	1.7	2.1	2.5	2.2	2.7	2.3	2.6	1.9	2.4	1.6	-	1.4
NL	1.3	7.1	7.4	6.4	3.7	4.0	3.3	2.4	2.6	2.0	2.3	-	2.1
A	1.7	2.5	3.4	3.7	3.7	4.5	3.8	4.0	3.3	3.6	3.0	-	2.7
P	2.5	7.0	6.4	5.7	5.2	5.2	4.5	4.5	4.0	4.4	4.2	-	4.3
FIN	2.8	4.8	4.1	13.3	11.0	11.4	10.2	8.9	9.8	8.2	9.3	-	9.1
S	2.0	2.4	2.0	7.2	7.5	8.3	7.2	6.3	6.5	6.0	5.7	-	5.4
UK	2.0	6.9	9.0	9.5	6.2	6.3	6.1	5.8	5.6	5.6	5.3	-	5.1
EU-15	2.4	6.4	8.9	9.9	9.1	9.9	9.2	8.5	8.4	7.9	7.8	-	7.3
Euro area	2.5	6.6	9.3	10.2	9.9	10.8	9.9	9.2	9.0	8.5	8.5	-	7.9
USA	4.6	7.5	5.9	6.6	4.6	4.5	4.2	4.3	4.1	4.6	4.3	-	4.7
JAP	1.2	2.2	2.5	2.6	4.3	4.1	4.7	4.9	4.9	5.4	4.9	-	4.8

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

TABLE 29 : Nominal bilateral exchange rates against Ecu/euro (1970-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	49.78	43.18	43.21	40.50	-	40.62	40.34	40.34	40.34	40.34	40.34	-	-
DK	7.66	7.53	7.94	7.64	7.45	7.50	7.44	7.44	7.45	7.44	7.47	-	7.47
D	3.56	2.57	2.08	1.96	-	1.97	1.96	1.96	1.96	1.96	1.96	-	-
EL	33.18	59.58	168.30	266.37	-	330.73	325.76	330.92	336.29	330.95	340.75	-	-
E	71.94	98.60	135.41	146.41	-	167.18	166.39	166.39	166.39	166.39	166.39	-	-
F	5.64	6.02	6.94	6.71	-	6.60	6.56	6.56	6.56	6.56	6.56	-	-
IRL	0.45	0.66	0.77	0.79	-	0.79	0.79	0.79	0.79	0.79	0.79	-	-
I	664.26	1142.69	1505.31	1803.04	-	1943.65	1936.27	1936.27	1936.27	1936.27	1936.27	-	-
L	49.78	43.18	43.21	40.50	-	40.62	40.34	40.34	40.34	40.34	40.34	-	-
NL	3.60	2.77	2.34	2.20	-	2.22	2.20	2.20	2.20	2.20	2.20	-	-
A	25.70	18.28	14.63	13.80	-	13.85	13.76	13.76	13.76	13.76	13.76	-	-
P	29.94	68.51	166.86	186.94	-	201.70	200.48	200.48	200.48	200.48	200.48	-	-
FIN	4.51	4.80	4.91	5.88	-	5.98	5.95	5.95	5.95	5.95	5.95	-	-
S	5.35	5.80	7.23	8.53	8.59	8.92	8.81	8.61	8.40	8.62	8.41	-	8.42
UK	0.45	0.59	0.69	0.76	0.67	0.68	0.66	0.62	0.61	0.63	0.62	-	0.62
EU-15	-	-	-	-	-	-	-	-	-	-	-	-	-
Euro area	-	-	-	-	-	-	-	-	-	-	-	-	-
USA	1.11	1.11	1.14	1.24	1.05	1.12	1.07	1.02	0.93	1.02	0.90	-	0.90
JAP	351.18	274.00	163.73	141.04	119.30	146.42	121.32	106.81	99.76	105.76	96.30	-	96.12

TABLE 30 : Nominal effective exchange rates to rest of 22 [1] industrialised countries (percentage change on preceding year, 1970-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	1.0	-0.2	2.9	1.9	-1.6	0.3	-1.4	-1.6	-3.2	0.1	-0.4	-	0.0
DK	1.4	-1.0	3.1	1.7	-1.4	1.0	-1.6	-2.3	-4.2	0.1	-0.6	-	-0.1
D	6.3	3.2	4.7	2.5	-2.1	0.6	-2.1	-2.2	-4.6	0.1	-0.7	-	0.0
EL	-4.5	-9.1	-10.7	-7.1	-2.7	-5.9	-0.5	-3.2	-6.1	0.1	-1.7	-	0.0
E	0.8	-4.6	2.8	-3.8	-1.3	-0.1	-1.6	-1.6	-3.2	0.2	-0.4	-	0.0
F	-1.1	-2.4	2.0	1.9	-1.4	1.0	-2.0	-2.1	-4.3	0.1	-0.6	-	0.0
IRL	-1.3	-2.7	1.6	-0.6	-1.3	-4.6	-3.1	-2.9	-5.1	0.2	-0.6	-	0.0
I	-3.2	-6.7	1.5	-6.8	0.3	0.1	-2.3	-2.1	-4.2	0.1	-0.6	-	0.0
L	1.0	-0.2	2.9	1.9	-1.6	0.3	-1.4	-1.6	-3.2	0.1	-0.4	-	0.0
NL	0.9	2.0	3.2	2.0	-1.6	0.1	-1.3	-1.5	-3.0	0.1	-0.3	-	0.0
A	1.9	2.8	2.9	1.7	-1.3	0.4	-1.2	-1.2	-2.6	0.0	-0.4	-	0.0
P	0.6	-11.3	-4.8	-1.0	-1.1	-1.1	-1.2	-1.4	-2.8	0.1	-0.3	-	0.0
FIN	-1.8	-0.3	1.6	-2.2	-1.9	-0.5	-2.1	-2.4	-4.3	0.1	-0.5	-	0.0
S	-0.1	-2.1	-0.1	-3.8	0.3	-1.6	-1.7	0.1	0.4	0.1	-0.8	-	0.0
UK	-3.6	-2.0	-1.0	-2.9	3.1	3.9	-0.5	4.0	2.4	-0.8	-1.6	-	-0.2
EU-15	1.6	-3.6	6.6	-2.1	-2.8	2.3	-6.2	-4.8	-10.5	0.0	-2.5	-	-0.1
Euro area	3.6	-1.4	6.6	0.1	-3.2	0.7	-4.5	-5.0	-9.1	0.3	-1.3	-	0.0
USA	-4.2	4.7	-4.1	0.4	3.7	6.1	-0.5	-0.1	4.0	0.8	2.3	-	0.3
JAP	4.9	4.2	7.5	9.6	1.1	-5.7	16.8	10.1	12.5	1.3	2.2	-	0.2

[1] EUR14 (excl. L), CH, N, USA, CDN, JAP, AUS, MEX, NZL

TABLE 31 : Relative unit labour costs, to rest of 22 [1] industrialised countries (nat. curr.) (percentage change on preceding year, 1963-2002) 26.10.2000

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1963-73	1974-85	1986-90	1991-95	1996-01	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-0.3	-0.8	-1.5	0.4	-0.5	-0.4	-0.5	-1.0	-0.4	-1.0	-0.3	-	-0.5
DK	2.1	0.6	0.1	-1.5	1.0	1.1	1.7	1.0	1.5	0.4	0.1	-	0.2
D	-0.6	-5.0	-2.4	0.6	-1.4	-1.5	-1.0	-1.6	-1.1	-1.2	-1.4	-	-0.8
EL	-3.5	11.6	12.2	8.5	3.1	5.6	-0.7	1.4	0.8	0.7	0.7	-	0.4
E	3.2	4.8	2.5	1.6	1.0	1.0	0.8	0.8	1.3	0.4	1.1	-	0.0
F	-0.2	2.0	-2.1	-1.2	-0.6	-0.8	-0.9	-0.8	-0.9	-0.7	-0.5	-	0.3
IRL	2.0	2.6	-2.2	-0.8	0.3	2.0	0.7	1.3	1.3	2.1	1.7	-	2.1
I	1.1	7.9	2.7	0.4	0.4	-3.7	0.1	-0.1	0.1	0.0	-0.1	-	-0.4
L	-	-	-	-	-	-	-	-	-	-	-	-	-
NL	2.4	-3.1	-2.9	-0.8	0.9	0.7	0.7	1.8	1.8	1.0	1.6	-	1.7
A	-1.1	-2.1	-1.1	0.2	-1.1	-0.4	-0.7	-1.2	-1.2	-1.1	-0.6	-	-1.5
P	-0.4	11.1	7.6	5.2	1.8	1.4	2.5	1.4	2.8	1.2	2.1	-	1.4
FIN	1.7	2.0	1.3	-2.4	-1.0	-0.8	-1.1	0.4	0.2	-0.1	-0.7	-	-1.0
S	-0.7	1.1	3.6	-0.5	0.9	-0.2	0.9	0.3	0.9	0.2	0.5	-	0.5
UK	0.0	3.7	3.4	-0.2	1.5	2.3	2.3	1.6	1.0	1.3	0.4	-	0.4
EU-15	0.5	2.2	0.0	0.5	0.0	-1.5	0.4	-0.5	0.1	-0.5	-0.5	-	-0.1
Euro area	0.5	-0.4	-2.2	0.3	-0.9	-2.4	-0.9	-1.2	-0.6	-1.0	-0.7	-	-0.4
USA	-1.6	-2.5	-2.9	-1.1	-0.5	-0.8	-0.2	0.2	-0.2	0.9	1.3	-	1.3
JAP	1.4	-2.4	-3.4	-1.2	-2.3	-0.6	-2.9	-3.5	-1.9	-2.4	-2.8	-	-2.8

[1] EUR14 (excl. L), CH, N, USA, CDN, JAP, AUS, MEX, NZL

TABLE 32 : Real effective exchange rate : ulc relative to rest of 22 [1] industrialised countries (usd) (percentage change on preceding year, 1963-2002)

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1963-73	1974-85	1986-90	1991-95	1996-01	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	0.3	-1.0	1.3	2.3	-2.3	-0.1	-2.0	-2.6	-3.6	-0.9	-0.7	-	-0.5
DK	2.3	-0.5	3.2	0.2	-0.6	2.1	0.1	-1.3	-2.8	0.5	-0.5	-	0.1
D	2.0	-2.0	2.0	3.1	-3.8	-0.9	-3.1	-3.8	-5.7	-1.0	-2.0	-	-0.8
EL	-4.9	1.3	0.1	0.7	-0.1	-0.7	-1.2	-1.8	-5.4	0.8	-1.0	-	0.4
E	2.3	-0.3	5.4	-2.4	-0.6	0.9	-0.9	-0.8	-2.0	0.6	0.7	-	0.0
F	-0.9	-0.6	-0.2	0.6	-2.2	0.2	-2.9	-2.9	-5.1	-0.6	-1.0	-	0.3
IRL	1.1	-0.2	-0.7	-1.4	-1.2	-2.7	-2.4	-1.6	-3.8	2.3	1.2	-	2.1
I	0.1	0.5	4.3	-6.6	0.7	-3.6	-2.3	-2.2	-4.1	0.1	-0.7	-	-0.4
L	-	-	-	-	-	-	-	-	-	-	-	-	-
NL	3.0	-1.3	0.1	1.2	-1.0	0.8	-0.6	0.3	-1.2	1.1	1.3	-	1.7
A	-0.2	0.6	1.7	1.9	-2.5	0.0	-1.8	-2.4	-3.8	-1.1	-1.0	-	-1.5
P	0.3	-1.8	2.4	4.1	0.5	0.3	1.2	-0.1	-0.1	1.3	1.9	-	1.4
FIN	-1.1	1.6	2.9	-5.0	-3.2	-1.3	-3.2	-2.0	-4.2	0.1	-1.2	-	-1.0
S	-0.2	-1.2	3.6	-4.6	1.1	-1.8	-0.8	0.5	1.4	0.3	-0.3	-	0.4
UK	-2.5	1.4	2.4	-3.2	5.0	6.2	1.8	5.6	3.4	0.6	-1.3	-	0.2
EU-15	0.7	-1.8	6.4	-1.7	-3.3	0.8	-5.8	-5.3	-10.4	-0.5	-3.1	-	-0.3
Euro area	2.0	-2.0	3.9	0.3	-4.7	-1.7	-5.3	-6.2	-9.6	-0.7	-2.0	-	-0.4
USA	-2.9	1.8	-7.0	-0.7	3.7	5.2	-0.8	0.0	3.8	1.7	3.7	-	1.6
JAP	3.4	1.3	2.9	8.1	-1.6	-6.2	13.3	6.3	10.4	-1.1	-0.7	-	-2.7

[1] EUR14 (excl. L), CH, N, USA, CDN, JAP, AUS, MEX, NZL

TABLE 33 : Short term interest rates (1961-2000) [1]

	1961-73	1974-85	1986-90	1991-95	1996-00	1993	1994	1995	1996	1997	1998	1999	2000
B	5.3	10.7	8.1	7.5	3.5	8.2	5.7	4.7	3.2	3.4	3.6	-	-
DK	7.0	12.6	9.6	8.7	4.0	10.4	6.2	6.1	3.9	3.7	4.1	3.3	4.9
D	5.8	6.8	5.7	7.1	3.5	7.2	5.3	4.5	3.3	3.3	3.5	-	-
EL	-	-	17.8	22.1	12.0	23.5	24.6	16.3	13.8	12.8	14.4	10.4	8.4
E	-	-	13.9	11.1	4.9	11.7	8.0	9.4	7.5	5.4	4.3	-	-
F	5.7	11.0	8.7	8.2	3.7	8.6	5.9	6.6	3.9	3.5	3.6	-	-
IRL	-	13.4	10.5	8.8	4.9	9.3	5.9	6.3	5.4	6.0	5.5	-	-
I	4.2	15.5	12.1	11.0	5.6	10.2	8.5	10.3	8.7	6.8	5.0	-	-
L	5.3	10.7	8.1	7.5	3.5	8.2	5.7	4.7	3.2	3.4	3.6	-	-
NL	4.1	7.7	6.4	7.0	3.4	6.9	5.2	4.4	3.0	3.3	3.4	-	-
A	-	7.1	6.1	7.0	3.6	7.2	5.0	4.5	3.3	3.5	3.6	-	-
P	-	14.7	14.9	13.6	5.0	13.3	11.1	9.8	7.4	5.7	4.3	-	-
FIN	-	12.2	11.6	9.0	3.6	7.8	5.3	5.8	3.6	3.2	3.6	-	-
S	-	-	11.0	10.1	4.4	8.8	7.6	8.9	5.9	4.5	4.4	3.3	4.1
UK	6.8	11.9	11.9	7.9	6.4	5.9	5.5	6.7	6.0	6.8	7.5	5.4	6.2
EU-15	5.6	10.8	9.8	8.9	4.7	8.6	6.7	7.0	5.4	4.9	4.7	3.5	4.8
Euro area	5.2	10.5	9.1	8.8	4.2	8.8	6.5	6.8	5.0	4.4	4.0	3.0	4.2
USA	4.5	8.6	7.0	4.6	5.7	3.1	4.7	6.0	5.5	5.7	5.5	5.4	6.5
JAP	-	7.8	5.2	3.6	0.6	3.0	2.3	1.2	0.6	0.6	0.8	0.3	0.2

[1] For 2000 it is the average of the first ten months.

TABLE 34 : Long term interest rates (1961-2000) [1] 26.10.2000

	1961-73	1974-85	1986-90	1991-95	1996-00	1993	1994	1995	1996	1997	1998	1999	2000
B	6.5	10.6	8.5	8.1	5.5	7.2	7.8	7.5	6.5	5.8	4.7	4.8	5.6
DK	9.0	16.0	10.8	8.7	5.8	7.2	7.9	8.3	7.2	6.2	5.0	4.9	5.7
D	7.2	8.0	6.8	7.3	5.3	6.4	6.9	6.8	6.2	5.7	4.6	4.5	5.3
EL	-	13.6	-	-	-	-	-	-	-	-	8.5	6.3	6.6
E	-	-	12.9	11.2	6.0	10.1	10.1	11.3	8.7	6.4	4.8	4.7	5.6
F	6.9	12.2	9.1	7.8	5.3	6.7	7.3	7.5	6.3	5.6	4.6	4.6	5.5
IRL	-	14.6	10.2	8.5	5.7	7.8	8.1	8.3	7.3	6.3	4.8	4.7	5.5
I	7.0	15.1	12.3	12.0	6.2	11.1	10.4	11.9	9.2	6.7	4.8	4.7	5.6
L	-	8.1	8.0	7.5	5.3	6.8	7.2	7.2	6.3	5.6	4.6	4.6	5.5
NL	5.9	9.4	7.1	7.4	5.3	6.3	6.9	6.9	6.2	5.6	4.6	4.6	5.5
A	-	8.9	7.4	7.5	5.4	6.6	6.7	7.2	6.3	5.7	4.7	4.7	5.6
P	-	-	17.1	13.0	6.1	9.5	10.4	11.5	8.6	6.4	5.0	4.8	5.6
FIN	8.0	11.2	11.7	9.8	5.6	8.2	8.4	8.8	7.1	6.0	4.8	4.7	5.5
S	6.3	11.0	11.7	10.0	6.0	8.6	9.5	10.2	8.1	6.7	5.1	5.0	5.4
UK	7.6	13.0	9.9	8.5	6.2	7.3	8.1	8.2	7.8	7.0	5.7	5.0	5.3
EU-15	7.1	11.7	9.8	8.9	5.7	7.8	8.2	8.6	7.3	6.2	4.9	4.7	5.5
Euro area	6.9	11.2	9.6	9.0	5.6	7.9	8.1	8.6	7.2	6.0	4.7	4.6	5.5
USA	5.0	9.5	8.6	7.1	6.0	5.8	7.1	6.6	6.4	6.3	5.4	5.6	6.2
JAP	-	7.8	5.5	4.7	2.0	4.0	4.2	3.3	3.0	2.2	1.4	1.8	1.8

[1] For 2000 it is the average of the first ten months.

TABLE 35 : Total expenditure, general government (as a percentage of GDP, 1970-2002) [1]

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	42.9	55.4	55.5	54.3	50.5	50.9	50.7	50.0	49.8	49.2	49.0	-	48.6
DK	40.7	51.3	55.4	59.4	56.1	57.1	56.0	54.3	54.7	53.5	53.9	-	53.0
D	40.1	47.6	46.0	48.2	48.1	48.6	48.6	47.2	45.8	46.1	47.5	-	46.9
EL [2]	23.6	31.9	43.4	47.0	44.7	44.6	45.2	42.8	44.8	41.8	44.2	-	43.2
E	21.8	30.9	40.7	45.3	41.1	41.8	40.7	40.7	40.0	40.5	39.8	-	39.7
F	37.1	46.0	50.2	53.0	53.4	54.0	53.9	51.1	53.0	50.2	51.0	-	51.2
IRL	34.2	45.1	43.2	39.6	34.6	35.6	35.8	35.4	32.3	33.6	31.0	-	30.1
I	35.0	43.9	52.0	54.6	49.3	49.7	49.2	47.8	47.2	46.8	47.7	-	46.9
L	30.9	44.4	-	-	42.9	43.1	42.7	43.6	42.3	42.7	42.3	-	41.4
NL	41.6	52.9	54.7	52.8	46.4	47.1	46.5	45.0	45.4	43.4	44.6	-	43.1
A	38.3	46.6	50.0	53.2	52.8	54.2	53.6	50.3	52.0	49.6	50.4	-	49.0
P	20.2	35.6	37.6	42.4	46.0	44.2	45.2	48.3	47.0	48.7	47.8	-	48.3
FIN	30.6	39.6	44.7	58.8	52.1	53.3	51.9	47.7	49.6	46.1	47.6	-	45.7
S	43.4	57.3	58.5	66.4	60.5	61.7	61.8	56.0	58.3	54.7	56.8	-	55.6
UK	37.4	43.7	39.8	42.7	40.2	40.7	39.9	39.1	36.8	39.1	39.0	-	38.7
EU-15	37.1	45.7	47.7	50.3	47.8	48.4	48.0	46.3	45.8	45.5	46.1	-	45.6
Euro area	36.8	45.6	48.6	50.9	48.8	49.4	49.1	47.5	47.3	46.4	47.2	-	46.6
USA	30.6	32.9	34.9	35.4	32.2	32.4	31.9	31.5	31.5	30.9	31.2	-	31.0
JAP	21.2	30.7	32.0	33.8	38.4	36.8	39.8	40.6	40.4	39.8	39.5	-	40.7

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards. Total expenditure includes in 2000 and 2001 one-off proceeds relative to UMTS licences which are recorded as expenditure with a negative sign. Without these proceeds the total expenditure as a % of GDP in 2000 would be equal to 48.3%, 40.1%, 48.4%, 46.0%, 52.3%, 47.4%, 39.2%, 47.1% and 48.3% for D, E, I, NL, A, P, UK, EU-15 and Euro area. The corresponding ratios in 2001 would be equal to 49.2%, 54.4%, 52.1%, 46.3% and 47.4% for B, DK, F, EU-15 and Euro area.

[2] Current expenditure, gross fixed capital formation and net capital transfers.

TABLE 36 : Total revenue, general government (as a percentage of GDP, 1970-2002) [1]

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	39.6	47.6	48.5	48.4	49.7	50.0	50.0	49.5	49.8	48.9	49.7	-	49.4
DK	45.6	49.4	57.0	57.0	57.9	58.3	58.8	56.7	57.3	56.0	57.2	-	56.1
D	40.3	44.9	44.5	45.1	46.6	46.6	47.2	46.3	47.2	44.7	46.1	-	45.8
EL [2]	23.7	26.9	31.4	35.5	42.1	41.4	43.4	41.4	44.0	41.1	43.9	-	43.6
E	22.2	28.6	36.6	39.7	39.5	39.2	39.6	40.0	39.7	40.0	39.9	-	39.9
F	37.8	44.4	48.4	48.5	51.4	51.3	52.1	49.6	51.5	49.0	50.9	-	50.7
IRL	30.3	35.2	37.9	37.5	37.1	37.7	37.6	37.1	36.4	36.4	35.5	-	34.6
I	29.4	33.9	41.1	45.5	46.9	46.9	47.3	46.3	47.1	46.0	46.6	-	45.8
L	33.5	46.3	-	-	46.8	46.9	47.1	46.2	47.2	45.4	46.5	-	45.0
NL	41.9	49.7	49.8	49.4	46.6	46.4	47.5	46.0	47.1	43.8	45.3	-	44.7
A	39.8	44.3	46.8	49.4	51.0	51.9	51.5	48.5	50.6	47.6	49.6	-	48.5
P	22.2	28.7	33.2	37.4	43.9	41.9	43.2	46.8	45.5	47.2	46.4	-	46.9
FIN	35.1	43.2	48.7	53.8	53.8	54.5	53.8	51.8	53.9	51.1	51.9	-	50.6
S	47.5	55.5	61.6	58.7	61.9	63.5	63.6	58.5	61.9	57.6	60.5	-	59.7
UK	37.5	40.1	39.2	37.0	40.8	41.2	41.2	40.0	41.3	39.8	41.0	-	40.7
EU-15	36.9	42.0	44.4	45.2	46.8	46.9	47.3	45.9	47.0	45.1	46.3	-	45.9
Euro area	36.1	41.7	44.5	45.9	47.3	47.3	47.8	46.6	47.6	45.6	46.7	-	46.3
USA	29.0	29.7	30.7	30.8	32.9	32.7	32.9	32.8	33.5	32.7	33.5	-	33.5
JAP	22.0	27.5	33.3	33.1	30.2	26.4	25.3	31.7	31.6	31.9	31.6	-	32.9

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards.

[2] Total current receipts.

TABLE 37 : Net lending (+) or net borrowing (-), general government (as a percentage of GDP, 1970-2002) [1] 26.10.2000

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-3.4	-7.8	-7.0	-5.9	-0.8	-0.9	-0.7	-0.5	0.0	-0.2	0.7	-	0.8
DK	4.1	-2.7	1.3	-2.4	1.8	1.2	2.8	2.4	2.6	2.5	3.3	-	3.1
D	0.2	-2.8	-1.5	-3.1	-1.5	-2.1	-1.4	-1.0	1.4	-1.4	-1.5	-	-1.2
EL [2]	0.2	-4.9	-12.0	-11.5	-2.6	-3.1	-1.8	-1.3	-0.8	-0.6	-0.3	-	0.3
E	0.4	-2.6	-4.0	-5.5	-1.7	-2.6	-1.1	-0.7	-0.3	-0.4	0.1	-	0.2
F	0.7	-1.6	-1.8	-4.5	-1.9	-2.7	-1.8	-1.5	-1.4	-1.2	0.0	-	-0.5
IRL	-3.9	-9.9	-5.3	-2.1	2.5	2.1	1.9	1.7	4.2	2.7	4.5	-	4.6
I	-5.4	-9.6	-10.8	-9.1	-2.4	-2.8	-1.9	-1.5	-0.1	-0.8	-1.1	-	-1.0
L	2.5	1.8	-	1.8	3.8	3.7	4.4	2.6	4.9	2.7	4.2	-	3.6
NL	-0.5	-3.4	-4.9	-3.5	0.2	-0.7	1.0	1.0	1.8	0.4	0.6	-	1.6
A	1.4	-2.3	-3.2	-3.8	-1.8	-2.3	-2.1	-1.7	-1.3	-2.0	-0.8	-	-0.5
P	2.0	-6.9	-4.4	-5.0	-2.2	-2.3	-2.0	-1.5	-1.5	-1.5	-1.4	-	-1.4
FIN	4.5	3.7	4.0	-5.0	1.7	1.3	1.9	4.1	4.2	5.0	4.4	-	4.9
S	4.3	-1.7	3.1	-7.6	1.4	1.9	1.9	2.4	3.5	2.9	3.6	-	4.1
UK	0.1	-3.6	-0.7	-5.7	0.6	0.4	1.3	0.9	4.5	0.7	2.0	-	2.0
EU-15	-0.3	-3.7	-3.3	-5.1	-1.0	-1.5	-0.7	-0.4	1.2	-0.3	0.2	-	0.3
Euro area	-0.7	-3.9	-4.1	-4.9	-1.5	-2.1	-1.3	-0.9	0.3	-0.8	-0.5	-	-0.3
USA	-1.6	-3.3	-4.2	-4.5	0.7	0.3	1.0	1.3	1.9	1.8	2.4	-	2.6
JAP	0.8	-3.2	1.3	-0.6	-7.3	-10.4	-8.9	-8.9	-8.9	-7.9	-7.9	-	-7.8

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards. The net lending (borrowing) includes in 2000 and 2001 one-off proceeds relative to UMTS licences. Without these proceeds the net lending (borrowing) as a % of GDP in 2000 would be equal to -1.1%, -0.3%, -1.3%, 1.1%, -1.7%, -1.9%, 2.1%, -0.1% and -0.8% for D, E, I, NL, A, P, UK, EU-15 and Euro area. The corresponding ratios in 2001 would be equal to 0.5%, 2.8%, -1.1%, -0.0% and -0.7% for B, DK, F, EU-15 and Euro area.

[2] Includes adjustments to ESA 95 introduced by Eurostat for the period 1996-1998.

TABLE 38 : Interest expenditure, general government (as a percentage of GDP, 1970-2002) [1]

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	3.1	6.3	10.3	10.1	7.4	7.7	7.2	6.9	7.0	6.6	6.6	-	6.3
DK	1.3	4.2	7.6	6.9	4.8	5.3	4.7	4.4	4.4	3.9	4.0	-	3.7
D	1.0	2.1	2.8	3.2	3.5	3.6	3.5	3.5	3.4	3.4	3.3	-	3.2
EL	0.8	2.3	7.3	11.7	7.8	7.8	7.6	7.2	7.3	6.6	6.7	-	6.1
E	0.3	0.6	3.8	4.6	4.0	4.3	3.6	3.5	3.4	3.4	3.3	-	3.2
F	0.9	1.7	2.7	3.3	3.5	3.6	3.4	3.1	3.3	3.2	3.2	-	3.1
IRL	3.4	6.3	8.1	6.2	2.9	3.4	2.5	2.2	2.1	1.9	1.8	-	1.6
I	2.0	5.6	8.5	11.2	7.8	8.1	6.8	6.4	6.4	6.0	6.2	-	6.0
L	0.9	1.0	-	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	-	0.3
NL	2.8	4.1	6.0	5.9	4.3	4.8	4.4	4.0	3.9	3.6	3.4	-	3.0
A	1.0	2.3	3.8	4.2	3.7	3.8	3.6	3.5	3.5	3.4	3.4	-	3.3
P	0.5	3.4	7.2	6.6	3.7	3.5	3.2	3.3	3.3	3.3	3.3	-	3.4
FIN	0.9	1.1	1.6	3.6	3.5	3.7	3.5	3.3	3.2	3.1	2.9	-	2.7
S	1.8	4.3	5.8	6.0	5.2	6.2	5.5	4.7	4.2	4.1	3.6	-	3.4
UK	3.7	4.5	3.9	3.0	3.0	3.6	3.0	3.0	2.6	2.7	2.4	-	2.1
EU-15	1.7	3.2	4.7	5.1	4.3	4.6	4.1	3.9	3.9	3.7	3.6	-	3.5
Euro area	1.3	2.8	4.6	5.3	4.5	4.7	4.3	4.1	4.1	4.0	3.9	-	3.8
USA	2.2	3.4	5.1	4.9	3.9	4.3	3.9	3.5	3.6	3.2	3.3	-	3.0
JAP	0.7	2.8	4.2	3.7	4.7	3.7	4.1	5.2	5.1	5.8	5.7	-	6.8

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards.

TABLE 39 : Primary balance, general government (as a percentage of GDP, 1970-2002) [1] [2]

								2000		2001		2002	
								estimate of		forecast of		forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-0.3	-1.6	3.3	4.2	6.6	6.7	6.5	6.4	7.0	6.4	7.4	-	7.1
DK	5.4	1.5	8.9	4.4	6.6	6.5	7.5	6.8	7.0	6.4	7.3	-	6.8
D	1.2	-0.7	1.4	0.1	1.9	1.5	2.1	2.5	4.9	2.0	1.8	-	2.0
EL	1.0	-2.6	-4.7	0.2	5.2	4.7	5.8	5.8	6.5	5.9	6.5	-	6.5
E	0.7	-2.0	-0.2	-1.0	2.3	1.7	2.5	2.8	3.1	2.9	3.4	-	3.5
F	1.5	0.0	1.0	-1.2	1.5	0.9	1.6	1.6	1.8	2.0	3.2	-	2.6
IRL	-0.5	-3.6	2.9	4.1	5.4	5.5	4.4	3.9	6.2	4.7	6.2	-	6.1
I	-3.4	-4.0	-2.3	2.1	5.4	5.3	4.9	4.9	6.4	5.3	5.1	-	5.0
L	3.5	2.8	-	2.2	4.2	4.1	4.7	2.9	5.2	3.0	4.5	-	3.9
NL	2.3	0.7	1.1	2.4	4.5	4.2	5.4	5.1	5.7	4.1	4.0	-	4.6
A	2.4	0.0	0.6	0.4	1.8	1.5	1.4	1.8	2.1	1.5	2.6	-	2.8
P	2.4	-3.5	2.8	1.6	1.6	1.2	1.2	1.8	1.7	1.8	1.9	-	2.0
FIN	5.3	4.7	5.5	-1.4	5.2	5.0	5.4	7.5	7.4	8.1	7.3	-	7.6
S	6.2	2.7	8.9	-1.7	6.6	8.0	7.3	7.1	7.7	7.0	7.3	-	7.5
UK	3.8	1.0	3.2	-2.7	3.6	4.0	4.3	3.9	7.1	3.5	4.4	-	4.1
EU-15	1.4	-0.5	1.4	0.0	3.3	3.1	3.5	3.5	5.1	3.4	3.8	-	3.8
Euro area	0.6	-1.0	0.5	0.4	3.0	2.6	3.0	3.1	4.4	3.2	3.5	-	3.5
USA	0.6	0.2	0.9	0.4	4.6	4.6	4.9	4.8	5.5	5.0	5.7	-	5.6
JAP	1.5	-0.4	5.4	3.1	-2.6	-6.6	-4.8	-3.7	-3.7	-2.2	-2.1	-	-0.9

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards. The primary balance includes in 2000 and 2001 one-off proceeds relative to UMTS licences. Without these proceeds the primary balance as a % of GDP in 2000 would be equal to 2.4%, 3.0%, 5.2%, 5.1%, 1.8%, 1.3%, 4.7%, 3.8% and 3.3% for D, E, I, NL, A, P, UK, EU-15 and Euro area. The corresponding ratios in 2001 would be equal to 7.1%, 6.8%, 2.1%, 3.6% and 3.2% for B, DK, F, EU-15 and Euro area.

[2] Net lending/borrowing excluding interest expenditure.

TABLE 40 : Cyclically adjusted net lending (+) or net borrowing (-), general government (as a percentage of GDP, 1970-2002) [1] 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-4.1	-7.8	-7.2	-6.0	-0.5	-0.3	0.0	-0.5	0.0	-0.6	0.2	-	0.4
DK	3.2	-2.3	0.2	-1.3	1.4	0.4	2.6	2.3	2.3	2.6	2.6	-	2.9
D	-0.9	-2.6	-1.0	-4.1	-1.5	-1.4	-0.5	-0.7	-0.7	-1.5	-1.4	-	-1.3
EL	-0.7	-4.9	-11.8	-11.4	-2.4	-2.7	-1.4	-1.7	-0.7	-1.3	-0.6	-	-0.4
E	0.2	-2.4	-4.5	-5.6	-1.5	-2.3	-1.1	-0.8	-0.7	-0.6	-0.2	-	0.0
F	0.1	-1.5	-2.0	-4.6	-1.8	-2.2	-1.5	-1.6	-1.4	-1.4	-1.3	-	-0.7
IRL	-3.8	-10.3	-5.0	-1.1	2.1	1.9	1.2	0.5	2.9	2.0	3.3	-	3.8
I	-5.7	-9.5	-11.2	-9.1	-2.3	-2.4	-1.2	-1.3	-0.9	-0.9	-1.1	-	-1.2
L	1.7	2.3	-	-	4.1	5.1	4.8	2.5	4.3	2.3	3.3	-	2.5
NL	-1.4	-3.4	-4.9	-3.5	0.1	-0.4	1.0	0.6	0.7	-0.2	-0.1	-	1.0
A	1.0	-2.3	-3.0	-4.1	-1.7	-2.0	-1.9	-1.7	-1.7	-2.0	-0.9	-	-0.6
P	1.5	-6.7	-4.5	-5.1	-2.2	-2.4	-2.1	-1.5	-2.1	-1.6	-1.6	-	-1.5
FIN	3.2	4.0	1.0	-1.6	1.5	0.6	1.2	3.3	3.0	4.2	3.1	-	3.9
S	3.7	-1.3	1.4	-6.6	1.6	2.9	2.2	1.7	3.2	1.9	2.9	-	3.3
UK	-0.3	-3.1	-1.9	-5.0	0.1	0.3	1.4	0.7	2.0	0.3	1.8	-	1.6
EU-15	-0.9	-3.5	-3.7	-5.2	-1.0	-1.2	-0.3	-0.5	0.0	-0.6	-0.2	-	0.0
Euro area	-1.4	-3.7	-4.2	-5.2	-1.5	-1.7	-0.8	-0.9	-0.7	-1.0	-0.8	-	-0.6

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards. The proceeds from UMTS licences are not included in the calculation of the cyclically adjusted balances.

TABLE 41 : Cyclically adjusted primary balance, general government (as a percentage of GDP, 1970-2002) [1]

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-0.9	-1.5	3.2	4.1	6.9	7.3	7.2	6.3	7.0	6.1	6.9	-	6.7
DK	4.4	2.1	7.9	5.6	6.2	5.7	7.3	6.6	6.6	6.4	6.6	-	6.6
D	0.2	-0.5	1.8	-0.9	2.0	2.2	3.0	2.8	2.8	1.9	1.9	-	1.9
EL	0.1	-2.6	-4.4	0.3	5.3	5.1	6.2	5.5	6.6	5.3	6.2	-	5.7
E	0.8	-1.6	-0.7	-1.0	2.4	2.0	2.5	2.7	2.7	2.8	3.1	-	3.2
F	1.0	0.1	0.8	-1.3	1.7	1.4	1.9	1.6	1.8	1.7	1.9	-	2.4
IRL	-0.4	-3.9	3.1	5.1	5.0	5.3	3.7	2.7	5.0	3.9	5.1	-	5.4
I	-3.6	-3.9	-2.7	2.1	5.5	5.7	5.6	5.1	5.5	5.2	5.1	-	4.8
L	2.6	3.3	-	-	4.4	5.5	5.2	2.8	4.6	2.6	3.6	-	2.8
NL	1.3	0.7	1.0	2.4	4.5	4.4	5.4	4.7	4.6	3.5	3.3	-	4.0
A	2.0	0.0	0.8	0.1	2.0	1.8	1.7	1.9	1.8	1.5	2.5	-	2.7
P	2.0	-3.3	2.7	1.5	1.5	1.1	1.1	1.8	1.2	1.7	1.8	-	1.9
FIN	4.1	5.1	2.6	2.0	5.0	4.3	4.6	6.6	6.2	7.3	6.1	-	6.7
S	5.5	3.0	7.1	-0.6	6.9	9.1	7.7	6.4	7.3	6.0	6.5	-	6.6
UK	3.4	1.4	2.0	-2.0	3.1	3.9	4.4	3.7	4.6	3.1	4.2	-	3.7
EU-15	0.8	-0.3	1.0	-0.1	3.3	3.4	3.9	3.5	3.8	3.1	3.5	-	3.5
Euro area	-0.1	-0.9	0.4	0.1	3.0	3.0	3.5	3.2	3.4	3.0	3.1	-	3.2

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards. The proceeds from UMTS licences are not included in the calculation of the cyclically adjusted balances.

TABLE 42 : Gross debt, general government (as a percentage of GDP, 1980-2002) [1]

								2000 estimate of		2001 forecast of		2002 forecast of	
	1980	1985	1990	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	78.5	122.2	128.6	133.8	125.2	119.7	115.9	110.0	111.1	105.2	105.3	-	99.2
DK [2]	36.4	69.8	57.7	69.3	61.4	55.8	52.6	49.3	48.5	46.3	44.6	-	40.9
D	31.7	41.7	43.5	57.1	60.9	60.7	61.1	60.7	60.0	59.5	57.8	-	56.6
EL	27.7	59.8	89.0	108.7	108.3	105.5	104.6	103.7	103.9	99.7	99.8	-	96.4
E	17.0	42.4	43.7	64.0	66.7	64.6	63.3	62.3	61.0	59.9	58.1	-	55.6
F	20.4	31.8	36.3	54.0	59.3	59.7	58.9	58.2	58.3	57.1	56.9	-	55.7
IRL	72.3	105.3	97.5	84.4	65.1	55.0	50.1	45.2	41.6	38.1	33.3	-	26.3
I	58.0	82.0	97.3	123.3	119.8	116.2	115.1	110.8	110.7	106.6	105.8	-	102.3
L	9.2	9.5	4.5	5.6	6.0	6.4	6.0	5.8	5.5	5.3	5.3	-	5.1
NL	46.0	70.0	77.1	77.0	70.0	66.6	62.9	58.7	56.9	54.4	52.7	-	47.5
A	36.1	49.2	57.3	68.5	64.7	64.0	64.6	64.0	64.4	63.6	62.8	-	61.0
P	35.3	67.4	63.4	63.9	59.3	55.6	55.4	57.0	56.1	55.1	56.5	-	56.5
FIN	11.6	16.4	14.5	57.1	54.1	48.7	46.6	42.6	42.5	38.0	39.3	-	36.4
S	39.6	61.6	42.1	76.6	75.0	72.4	65.7	61.3	58.6	55.4	52.7	-	47.1
UK	55.0	54.3	35.2	52.1	51.1	48.0	45.7	42.4	38.8	39.4	34.8	-	30.9
EU-15	38.4	53.7	54.9	70.2	71.1	69.0	67.5	65.1	63.9	62.6	60.7	-	57.9
Euro area	35.2	52.6	58.6	72.3	74.6	73.0	72.1	70.5	69.8	68.9	67.5	-	65.2

[1] Government gross debt as defined in Council Regulation (EC) Nº 3605/93. ESA 95 from 1996 onwards.

[2] Government deposits with the central bank, government holdings of non-government bonds and public enterprise related debt amounted to 9.1 % of GDP in 2000.

TABLE 43 : Gross national saving (as a percentage of GDP, 1970-2002) **26.10.2000**

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	25.7	19.5	21.1	23.7	25.1	24.7	24.5	26.0	25.0	26.7	25.7	-	26.7
DK	23.2	18.1	19.3	19.8	21.2	19.9	20.6	22.1	21.6	22.7	22.2	-	23.0
D	27.1	21.9	24.4	22.4	21.6	21.6	21.4	21.6	21.7	21.9	21.7	-	21.8
EL	33.1	26.4	19.4	18.4	19.2	18.0	19.1	21.9	19.6	23.0	20.6	-	22.0
E	27.3	22.2	21.9	20.0	22.7	22.6	22.3	22.8	22.6	23.2	23.1	-	23.5
F	27.5	21.9	20.6	19.8	21.5	21.1	21.3	21.4	22.4	21.9	22.8	-	23.5
IRL	21.7	18.4	16.5	17.9	23.5	24.8	23.9	25.8	23.3	26.9	23.3	-	23.7
I	26.2	24.3	21.5	19.7	21.6	21.4	21.2	22.1	21.1	22.8	21.5	-	22.3
L	40.0	49.3	49.3	-	-	-	-	-	-	-	-	-	-
NL	27.5	21.5	21.7	22.4	27.3	25.9	27.9	28.1	27.7	28.5	27.5	-	27.9
A	30.5	25.1	23.8	23.2	21.6	22.0	21.4	21.8	21.1	22.5	21.6	-	22.0
P	27.2	20.3	27.1	21.4	17.0	18.3	17.1	18.8	15.1	18.9	15.2	-	15.5
FIN	27.9	25.9	24.8	17.1	25.4	25.1	25.2	26.6	26.4	27.8	27.6	-	28.8
S	24.1	18.4	18.4	15.9	20.1	20.1	19.3	19.9	20.2	20.4	20.9	-	21.9
UK	21.1	17.9	17.3	15.4	17.0	18.0	16.3	17.0	16.4	17.4	16.4	-	16.9
EU-15	26.1	21.5	21.4	20.0	21.2	21.2	20.9	21.4	21.1	21.9	21.4	-	21.9
Euro area	27.1	22.4	22.4	21.1	22.1	21.9	21.9	22.4	22.3	23.0	22.6	-	23.1
USA	19.6	19.8	16.6	16.5	18.0	18.3	17.4	16.7	17.7	16.8	18.2	-	18.6
JAP	38.5	32.0	32.9	32.6	29.7	30.0	28.6	28.0	28.3	28.9	29.1	-	29.3

TABLE 44 : Gross saving, private sector (as a percentage of GDP, 1970-2002) [1]

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	23.9	22.9	25.8	27.6	23.6	23.2	22.6	24.0	22.7	24.6	22.8	-	23.5
DK	14.1	16.9	16.2	20.5	17.8	17.0	16.3	18.1	17.4	18.6	17.7	-	18.2
D	21.1	19.8	22.4	21.6	20.8	21.0	20.1	20.0	20.0	20.9	20.6	-	20.4
EL	29.4	28.0	27.2	25.5	18.4	18.0	17.1	19.6	16.6	20.0	17.1	-	17.9
E	23.6	21.0	20.6	20.6	20.1	21.4	19.5	19.4	18.9	19.4	18.9	-	19.1
F	22.9	19.8	18.8	20.7	20.0	20.0	19.5	19.4	20.2	19.6	20.4	-	20.3
IRL	20.2	22.9	19.5	18.5	18.8	20.7	18.2	19.7	17.2	21.2	16.9	-	17.2
I	28.4	30.1	27.4	25.1	21.0	21.2	19.7	20.2	19.0	20.4	19.3	-	20.0
L	32.9	41.2	-	-	-	-	-	-	-	-	-	-	-
NL	22.8	20.3	22.5	23.0	24.7	24.1	24.3	24.1	23.9	25.1	24.2	-	23.8
A	22.4	21.3	22.0	22.2	19.8	20.2	19.9	20.1	19.4	21.0	19.1	-	19.3
P	22.9	22.9	28.0	23.0	15.2	16.4	14.8	16.3	13.1	16.3	12.5	-	12.7
FIN	19.5	18.1	17.0	18.7	20.7	21.0	20.6	19.8	19.3	20.1	20.4	-	21.3
S	14.2	15.5	13.0	19.8	16.1	16.4	14.7	15.2	14.1	15.2	14.7	-	15.2
UK	16.2	18.0	16.0	18.3	15.2	16.0	13.5	14.3	13.0	14.7	13.0	-	13.3
EU-15	21.6	21.1	21.2	21.8	19.6	20.0	18.7	18.9	18.4	19.4	18.7	-	18.8
Euro area	23.3	21.9	22.6	22.4	20.7	21.0	20.0	20.2	19.9	20.7	20.2	-	20.3
USA	18.7	20.6	18.2	18.5	14.5	15.5	13.8	12.6	12.8	12.3	12.7	-	12.9
JAP	31.6	28.5	25.7	25.9	29.8	27.6	30.3	31.0	30.9	31.1	32.0	-	33.0

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards.

TABLE 45 : Gross saving, general government (as a percentage of GDP, 1970-2002) [1]

								2000 estimate of		2001 forecast of		2002 forecast of	
	1970-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	1.9	-3.4	-4.7	-3.9	1.6	1.5	1.9	2.0	2.4	2.1	2.8	-	3.2
DK	9.2	1.1	3.1	-0.7	3.4	2.9	4.3	4.0	4.2	4.1	4.5	-	4.8
D	6.1	2.1	2.0	0.8	0.8	0.6	1.3	1.5	1.7	1.1	1.1	-	1.4
EL	3.7	-1.6	-7.8	-7.1	0.8	0.0	2.0	2.3	3.0	3.0	3.5	-	4.1
E	3.7	1.2	1.3	-0.6	2.6	1.2	2.9	3.4	3.7	3.8	4.2	-	4.4
F	4.6	2.0	1.8	-0.9	1.5	1.0	1.9	2.0	2.2	2.3	2.5	-	3.2
IRL	1.5	-4.5	-3.0	-0.6	4.7	4.1	5.8	6.2	6.1	5.7	6.4	-	6.5
I	-2.2	-5.8	-5.9	-5.5	0.6	0.3	1.5	1.9	2.1	2.4	2.2	-	2.3
L	7.1	8.1	-	-	9.3	9.2	9.4	8.6	10.1	8.7	9.9	-	9.3
NL	4.7	1.2	-0.8	-0.6	2.6	1.8	3.5	4.0	3.8	3.3	3.2	-	4.1
A	8.0	3.8	1.8	1.0	1.9	1.8	1.5	1.7	1.7	1.5	2.5	-	2.7
P	4.3	-2.6	-0.8	-1.6	1.8	1.9	2.3	2.5	2.0	2.6	2.6	-	2.8
FIN	8.4	7.8	7.8	-1.6	4.7	4.1	4.7	6.8	7.1	7.6	7.2	-	7.6
S	9.9	2.8	5.4	-3.9	4.0	3.7	4.6	4.7	6.1	5.3	6.2	-	6.7
UK	5.0	-0.2	1.3	-2.9	1.8	2.0	2.8	2.7	3.4	2.7	3.4	-	3.6
EU-15	4.4	0.4	0.2	-1.8	1.6	1.2	2.1	2.4	2.7	2.5	2.8	-	3.1
Euro area	3.9	0.4	-0.2	-1.4	1.4	1.0	1.9	2.2	2.4	2.3	2.4	-	2.8
USA	1.0	-0.8	-1.7	-2.0	3.5	2.8	3.7	4.1	4.9	4.5	5.5	-	5.7
JAP	7.0	3.5	7.1	6.7	-0.1	2.3	-1.7	-2.9	-2.6	-2.2	-2.8	-	-3.7

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards.

TABLE 46 : Exports of goods, volume (percentage change on preceding year, 1961-2002) 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	10.1	2.3	5.7	4.8	6.1	4.1	5.0	7.2	9.4	6.6	8.2	-	7.5
DK	7.0	5.0	4.2	3.4	5.3	2.0	6.8	5.5	6.1	5.2	7.0	-	6.5
D	8.0	4.7	4.8	3.6	8.5	7.7	5.3	10.0	12.7	8.1	9.9	-	8.1
EL	10.5	7.3	3.3	3.6	5.6	8.4	2.3	6.1	8.4	5.9	7.2	-	6.8
E	-	8.5	5.2	11.5	9.9	7.1	5.0	10.0	11.1	9.0	10.0	-	9.0
F	10.0	4.5	5.8	5.9	8.1	8.7	3.7	8.5	13.5	6.2	8.7	-	8.0
IRL	8.1	8.7	9.1	13.2	13.3	16.0	11.7	12.0	14.6	9.7	12.0	-	10.1
I	11.7	5.2	6.0	7.3	5.2	3.5	-1.0	8.1	10.7	6.7	9.2	-	7.8
L	5.3	1.9	6.6	3.9	6.7	14.1	-2.0	7.6	9.5	7.0	9.0	-	7.7
NL	9.9	3.5	5.4	4.6	7.1	7.3	5.6	7.2	8.8	6.0	8.3	-	6.9
A	-	6.8	6.1	4.0	9.7	8.2	7.9	9.1	12.1	8.5	10.2	-	9.3
P	-	-	-	-	-	-	-	8.0	8.5	7.3	8.0	-	7.9
FIN	-	3.7	1.6	7.7	9.7	9.8	6.6	8.3	10.8	7.8	9.3	-	8.4
S	-	3.1	2.5	7.5	8.0	6.8	5.2	7.7	10.9	6.8	8.7	-	8.0
UK	5.0	3.8	4.9	5.3	6.4	1.3	3.1	7.5	9.9	6.2	7.5	-	7.3
EU-15 [1]	8.8	4.6	5.3	5.6	7.6	6.2	4.2	8.6	11.2	7.1	9.0	-	7.9
Euro area [2]	9.5	4.8	5.4	5.6	7.8	7.1	4.3	8.9	11.6	7.3	9.3	-	8.0
USA	6.9	3.6	11.1	7.7	8.5	2.2	4.0	6.7	11.0	6.8	9.7	-	9.6
JAP	-	9.0	2.6	1.9	5.7	-1.5	5.0	7.6	8.2	4.0	6.2	-	8.1

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

TABLE 47 : Imports of goods, volume (percentage change on preceding year, 1961-2002)

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	9.3	1.7	7.1	3.8	6.0	6.3	4.1	6.9	8.6	6.4	7.8	-	7.3
DK	8.3	2.1	2.7	4.3	5.2	6.3	3.5	4.2	5.3	4.4	5.1	-	5.5
D	8.7	3.8	7.1	3.8	8.2	9.8	7.9	7.8	10.3	8.0	9.8	-	8.1
EL	13.0	2.6	8.7	3.8	6.8	11.6	-0.9	5.6	6.6	6.2	6.4	-	6.4
E	-	1.9	15.3	6.9	10.4	13.5	11.7	11.3	9.3	10.2	8.3	-	9.0
F	11.3	2.4	8.5	3.8	7.7	12.0	4.7	8.0	14.2	6.1	8.6	-	7.9
IRL	9.2	4.1	6.5	7.9	11.8	18.6	4.8	10.3	14.2	8.9	11.6	-	9.3
I	10.2	3.1	8.5	3.6	7.3	9.1	4.5	8.0	9.5	7.6	9.7	-	9.6
L	6.2	2.4	8.5	4.9	9.6	13.0	11.8	5.8	7.5	6.5	9.5	-	9.0
NL	9.4	2.5	5.6	3.7	7.8	8.1	6.2	8.4	9.6	6.2	8.7	-	7.8
A	-	4.4	6.1	3.2	7.8	7.6	7.2	8.5	9.9	7.4	7.6	-	8.0
P	-	-	-	-	-	-	-	7.6	8.6	7.5	7.0	-	7.2
FIN	-	2.1	5.7	0.8	8.9	11.9	2.7	6.5	9.1	5.7	7.4	-	6.5
S	-	2.1	4.7	3.6	7.7	10.3	4.4	7.2	10.1	6.9	8.9	-	8.3
UK	5.2	2.6	7.3	2.9	8.3	8.5	7.4	7.5	9.4	5.9	7.4	-	7.2
EU-15 [1]	9.1	2.9	7.8	3.9	7.9	9.8	6.3	8.0	10.2	7.2	8.6	-	8.0
Euro area [2]	9.8	3.0	8.1	4.1	7.9	10.1	6.5	8.3	10.5	7.4	8.9	-	8.2
USA	9.0	5.0	5.2	8.2	11.0	11.8	12.5	9.0	13.7	5.5	8.5	-	6.9
JAP	-	2.1	10.1	5.1	6.2	-4.9	10.6	5.3	7.9	9.2	7.6	-	11.1

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

TABLE 48 : Trade balance (fob-fob, as a percentage of GDP, 1974-2002)

							2000 estimate of		2001 forecast of		2002 forecast of	
	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-3.8	-0.9	-0.2	2.1	1.2	1.1	3.9	3.0	4.1	3.1	-	3.8
DK	-4.0	0.8	3.8	2.8	1.3	2.9	2.9	2.8	3.3	3.3	-	3.7
D	3.4	6.2	1.9	3.4	3.7	3.5	3.4	3.1	3.7	3.3	-	3.6
EL	-9.7	-11.9	-13.0	-14.6	-15.1	-13.9	-14.0	-15.2	-14.0	-15.7	-	-15.6
E	-5.8	-5.7	-4.6	-4.7	-3.6	-5.1	-5.6	-6.1	-6.2	-6.2	-	-6.5
F	-3.0	-1.3	-0.1	0.6	1.4	1.0	0.9	-0.2	1.1	-0.3	-	0.1
IRL	-9.6	6.9	15.1	24.7	23.1	25.9	29.9	25.7	31.3	26.4	-	27.1
I	-2.5	0.1	2.2	2.5	3.4	2.1	1.8	1.4	1.8	1.2	-	1.0
L	-7.7	-11.0	-13.3	-15.3	-10.2	-16.7	-12.9	-18.0	-12.7	-19.6	-	-19.8
NL	0.2	1.8	3.5	4.5	5.3	4.5	4.6	3.6	5.0	3.5	-	3.7
A	-6.3	-4.6	-4.5	-1.8	-1.6	-1.6	-2.2	-2.0	-2.0	-1.6	-	-1.2
P	-	-11.7	-11.3	-12.2	-11.0	-12.5	-13.6	-14.2	-14.0	-14.8	-	-15.1
FIN	-0.3	1.2	6.1	10.1	9.7	9.0	9.3	10.3	10.0	11.2	-	12.2
S	-	2.0	4.0	7.2	7.2	6.7	7.0	6.9	7.3	7.0	-	7.2
UK	-1.4	-3.6	-1.9	-2.6	-2.4	-3.0	-2.7	-3.0	-2.7	-3.1	-	-3.2
EU-15	-1.5	0.0	0.3	1.0	1.5	0.9	0.9	0.4	1.1	0.4	-	0.6
EU-15, adjusted	-	-	-	-	0.6	0.2	0.4	-0.3	0.5	-0.2	-	0.0
Euro area	-1.3	0.8	0.6	1.8	2.4	1.8	1.8	1.2	1.6	0.9	-	1.1
Euro area, adjusted	-	-	-	-	1.9	1.4	1.3	0.8	1.5	0.5	-	0.7
USA	-1.2	-2.6	-1.9	-3.6	-2.8	-3.8	-4.4	-4.5	-4.5	-4.7	-	-4.6
JAP	1.7	3.3	3.0	2.5	2.9	3.0	3.3	2.4	3.1	2.3	-	2.3

TABLE 49 : Balance on current transactions with the rest of the world (as a percentage of GDP, 1961-2002) 26.10.2000

								2000 estimate of		2001 forecast of		2002 forecast of	
	1961-73	1974-85	1986-90	1991-95	1996-02	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	1.4	-1.6	0.9	3.4	4.0	3.8	3.4	4.1	3.5	4.5	3.8	-	4.5
DK	-2.0	-3.5	-2.2	1.6	0.8	-1.4	1.0	1.2	0.8	1.7	1.4	-	2.1
D	0.7	0.8	4.2	-0.9	-0.6	-0.2	-0.8	-0.8	-0.8	-0.5	-1.0	-	-1.1
EL	-2.0	-0.9	-3.0	-2.0	-3.5	-3.9	-3.2	-2.0	-4.1	-2.0	-4.4	-	-4.2
E	-0.7	-1.4	-1.3	-1.9	-2.0	-0.6	-2.3	-2.4	-3.6	-2.8	-3.9	-	-4.2
F	0.6	-1.7	-1.6	-0.1	1.9	2.3	2.3	1.6	1.6	1.6	1.7	-	2.2
IRL	-2.5	-7.9	-1.2	1.9	0.5	0.9	0.6	-0.5	-1.2	-0.2	-1.8	-	-1.8
I	1.4	-0.8	-0.7	-0.1	1.0	1.8	0.9	1.0	-0.5	1.2	-0.7	-	-0.6
L	6.9	26.6	28.1	-	-	-	-	-	-	-	-	-	-
NL	0.5	2.0	2.9	4.5	5.0	4.1	5.6	5.4	4.7	5.6	4.4	-	4.6
A	0.1	-1.0	0.2	-0.7	-2.7	-2.0	-2.6	-3.5	-3.4	-3.3	-3.1	-	-2.9
P	0.4	-6.6	-0.6	-3.1	-8.5	-7.0	-8.5	-9.7	-10.9	-10.1	-11.5	-	-11.9
FIN	-1.4	-2.0	-3.1	-1.2	6.1	5.6	5.2	5.7	6.4	6.5	7.4	-	8.5
S	0.2	-1.7	-1.6	-0.4	3.1	3.4	2.4	2.5	2.9	2.8	2.9	-	3.3
UK	0.4	0.2	-2.8	-1.1	-0.7	0.0	-1.2	-1.5	-1.5	-1.3	-1.7	-	-1.5
EU-15	0.5	-0.5	0.0	-0.3	0.4	0.8	0.2	0.1	-0.3	0.3	-0.4	-	-0.2
EU-15, adj.	-	-	-	-	-	0.5	0.0	0.1	-0.7	0.2	-0.8	-	-0.6
Euro area	0.7	-0.5	0.7	-0.2	0.5	1.0	0.4	0.4	-0.1	0.5	-0.2	-	-0.1
Euro area, adj.	-	-	-	-	-	0.8	-0.1	0.6	-1.0	0.8	-1.0	-	-0.9
USA	0.5	-0.3	-2.3	-0.9	-3.0	-2.3	-3.4	-4.1	-4.2	-4.2	-4.3	-	-4.2
JAP	0.6	0.9	2.8	2.7	2.2	3.2	2.5	2.6	2.0	2.6	2.0	-	1.9

TABLE 50 : Trade balance (fob-fob, in billions of Ecu/euro, 1994-2002)

							2000 estimate of		2001 forecast of		2002 forecast of	
	1994	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	0.7	2.9	2.9	3.0	2.6	8.7	9.5	7.4	10.6	8.0	-	10.2
DK	5.3	3.8	4.8	3.7	2.0	4.7	5.0	4.8	5.9	5.9	-	6.9
D	40.0	48.0	55.7	63.7	71.2	68.6	70.3	63.7	78.9	70.0	-	78.8
EL	-9.9	-11.0	-13.0	-14.8	-16.4	-16.3	-17.2	-18.3	-18.5	-20.0	-	-21.5
E	-15.8	-14.0	-12.8	-12.0	-18.7	-29.0	-33.4	-36.9	-39.0	-40.3	-	-44.7
F	2.9	4.3	8.4	21.7	18.2	9.9	13.3	-3.0	16.0	-4.7	-	1.9
IRL	7.8	10.3	12.4	16.3	17.8	22.7	28.3	26.0	32.9	30.0	-	34.2
I	29.2	33.3	45.9	38.6	36.0	23.3	20.3	16.2	22.1	14.5	-	12.8
L	-1.5	-1.3	-1.6	-1.8	-1.7	-3.0	-2.4	-3.6	-2.6	-4.2	-	-4.7
NL	10.8	18.8	17.9	18.6	18.8	16.8	18.4	14.4	21.3	14.9	-	17.0
A	-8.1	-4.7	-5.4	-3.4	-3.0	-3.1	-4.6	-4.1	-4.2	-3.3	-	-2.8
P	-8.1	-7.1	-7.4	-9.0	-10.9	-12.6	-15.0	-15.8	-16.4	-17.3	-	-18.5
FIN	6.5	9.5	8.9	10.2	11.2	11.0	11.9	13.6	13.6	15.8	-	18.3
S	7.9	13.1	14.9	16.4	15.3	15.0	16.9	17.0	18.6	18.4	-	19.9
UK	-14.3	-14.1	-16.1	-17.2	-30.4	-40.6	-41.0	-46.8	-43.0	-50.4	-	-53.9
EU-15	53.4	91.8	115.5	134.0	112.1	76.2	80.2	34.5	96.2	37.2	-	54.0
EU-15, adjusted	-	-	-	74.4	46.6	19.1	32.1	-22.6	48.2	-19.9	-	-3.1
Euro area	64.4	99.9	124.9	145.9	144.6	113.3	116.5	77.8	114.7	63.3	-	81.1
Euro area, adjusted	-	-	-	115.8	109.3	83.4	84.3	47.9	101.0	33.4	-	51.1
USA	-140.5	-132.9	-149.6	-173.0	-221.7	-327.8	-423.0	-487.4	-451.6	-544.4	-	-568.8
JAP	121.4	100.4	65.9	89.8	108.2	123.5	153.7	117.9	150.9	124.3	-	124.7

TABLE 51 : Balance on current transactions with the rest of the world (in billions of Ecu/euro, 1994-2002)

							2000 estimate of		2001 forecast of		2002 forecast of	
	1994	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	10.1	9.6	9.8	9.7	8.5	9.3	10.1	8.4	11.4	9.6	-	12.2
DK	2.0	1.0	2.1	0.4	-2.1	1.7	2.1	1.4	3.0	2.6	-	3.9
D	-21.8	-15.2	-6.1	-1.9	-3.8	-3.6	-15.8	-16.4	-10.2	-21.4	-	-23.3
EL	-0.4	-0.8	-2.3	-2.5	-4.3	-3.8	-2.4	-5.0	-2.7	-5.7	-	-5.9
E	-5.5	-0.1	0.7	2.4	-3.1	-13.2	-14.5	-22.1	-17.6	-25.2	-	-28.8
F	2.8	3.1	11.2	31.6	29.7	31.0	22.5	23.0	23.7	24.9	-	33.7
IRL	1.3	1.4	1.9	2.2	0.7	0.6	-0.4	-1.2	-0.2	-2.1	-	-2.3
I	10.4	18.8	31.1	28.7	18.7	9.6	11.0	-6.2	14.7	-8.0	-	-8.0
L	2.2	-	-	-	-	-	-	-	-	-	-	-
NL	15.4	20.3	17.7	20.6	14.3	20.8	21.4	18.7	23.8	18.8	-	21.1
A	-1.5	-4.3	-4.0	-4.7	-3.8	-5.4	-7.1	-7.1	-6.9	-6.7	-	-6.5
P	-3.3	-2.5	-3.5	-5.4	-6.9	-8.5	-10.7	-12.1	-11.8	-13.4	-	-14.5
FIN	0.9	4.1	4.1	6.0	6.5	6.3	7.3	8.5	8.8	10.4	-	12.7
S	2.1	6.1	6.2	7.6	7.2	5.4	6.1	7.2	7.1	7.7	-	9.2
UK	-1.9	-4.5	-0.7	9.6	-0.1	-16.7	-22.2	-23.5	-21.3	-26.9	-	-25.2
EU-15	12.9	36.9	68.2	104.4	61.6	33.6	7.4	-26.3	21.8	-35.3	-	-21.7
EU-15, adjusted	-	-	-	82.9	35.3	-0.7	5.1	-60.6	19.5	-69.5	-	-55.9
Euro area	11.1	35.2	62.9	89.4	60.8	47.0	23.8	-6.4	33.0	-18.6	-	-9.6
Euro area, adjusted	-	-	-	61.4	42.8	-5.6	40.5	-58.9	52.4	-71.1	-	-62.1
USA	-91.0	-74.9	-87.2	-108.5	-177.6	-293.8	-395.0	-454.8	-420.6	-504.1	-	-514.9
JAP	110.3	84.7	51.8	83.4	110.2	101.4	122.2	99.2	123.1	107.2	-	105.0

TABLE 52 : Export markets (a) (percentage change on preceding year, 1994-2002) 26.10.2000

							2000		2001		2002	
							estimate of		forecast of		forecast of	
	1994	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	8.4	6.8	4.1	9.3	8.2	6.5	8.2	10.7	7.1	8.7	-	8.0
DK	9.0	6.9	4.7	8.6	6.9	5.0	7.0	8.6	6.8	7.9	-	7.4
D	9.1	7.7	5.1	9.8	7.3	5.5	8.2	10.6	7.1	8.4	-	8.1
EL	7.5	7.4	4.3	8.8	6.0	5.1	7.4	8.8	7.1	8.0	-	7.3
E	8.3	7.4	4.1	9.4	8.5	5.2	7.8	10.2	7.0	8.3	-	7.8
F	8.9	7.8	4.8	9.6	7.3	6.5	8.2	9.7	7.4	8.5	-	8.0
IRL	8.6	6.5	5.6	9.3	7.8	6.8	7.8	9.9	6.7	8.2	-	7.6
I	8.7	7.1	5.5	9.8	7.1	6.0	8.3	10.8	7.4	8.6	-	8.0
L (b)	-	-	-	-	-	-	-	-	-	-	-	-
NL	7.8	5.7	4.0	7.9	7.2	4.9	7.1	8.7	6.5	7.4	-	7.0
A	8.4	7.1	3.7	10.3	8.6	6.3	8.1	10.6	7.7	9.2	-	8.4
P	9.5	7.8	4.7	9.8	9.3	7.7	8.6	10.8	7.7	8.9	-	8.2
FIN	10.2	8.1	4.7	10.0	6.0	4.3	7.5	10.1	7.0	8.4	-	7.9
S	9.5	7.1	5.2	9.9	7.3	5.7	7.5	9.7	6.9	8.3	-	7.8
UK	9.6	8.3	5.4	9.8	7.5	6.3	8.2	10.7	7.2	8.6	-	7.9
EU-15 (c)	8.9	7.4	4.9	9.5	7.4	5.9	8.0	10.3	7.1	8.4	-	7.9
Euro area (c)	8.7	7.2	4.8	9.5	7.5	5.8	8.1	10.3	7.1	8.4	-	7.9
USA	10.4	10.5	6.6	10.0	1.6	6.5	7.8	11.4	7.4	9.2	-	8.5
JAP	13.0	10.8	6.8	11.6	3.2	7.6	9.3	12.0	7.4	8.9	-	8.1

(a) Imports to the various markets (incl. EU-markets) weighted according to their share in country's exports.
(b) Included in the figures for Belgium.
(c) Intra- and extra-EU trade.

TABLE 53 : Export performance (a) (percentage change on preceding year, 1994-2002)

							2000		2001		2002	
							estimate of		forecast of		forecast of	
	1994	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
B	-1.3	0.9	-0.3	-2.7	-3.8	-1.4	-0.9	-1.2	-0.5	-0.5	-	-0.5
DK	-2.0	-7.3	-2.7	-1.9	-5.2	1.7	-1.4	-2.3	-1.5	-0.8	-	-0.8
D	-0.2	-3.4	-0.5	1.6	0.2	-0.2	1.7	1.9	1.0	1.4	-	0.0
EL	-0.8	-3.6	-1.8	-4.6	-4.1	-2.7	-1.2	-0.4	-1.1	-0.7	-	-0.5
E	11.5	2.3	6.2	3.6	-3.1	-0.2	2.1	0.8	1.9	1.6	-	1.1
F	-2.1	-0.2	-1.0	2.0	-0.5	-2.6	0.3	3.5	-1.1	0.2	-	0.0
IRL	2.7	8.0	4.5	5.4	12.6	4.6	3.9	4.3	2.9	3.5	-	2.3
I	1.7	3.6	-5.5	-5.2	-3.4	-6.6	-0.2	-0.1	-0.7	0.6	-	-0.2
L (b)	-	-	-	-	-	-	-	-	-	-	-	-
NL	-1.4	0.6	0.1	-1.9	-0.7	0.7	0.1	0.1	-0.5	0.8	-	-0.1
A	-0.4	0.9	1.9	2.1	-0.4	1.5	0.9	1.4	0.7	0.9	-	0.8
P	2.6	4.3	5.5	-0.3	-1.5	-	-0.5	-2.1	-0.4	-0.8	-	-0.3
FIN	2.5	-2.5	-0.3	4.7	3.8	2.2	0.8	0.6	0.8	0.8	-	0.5
S	5.8	5.2	0.7	2.4	-0.5	-0.5	0.2	1.1	-0.1	0.4	-	0.2
UK	0.9	-1.8	1.4	-1.8	-5.8	-3.0	-0.6	-0.7	-1.0	-1.0	-	-0.6
EU-15 (c)	0.6	-0.1	-0.3	-0.2	-1.4	-1.6	0.6	0.8	0.0	0.6	-	0.0
Euro area (c)	0.7	0.3	-0.3	0.2	-0.6	-1.4	0.7	1.2	0.2	0.8	-	0.1
USA	0.9	0.1	0.9	5.0	0.5	-2.3	-1.0	-0.4	-0.6	0.5	-	1.0
JAP	-6.8	-5.2	-4.4	-1.9	-4.5	-2.4	-1.5	-3.4	-3.2	-2.5	-	0.0

(a) Index for exports divided by an index for growth of markets.
(b) Included in the figures for Belgium.
(c) Intra- and extra-EU trade.

TABLE 54 : World GDP, volume (percentage change on preceding year, 1995-2002) 26.10.2000

							2000 estimate of		2001 forecast of		2002 forecast of	
	(a)	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
EU-15	20.1	2.4	1.7	2.5	2.7	2.5	3.4	3.4	3.1	3.1	-	3.0
Euro area	15.9	2.3	1.5	2.3	2.8	2.5	3.4	3.5	3.2	3.2	-	3.0
Belgium	0.6	2.6	1.2	3.4	2.4	2.7	3.5	3.9	3.3	3.3	-	3.2
Denmark	0.3	2.8	2.5	3.1	2.5	1.7	2.0	2.6	2.1	2.3	-	2.4
Germany	4.7	1.7	0.8	1.4	2.1	1.6	2.9	3.1	2.9	2.8	-	2.8
Greece	0.4	2.1	2.4	3.5	3.1	3.4	3.9	4.1	4.0	4.5	-	4.8
Spain	1.7	2.7	2.4	3.9	4.3	4.0	3.8	4.1	3.4	3.5	-	3.3
France	3.3	1.7	1.1	1.9	3.1	2.9	3.7	3.3	3.2	3.1	-	2.8
Ireland	0.2	9.7	7.7	10.7	8.6	9.8	7.5	10.5	6.2	8.2	-	7.1
Italy	3.1	2.9	1.1	1.8	1.5	1.4	2.7	2.9	2.7	2.8	-	2.7
Luxembourg	0.0	3.8	2.9	7.3	5.0	7.5	5.6	7.8	5.7	6.5	-	6.0
Netherlands	1.0	2.3	3.0	3.8	4.1	3.9	4.1	4.3	3.7	4.0	-	3.5
Austria	0.5	1.7	2.0	1.3	3.3	2.8	3.2	3.5	3.0	2.9	-	2.8
Portugal	0.4	2.9	3.6	3.7	3.6	3.0	3.6	3.0	3.5	2.7	-	2.7
Finland	0.3	3.8	4.0	6.3	5.5	4.0	4.9	4.8	4.2	4.3	-	3.8
Sweden	0.5	3.7	1.1	2.0	3.0	3.8	3.9	4.0	3.3	3.7	-	3.2
United Kingdom	3.1	2.8	2.6	3.5	2.6	2.2	3.3	3.1	3.0	3.0	-	3.0
USA	22.3	2.7	3.6	4.5	4.4	4.3	3.6	5.1	3.0	3.3	-	3.0
Japan	7.8	1.5	5.0	1.6	-2.5	0.2	1.1	1.4	1.8	1.9	-	2.2
Canada	2.0	2.7	1.5	4.4	3.3	4.6	3.5	5.3	2.6	3.1	-	2.9
Rest OECD	6.8	2.5	5.1	5.4	1.5	3.8	4.4	5.7	4.5	4.6	-	4.1
- Norway	0.3	3.8	4.9	4.7	2.0	0.9	2.9	3.2	3.0	2.6	-	2.7
- Switzerland	0.5	0.5	0.3	1.7	2.1	1.7	2.0	2.4	2.1	1.8	-	2.2
- Iceland	0.0	1.0	5.6	4.4	5.0	6.0	2.9	2.9	2.6	2.6	-	2.6
- Turkey	1.1	7.2	7.0	7.5	3.1	-5.0	4.5	6.0	5.1	4.7	-	4.3
- Australia	1.2	4.0	3.0	3.8	5.1	3.9	3.8	4.3	3.3	3.6	-	3.8
- New Zealand	0.2	3.6	2.7	2.3	-0.8	2.7	3.2	4.6	3.3	3.4	-	3.2
- Mexico	1.9	-6.2	5.2	7.0	4.8	3.7	4.5	6.0	4.8	5.5	-	3.0
- Korea	1.7	8.9	6.8	5.0	-5.8	10.7	6.0	7.8	5.8	5.4	-	6.4
Total OECD	59.0	2.4	3.2	3.5	2.6	3.1	3.3	4.1	3.1	3.2	-	3.0
OECD excluding EU-15	38.9	2.4	4.0	4.1	2.5	3.4	3.2	4.5	3.0	3.2	-	3.0
Europe Agreement Countries	2.2	5.7	3.6	3.2	2.5	1.8	3.7	3.9	4.6	4.1	-	4.3
- Bulgaria	0.1	2.9	-10.1	-6.9	3.4	2.4	4.5	5.4	4.9	4.9	-	4.5
- Czech Republic	0.3	6.4	3.9	1.0	-2.3	-0.2	1.8	2.5	3.1	3.0	-	3.7
- Estonia	0.0	4.3	3.9	10.6	4.0	-1.1	4.0	6.2	5.5	6.3	-	6.4
- Hungary	0.3	1.5	1.3	4.6	5.1	4.5	4.7	5.4	5.1	5.5	-	5.2
- Latvia	0.0	-0.8	3.3	8.6	3.6	-1.4	2.5	3.6	3.9	4.5	-	4.9
- Lithuania	0.1	3.3	4.7	7.3	5.1	-4.1	2.2	2.3	3.4	3.2	-	3.9
- Poland	0.8	7.0	6.0	6.8	4.8	4.1	5.1	5.1	5.5	5.0	-	4.8
- Romania	0.3	7.1	3.9	-6.1	-5.4	-3.2	-0.6	1.4	2.8	1.9	-	2.4
- Slovakia	0.1	6.9	6.6	6.5	4.4	1.9	2.2	2.0	3.3	3.1	-	4.1
- Slovenia	0.1	4.1	3.5	4.6	4.0	4.9	4.1	4.3	4.1	4.2	-	4.3
FSU (excl. Baltics)	3.6	-5.8	-3.5	1.0	-3.0	2.9	1.4	5.2	2.5	3.7	-	4.1
- Russia	2.5	-4.1	-3.6	0.9	-4.8	3.2	1.3	5.8	2.5	3.5	-	4.0
- Ukraine	0.4	-12.2	-10.1	-3.2	-1.7	-0.4	0.5	2.5	2.0	2.8	-	3.3
- Other FSU (10 states)	0.7	-5.9	1.0	4.0	2.9	3.9	2.0	4.8	2.8	4.8	-	4.6
OPEC	4.7	4.7	5.2	4.0	-4.1	0.9	4.0	4.1	4.2	4.5	-	4.9
- Indonesia	2.0	8.2	7.8	4.7	-13.2	0.2	3.8	4.0	4.0	4.0	-	5.0
Other developing economies	30.4	7.1	6.8	6.1	4.3	5.0	5.4	5.0	5.5	5.7	-	6.1
- DAE's	3.1	7.5	6.0	3.3	-3.0	4.8	5.2	6.5	5.3	4.9	-	5.9
Hong Kong	0.4	3.9	4.5	5.3	-5.1	3.0	3.8	8.7	4.1	4.4	-	5.1
- Other Asia	18.5	8.9	8.2	6.9	6.7	6.4	6.3	5.5	6.2	6.5	-	6.9
China	12.0	10.5	9.5	8.8	7.8	7.1	6.9	7.7	6.9	7.1	-	7.5
India	4.4	8.0	7.3	5.0	5.8	5.8	6.0	6.6	6.2	6.2	-	6.3
- Latin America	5.9	4.0	3.3	4.6	1.2	1.1	2.9	3.5	3.6	4.3	-	4.4
Brazil	2.9	4.2	2.7	3.6	-0.1	1.0	3.0	3.9	3.6	4.5	-	4.3
- Africa	2.9	3.5	5.7	3.6	3.9	3.8	4.5	3.5	4.8	4.1	-	4.7
Total Non-OECD	41.0	5.6	5.5	5.3	2.6	4.1	4.9	4.9	5.1	5.3	-	5.7
World	100.0	3.7	4.2	4.2	2.6	3.5	4.0	4.4	3.9	4.0	-	4.1
World excluding EU-15	79.9	4.1	4.8	4.7	2.5	3.8	4.1	4.7	4.1	4.3	-	4.4

(a) Relative weights, based on GDP (at constant prices and pps) in 1999.

TABLE 55 : World exports of goods, volume (percentage change on preceding year, 1995-2002) 26.10.2000

							2000 estimate of		2001 forecast of		2002 forecast of	
	(a)	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
EU-15 (b)	38.8	9.0	4.5	10.1	6.2	4.2	8.6	11.2	7.1	9.0	-	7.9
Euro area (b)	31.4	8.9	4.1	10.5	7.1	4.3	8.9	11.6	5.8	9.3	-	8.0
USA	12.5	11.9	8.7	14.5	2.2	4.0	6.7	11.0	6.8	9.7	-	9.6
Japan	7.4	6.0	5.5	9.0	-1.5	5.0	7.6	8.2	4.0	6.2	-	8.1
Canada	4.3	9.5	5.5	9.1	8.5	10.8	3.7	13.3	2.8	10.5	-	7.1
Rest OECD	9.3	21.2	12.3	14.2	8.4	9.5	7.9	12.5	6.9	7.8	-	7.8
- Norway	0.8	6.3	10.4	6.5	-0.8	2.2	7.1	5.7	6.4	6.8	-	6.2
- Switzerland	1.4	2.6	2.0	7.9	5.2	4.6	6.9	8.5	6.2	5.6	-	6.2
- Iceland	0.0	-2.0	-5.1	19.0	10.5	7.8	6.2	6.2	5.2	5.2	-	5.2
- Turkey	0.5	6.9	27.5	2.2	8.2	-5.4	6.5	7.0	8.5	7.5	-	7.8
- Australia	1.3	2.6	12.2	8.1	0.1	5.8	9.0	12.0	7.2	9.5	-	8.5
- New Zealand	0.2	2.9	4.7	5.0	0.2	2.8	7.5	10.0	7.5	7.5	-	7.0
- Mexico	2.4	48.8	8.1	14.3	10.9	13.9	5.0	14.0	4.5	7.0	-	7.0
- Korea	2.6	24.9	20.4	26.1	15.7	16.0	11.0	17.0	9.0	9.5	-	9.7
Total OECD	72.4	10.8	6.4	11.2	5.2	5.3	7.8	11.2	6.5	8.8	-	8.2
OECD excluding EU-15	33.6	12.9	8.6	12.5	3.9	6.6	6.8	11.1	5.7	8.5	-	8.5
Europe Agreement Countries	2.2	16.0	4.7	13.9	10.4	1.8	7.8	12.5	8.5	9.5	-	9.4
- Bulgaria	0.1	-	-	-	-22.7	-4.6	10.1	19.0	9.0	14.1	-	13.1
- Czech Republic	0.5	17.3	6.2	13.7	13.8	8.8	6.5	11.5	7.0	11.0	-	10.8
- Estonia	0.0	6.5	0.9	35.7	18.2	-5.0	6.7	29.0	7.3	10.0	-	8.0
- Hungary	0.4	14.0	8.4	29.9	17.8	9.8	13.3	15.9	14.3	14.3	-	14.3
- Latvia	0.0	35.1	4.4	24.6	7.0	-2.0	3.0	3.6	4.6	4.0	-	4.1
- Lithuania	0.1	-	-	18.4	-9.8	-22.2	5.8	19.6	7.4	9.1	-	8.6
- Poland	0.6	22.8	3.5	5.0	10.6	-6.4	6.4	6.0	7.0	6.5	-	6.8
- Romania	0.2	15.3	3.1	11.9	6.3	8.8	5.0	19.0	6.7	8.0	-	8.3
- Slovakia	0.2	7.9	3.3	3.3	11.7	5.3	7.9	20.2	8.9	8.6	-	7.9
- Slovenia	0.2	3.0	2.6	13.0	9.0	2.6	6.0	8.0	6.0	7.0	-	7.0
FSU (excl. Baltics)	1.9	11.9	8.3	-1.0	-5.6	1.3	2.8	6.9	4.3	4.6	-	5.3
- Russia	1.3	8.5	6.9	-2.3	-3.2	4.5	-0.4	3.1	2.0	4.0	-	5.6
- Ukraine	0.3	6.4	8.0	-6.5	-6.8	-4.5	11.8	11.8	9.8	6.9	-	4.9
- Other FSU (10 states)	0.3	34.6	14.2	8.4	-12.5	-5.8	6.4	18.2	8.6	5.0	-	4.9
OPEC	4.1	4.7	3.6	7.9	-6.0	-4.5	6.9	7.1	6.3	6.7	-	6.4
- Indonesia	0.9	3.4	0.0	18.0	14.7	-15.8	11.0	10.2	8.0	9.4	-	9.3
Other developing economies	19.4	11.4	10.6	14.7	4.6	6.3	7.9	9.5	7.6	7.8	-	8.2
- DAE's	9.5	11.7	4.6	7.0	0.2	4.9	8.1	9.7	7.9	8.0	-	8.7
Hong Kong	3.2	11.2	4.4	5.8	-3.9	3.0	6.7	10.2	8.4	8.0	-	9.0
- Other Asia	5.9	15.6	16.0	16.5	12.7	9.9	8.9	10.6	8.1	8.9	-	9.0
China	3.4	16.1	20.5	25.8	14.0	9.8	10.0	12.0	11.0	9.5	-	9.5
India	0.6	29.4	13.1	-7.0	8.3	14.0	8.0	9.0	8.0	9.0	-	9.5
- Latin America	2.7	10.6	2.8	15.4	4.4	3.5	5.8	8.5	6.1	5.9	-	5.8
Brazil	0.9	1.6	2.1	15.8	4.1	-1.1	7.0	9.0	6.0	6.0	-	6.0
- Africa	1.4	1.2	8.7	7.2	2.1	6.1	6.2	5.1	6.6	5.3	-	6.0
Total Non-OECD	27.6	10.8	8.9	12.5	2.8	4.0	7.4	9.2	7.3	7.5	-	7.8
World	100.0	10.8	7.1	11.6	4.5	5.0	7.7	10.6	6.7	8.4	-	8.1
World excluding EU-15	61.2	11.9	8.7	12.5	3.4	5.4	7.1	10.2	6.4	8.1	-	8.2

(a) Relative weights, based on exports (at current prices and current exchange rates) in 1999.
(b) Intra- and extra-EU trade.

TABLE 56 : Export shares in EU trade (goods only - 1999)

	EU-15	USA	Japan	Canada	Rest OECD	EAC	FSU	OPEC	DAE's	Other Asia	Latin America	Africa	World
EU-15	61.6	9.1	1.9	1.1	8.2	3.8	1.3	2.3	3.2	3.4	1.8	2.2	100
Belgium	74.7	6.0	1.3	0.6	4.6	1.8	0.7	1.5	2.1	4.3	1.0	1.5	100
Denmark	64.5	6.2	3.0	0.8	11.2	4.0	1.7	1.9	2.2	2.3	1.2	1.1	100
Germany	56.1	9.7	2.2	0.9	10.7	5.8	1.7	2.1	3.4	3.6	1.9	1.8	100
Greece	63.7	6.8	0.7	0.7	6.0	6.3	3.5	3.2	1.5	3.4	1.1	3.1	100
Spain	70.6	5.6	1.2	0.6	4.8	1.7	0.6	3.4	1.7	2.4	4.0	3.2	100
France	63.9	8.1	1.7	1.1	6.6	2.2	0.8	2.7	3.9	3.7	1.5	3.8	100
Ireland	66.8	13.2	3.5	1.2	5.8	1.1	1.2	1.1	2.4	1.6	1.0	1.1	100
Italy	54.9	10.0	2.3	1.1	9.1	4.9	1.7	2.9	3.7	3.8	2.9	2.7	100
Luxembourg (a)	-	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	77.5	4.7	0.9	0.5	5.2	2.1	1.0	1.2	2.6	2.2	0.9	1.2	100
Austria	61.9	5.2	1.4	1.1	9.8	11.3	2.1	2.0	1.6	1.5	1.0	1.1	100
Portugal	83.2	5.3	0.6	0.7	4.1	0.6	0.2	0.5	0.6	1.3	1.5	1.3	100
Finland	53.9	7.6	2.3	1.0	8.6	6.7	7.1	2.3	4.1	3.3	1.5	1.6	100
Sweden	55.4	10.8	2.6	1.4	12.9	3.1	1.1	2.3	3.4	3.4	2.1	1.5	100
United Kingdom	56.3	14.1	2.1	2.3	7.9	2.0	0.7	2.7	4.3	3.8	1.3	2.3	100

(a) Included in the figures for Belgium.

TABLE 57 : World imports of goods, volume (percentage change on preceding year, 1995-2002) 26.10.2000

							2000 estimate of		2001 forecast of		2002 forecast of	
	(a)	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
EU-15 (b)	37.4	7.8	3.5	9.3	9.8	6.3	8.0	10.2	7.2	8.6	-	8.0
Euro area (b)	29.2	8.1	2.5	9.3	10.1	6.5	8.3	10.5	6.0	8.9	-	8.2
USA	18.8	9.0	9.4	14.2	11.8	12.5	9.0	13.7	5.5	8.5	-	6.9
Japan	5.1	11.4	10.0	2.4	-4.9	10.6	5.3	7.9	9.2	7.6	-	11.1
Canada	3.9	7.5	6.0	17.1	7.3	10.5	3.6	14.8	3.5	10.7	-	7.7
Rest OECD	9.2	8.7	10.1	11.6	1.1	11.0	10.2	12.8	9.0	9.6	-	8.8
- Norway	0.6	8.8	10.8	10.2	9.4	-6.5	2.6	2.1	7.2	9.0	-	7.8
- Switzerland	1.5	4.0	2.5	7.8	9.5	6.0	6.9	7.8	6.4	5.8	-	6.5
- Iceland	0.0	6.0	15.8	3.9	28.6	16.4	7.2	7.2	5.3	5.3	-	5.3
- Turkey	0.7	28.5	18.6	19.2	0.2	-11.8	8.8	15.4	7.0	8.5	-	7.0
- Australia	1.4	9.2	6.9	6.4	6.9	8.2	8.0	10.0	8.5	9.7	-	8.0
- New Zealand	0.2	6.0	3.5	3.5	2.5	13.0	5.0	7.0	5.0	6.0	-	7.0
- Mexico	2.5	-4.3	12.2	22.9	15.2	12.8	11.0	14.0	11.0	11.0	-	11.0
- Korea	2.1	21.2	12.7	3.1	-29.2	27.0	18.6	20.0	11.5	11.5	-	9.5
Total OECD	74.4	8.5	6.4	10.7	8.1	9.0	8.1	11.5	6.9	8.7	-	8.0
OECD excluding EU-15	37.0	9.1	9.3	12.2	6.3	11.7	8.2	12.8	6.7	8.9	-	8.1
Europe Agreement Countries	2.6	18.1	17.8	14.6	13.6	1.6	6.4	9.7	7.5	8.3	-	8.6
- Bulgaria	0.1	-	-	-	-1.9	11.1	5.9	13.2	7.1	10.2	-	11.5
- Czech Republic	0.5	26.9	12.4	10.6	8.7	6.0	5.2	10.0	6.5	9.8	-	9.6
- Estonia	0.1	5.9	6.9	33.8	11.8	-8.1	6.1	24.8	6.8	10.8	-	8.9
- Hungary	0.4	-0.5	11.7	26.4	23.7	11.1	12.9	14.6	14.1	14.1	-	14.0
- Latvia	0.0	61.6	9.3	13.5	32.3	-5.6	2.7	2.9	4.0	3.2	-	3.3
- Lithuania	0.1	-	-	24.7	-2.6	-19.6	4.3	11.3	5.4	6.8	-	7.2
- Poland	0.8	22.7	31.9	16.6	13.0	-0.7	5.2	5.0	5.5	5.0	-	5.5
- Romania	0.2	16.3	8.7	7.5	19.1	-4.8	2.2	15.3	5.6	8.3	-	9.0
- Slovakia	0.2	12.5	22.9	-5.9	9.9	-3.5	4.8	11.0	7.8	8.8	-	9.1
- Slovenia	0.2	13.1	2.4	12.5	16.8	7.6	6.8	6.0	6.1	6.8	-	6.8
FSU (excl. Baltics)	1.4	6.2	4.7	7.3	-11.6	-17.3	2.8	10.4	4.0	8.2	-	7.8
- Russia	0.7	1.7	-10.0	15.0	-12.0	-13.2	2.5	13.9	3.0	9.3	-	8.7
- Ukraine	0.3	1.6	13.5	-6.5	-14.7	-22.1	-0.9	4.3	5.7	5.6	-	6.9
- Other FSU (10 states)	0.4	20.3	20.7	10.5	-8.3	-20.3	5.7	8.7	3.8	7.9	-	6.5
OPEC	2.9	8.9	2.1	13.4	-5.6	-4.7	7.3	7.2	6.3	7.2	-	6.9
- Indonesia	0.6	16.2	7.0	11.0	-26.8	-9.9	15.0	11.1	9.0	9.0	-	9.0
Other developing economies	18.8	12.4	6.7	8.3	-0.9	2.4	8.9	8.8	8.3	8.2	-	8.2
- DAE's	8.7	14.1	1.8	6.4	-9.6	2.8	8.1	8.6	7.7	7.9	-	8.6
Hong Kong	3.5	13.6	4.3	7.7	-6.9	2.2	6.0	7.8	8.1	7.7	-	8.7
- Other Asia	5.4	10.5	14.9	7.4	3.1	8.6	12.4	12.0	9.9	10.0	-	9.0
China	2.6	6.2	19.4	9.2	11.2	9.7	16.0	15.0	13.0	12.0	-	10.0
India	0.8	27.4	10.6	6.0	-1.2	2.8	11.0	10.5	10.0	9.0	-	9.5
- Latin America	2.9	10.0	9.4	17.5	10.3	-13.2	6.7	5.1	7.3	6.8	-	7.0
Brazil	1.1	23.5	15.8	14.7	5.9	-17.6	7.0	2.5	8.5	7.5	-	7.5
- Africa	1.7	10.8	9.7	6.2	9.9	7.2	6.5	6.3	8.4	6.4	-	5.9
Total Non-OECD	25.6	12.3	7.2	9.5	-0.5	0.5	8.1	8.8	7.8	8.1	-	8.1
World	100.0	9.4	6.6	10.4	5.9	6.8	8.1	10.8	7.2	8.6	-	8.1
World excluding EU-15	62.6	10.4	8.4	11.1	3.5	7.1	8.2	11.2	7.1	8.6	-	8.1

(a) Relative weights, based on imports (at current prices and current exchange rates) in 1999.
(b) Intra- and extra-EU trade.

TABLE 58 : Import shares in EU trade (goods only - 1999)

	EU-15	USA	Japan	Canada	Rest OECD	EAC	FSU	OPEC	DAE's	Other Asia	Latin America	Africa	World
EU-15	62.5	7.6	3.3	0.7	6.5	3.6	1.7	2.6	4.4	3.7	1.5	1.8	100
Belgium	75.8	6.2	2.2	0.6	3.2	1.5	1.0	0.8	1.8	3.6	1.2	2.3	100
Denmark	71.8	5.1	2.2	0.4	8.2	3.5	1.1	0.5	3.2	2.4	1.4	0.3	100
Germany	56.8	7.2	4.6	0.7	8.4	7.5	2.4	1.6	4.5	3.8	1.5	1.0	100
Greece	65.8	3.3	2.8	0.4	5.5	3.6	3.2	4.3	2.0	4.6	1.4	3.1	100
Spain	67.0	6.0	2.5	0.4	4.3	1.2	1.2	5.3	2.3	4.3	2.5	2.9	100
France	64.6	7.9	2.9	0.6	5.5	1.9	1.6	3.2	3.6	4.3	1.5	2.6	100
Ireland	59.4	15.6	4.9	0.7	3.9	0.7	0.1	0.2	10.8	2.4	0.5	0.8	100
Italy	62.5	4.7	1.7	0.9	6.3	4.0	2.9	5.8	2.0	4.4	1.9	2.8	100
Luxembourg (a)	-	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	61.9	8.1	3.4	0.5	5.0	2.2	1.1	4.3	6.5	3.4	2.1	1.4	100
Austria	70.9	4.2	2.1	0.6	4.2	8.8	1.9	1.7	2.1	2.0	0.5	0.9	100
Portugal	74.6	2.9	1.9	0.3	3.7	0.5	1.0	4.2	1.4	3.7	2.1	3.6	100
Finland	61.5	7.1	4.5	0.6	6.9	3.8	7.7	0.4	3.2	2.0	1.7	0.5	100
Sweden	70.3	5.8	2.2	0.4	9.5	3.6	0.7	1.1	3.5	1.6	0.8	0.5	100
United Kingdom	54.9	12.4	4.4	1.3	8.3	1.6	0.8	1.4	8.5	3.7	1.3	1.4	100

(a) Included in the figures for Belgium.

TABLE 59 : World trade balances (fob-fob, bn. US dollars, 1994-2002) 26.10.2000

							2000 estimate of		2001 forecast of		2002 forecast of	
	1994	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
EU-15	63.3	120.1	146.6	151.8	125.5	81.2	81.6	32.1	98.2	33.6	-	48.8
EU-15, adjusted	-	-	-	84.4	52.2	20.4	32.7	-21.1	49.2	-18.0	-	-2.8
Euro area	76.4	130.7	158.5	165.3	162.0	120.7	118.6	72.5	114.5	57.2	-	73.2
Euro area, adjusted	-	-	-	131.3	122.5	88.9	85.8	44.6	103.1	30.2	-	46.2
USA	-167.1	-173.8	-189.9	-196.2	-248.5	-349.4	-430.7	-454.4	-461.0	-492.2	-	-513.8
Japan	144.1	131.2	83.6	101.7	121.0	131.6	156.5	109.9	154.1	112.4	-	112.7
Canada	14.9	25.8	31.1	17.2	12.9	22.3	15.9	34.4	14.9	37.9	-	39.6
Rest OECD	-18.8	-4.8	-5.9	41.4	9.4	11.6	38.4	45.4	20.9	39.2	-	27.1
- Norway	6.8	7.9	12.3	11.2	1.5	10.6	18.2	18.7	16.6	18.8	-	18.1
- Switzerland	1.6	0.9	0.9	-0.3	-0.5	-0.3	-2.9	-1.4	-3.2	-1.8	-	-2.3
- Iceland	0.3	0.2	0.0	-0.3	-0.6	-0.5	-0.1	-0.5	0.0	-0.4	-	-0.3
- Turkey	-4.2	-13.2	-10.6	-20.4	-10.7	-10.4	-17.0	-15.4	-17.2	-17.7	-	-19.0
- Australia	-3.3	-4.2	-0.6	-2.9	-8.7	-8.4	-3.4	-1.7	-6.2	-1.1	-	-1.8
- New Zealand	1.4	0.9	0.6	-1.9	-0.2	-0.4	-2.2	-1.0	-1.7	-0.8	-	-0.6
- Mexico	-18.5	7.1	6.5	-4.0	-9.8	-7.6	15.3	25.9	-0.7	23.3	-	9.0
- Korea	-2.9	-4.4	-15.0	60.0	38.3	28.7	30.5	20.7	33.3	18.9	-	24.1
Total OECD	36.5	98.5	65.6	115.9	20.2	-102.7	-138.1	-232.5	-172.9	-269.1	-	-285.7
OECD excluding EU-15	-26.9	-21.5	-81.0	-35.9	-105.3	-183.9	-219.8	-264.7	-271.1	-302.7	-	-334.5
Europe Agreement Countries	-6.6	-13.7	-25.0	-16.6	-25.1	-25.2	-22.2	-25.4	-22.7	-27.0	-	-28.2
FSU (excl. Baltics)	34.8	40.9	45.0	36.5	7.7	31.1	46.1	49.5	47.3	47.0	-	43.9
OPEC	53.6	57.6	91.6	45.0	75.8	70.1	121.6	158.6	113.4	176.3	-	163.9
Other developing economies	-24.2	-46.4	-46.3	-20.1	31.6	37.2	33.5	50.6	32.6	45.4	-	54.2
- DAE's	0.6	-12.9	-3.7	0.4	48.6	42.5	68.7	51.4	80.2	54.3	-	64.7
- Other Asia	-15.5	-10.1	-14.6	16.6	30.5	26.0	0.2	20.3	-6.0	14.7	-	16.4
- Latin America	-2.3	-11.6	-16.3	-24.9	-31.6	-12.7	-17.4	-2.6	-20.5	-2.5	-	-4.3
- Africa	-7.0	-11.8	-11.7	-12.2	-15.9	-18.6	-18.0	-18.5	-21.1	-21.1	-	-22.7
Total Non-OECD	57.6	38.4	65.3	44.8	90.0	113.2	179.0	233.3	170.5	241.7	-	233.8
World	94.1	136.9	130.9	160.7	110.2	10.5	40.9	0.8	-2.4	-27.4	-	-52.0

TABLE 60 : World current account balances (bn. US dollars, 1994-2002)

							2000 estimate of		2001 forecast of		2002 forecast of	
	1994	1995	1996	1997	1998	1999	III-2000	X-2000	III-2000	X-2000	III-2000	X-2000
EU-15	15.3	48.3	86.5	118.3	68.9	35.8	7.5	-24.6	22.3	-31.9	-	-19.6
EU-15, adjusted	-	-	-	94.0	39.6	-0.7	5.2	-56.5	19.9	-62.9	-	-50.5
Euro area	13.2	46.0	79.8	101.2	68.1	50.0	24.3	-6.0	-	-16.8	-	-8.7
Euro area, adjusted	-	-	-	69.6	48.0	-6.0	41.2	-54.9	53.5	-64.3	-	-56.1
USA	-108.3	-98.0	-110.7	-123.1	-199.1	-313.1	-402.2	-424.0	-429.4	-455.8	-	-465.1
Japan	130.9	110.8	65.8	94.5	123.2	108.0	124.4	92.5	125.7	96.9	-	94.8
Canada	-14.2	-2.1	4.4	-8.8	-10.8	-2.3	-5.8	11.3	-5.4	13.3	-	14.4
Rest OECD	-29.2	-8.3	-14.8	-7.1	31.1	21.2	43.2	14.4	26.0	5.0	-	-9.2
- Norway	3.7	4.9	10.2	8.7	-1.9	5.9	13.9	14.2	11.3	13.2	-	11.2
- Switzerland	17.6	21.8	22.4	23.1	20.7	25.1	21.6	21.5	22.4	21.0	-	21.2
- Iceland	0.1	0.1	0.1	-0.1	-0.5	-0.6	-0.5	-0.8	-0.6	-0.8	-	-0.9
- Turkey	2.6	-2.3	-2.4	-9.0	1.9	-1.4	-2.8	-8.9	-1.1	-9.3	-	-9.9
- Australia	-17.3	-19.6	-15.8	-9.3	-11.3	-14.6	-12.5	-10.4	-14.0	-9.7	-	-10.0
- New Zealand	-2.4	-3.1	-4.0	-4.8	-2.6	-4.3	-1.3	0.7	-0.7	0.0	-	0.4
- Mexico	-29.7	-1.6	-2.3	-7.5	-15.7	-13.9	1.8	-15.1	-14.7	-18.1	-	-35.2
- Korea	-3.9	-8.5	-23.0	-8.2	40.6	25.0	23.0	13.2	23.3	8.9	-	14.1
Total OECD	-5.5	50.8	31.3	73.8	13.4	-150.4	-232.9	-330.4	-260.9	-372.3	-	-384.6
OECD excluding EU-15	-20.8	2.5	-55.2	-44.5	-55.5	-186.2	-240.4	-305.9	-283.2	-340.5	-	-365.0
Europe Agreement Countries	-8.4	-8.4	-13.2	-29.2	-46.7	-45.8	-42.8	-45.6	-43.2	-47.1	-	-48.1
FSU (excl. Baltics)	25.2	28.3	33.6	61.5	1.3	53.3	74.5	81.1	75.2	77.0	-	72.3
OPEC	-11.5	-3.1	25.0	15.4	-17.6	13.5	77.4	109.4	66.7	123.8	-	118.3
Other developing economies	-28.3	-72.9	-64.2	-46.3	-4.6	5.3	-6.2	18.2	-17.1	13.6	-	12.6
- DAE's	7.4	-7.6	4.6	9.4	55.8	53.0	78.4	62.9	85.7	66.6	-	76.7
- Other Asia	-5.9	-16.6	-14.1	16.1	23.4	15.1	-9.9	10.2	-16.0	4.7	-	6.4
- Latin America	-23.2	-37.3	-45.1	-61.1	-70.6	-47.5	-65.4	-45.6	-75.5	-46.5	-	-59.3
- Africa	-6.6	-11.4	-9.6	-10.7	-13.2	-15.4	-9.4	-9.4	-11.2	-11.2	-	-11.2
Total Non-OECD	-23.0	-56.1	-18.8	1.4	-67.6	26.2	102.9	163.1	81.7	167.2	-	155.1
World	-28.5	-5.3	12.5	75.2	-54.2	-124.2	-130.0	-167.3	-179.2	-205.1	-	-229.5

TABLE 61 : Primary commodity prices (in US dollars, percentage change on preceding year, 1994-2002) 26.10.2000

SITC Classification	1994	1995	1996	1997	1998	1999	2000 estimate of III-2000	2000 estimate of X-2000	2001 forecast of III-2000	2001 forecast of X-2000	2002 forecast of III-2000	2002 forecast of X-2000
Food (0 + 1)	14.0	7.2	7.4	-5.6	-14.5	-11.7	0.8	-7.2	3.5	2.5	-	2.0
Basic materials (2 + 4)	11.4	9.7	-4.8	-2.1	-14.8	-4.0	8.6	7.3	7.4	4.0	-	2.4
- of which :												
Agricultures non-food	9.6	4.4	-1.2	-5.9	-14.3	-6.3	6.4	4.1	6.9	3.3	-	3.1
- of which :												
Wood and pulp	4.3	2.4	-4.6	-6.4	-13.1	8.8	13.9	8.0	9.3	4.0	-	2.0
Minerals and metals	14.5	18.0	-10.0	3.7	-15.4	-0.8	13.1	11.5	8.2	5.0	-	1.5
Fuel products (3)	-5.1	8.6	16.4	-6.7	-28.4	25.0	34.0	54.1	-11.6	3.8	-	-8.0
- of which :												
Crude petroleum	-7.1	7.8	21.1	-7.5	-33.4	40.0	36.1	62.7	-12.4	3.6	-	-9.2
Primary commodities												
- Total excluding fuels	12.3	8.9	-0.8	-3.4	-14.7	-6.7	4.3	3.7	5.3	3.6	-	2.3
- Total including fuels	3.4	8.6	6.6	-4.9	-21.0	12.3	20.4	33.9	-4.9	3.7	-	-3.9
Crude petroleum - price per barrel (us dollar)												
Brent	15.8	17.1	20.7	19.1	12.7	17.8	24.2	29.0	21.2	30.0	-	27.3

Note on concepts and sources

1. Directorate General "ECFIN" produces, under its own responsibility, short- term economic forecasts twice a year: in the spring and in the autumn. These forecasts cover the principal macroeconomic aggregates for the Member States, the european Union as a whole, the euro area and the international environment. Although the forecasts primarily serve as a support to the internal work of the Commission and its services, they are also published in the Supplement A series "Economic Trends" of "european Economy".

2. Data for 2000, 2001 and 2002 are estimates and projections. The sources for all tables are the Commission services, except where it is stated otherwise. In general, the historical data for the Member States are based on the ESA 95 system. These data start in the late 1980s, early 1990s or in 1995, with the exception of F, I, FIN and the UK, where most data cover longer periods in the past. For the USA and Japan the definitions are as in the SNA.

3. Tables 4 and 5 on final domestic demand and final demand respectively present data including inventories.

4. The trend output gap is calculated with reference to trend GDP obtained with a Hodrick-Prescott filter. The cyclical adjustment of budgetary balances is based on this concept. The potential output gap is calculated with reference to potential output estimated in a production function where the increase in the capital stock plays a key role.

5. Employment data are based on numbers of persons employed. The concept of full-time equivalent is used for the forecasts on the Netherlands, Italy, Spain and the USA from 2000.

6. The nominal short term interest rates are defined as the 3-month interbank rates. The nominal long term interest rates are defined as the central government benchmark bond of 10 years from 1995.

7. EU-15 and euro area data are generally aggregated using Purchasing Power Standards (PPS). For aggregates at constant prices, PPS weighted national currency is used. In the tables on world trade and international payments, the aggregation is done on the basis of current exchange rates. Tables 48 - 51, 59 and 60 show also EU-15 and euro area "adjusted" balances. Theoretically, balances of EU-15 and euro area vis-à-vis third countries should be identical to the sum of the balances of the individual countries in the EU-15 or euro area aggregate. However, intra-EU-15 or intra euro area balances are, due to reporting errors, non-zero. The creation of the internal market in 1993 reduced border controls and formalities, and thereby the scope and precision of intra-EU trade coverage. Typically, intra-EU imports are underestimated compared to intra-EU exports, leading to an overestimation of the surplus. The "adjusted" balances are eurostat (for EU-15) and ECB (for euro area) estimates for the past. For the future, they are ECFIN's forecasts based on the extrapolation of the discrepancies observed in 1999.

8. The allocation of mobile phone licences (UMTS) impacts strongly on the general government accounts for some countries in 2000 and 2001. Tables 35, 37 and 39 include the amounts from the sale of the licences, while the cyclically adjusted balances in tables 40 and 41 exclude these amounts.

9. German, EU-15 and euro area figures concern unified Germany from 1991 onwards; for percentage changes from 1992 onwards.

10. Geographical zones are defined as follows :
euro area :
EUR-11 (EU-15 excluding DK, EL, S and the UK) up to 2000.
EUR-12 (EU-15 excluding DK, S and the UK) from 2001 onwards.
OECD :
EU, Australia, Canada, Iceland, Japan, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey and USA.
Rest OECD :
Australia, Iceland, Korea, Mexico, New Zealand, Norway, Switzerland and Turkey.
Europe Agreement Countries (EAC) :
Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.
OPEC :
Algeria, 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, Korea, Kuwait, Qatar, Saudi Arabia and UAE.
Latin America :
all except Mexico and Venezuela.
Africa :
all except Algeria, Libya and Nigeria.

Principal economic policy measures – September and October 2000

Community (EU-15)

5.10. The Governing Council of the ECB decided

- to raise the minimum bid rate on the main refinancing operations by 0.25 percentage points to 4.75 % (effective 11 October);
- to raise the interest rate on the marginal lending facility and on the deposit facility by 0.25 percentage points to 5.75 % and 3.75 %, respectively (effective 6 October).

Belgium (B)

17.10. The government submits the 2001 budget to Parliament. The budget law aims to reach a general government surplus (EMU definition) of 0.2% of GDP, compared to a deficit of 0.1% this year. BEF 16 billion are available for new policy initiatives in 2001, BEF 46 billion in 2002, BEF 85 billion in 2003, BEF 109 billion in 2004 and BEF 155 billion in 2005.

Denmark (DK)

5.9. The Nationalbank lowers the lending rate by 0.1% to 5.0% with effect from 6 September.

26.9. The Nationalbank raises the lending rate by 0.1% to 5.1% with effect from 27 September.

29.9. The Nationalbank raises the lending rate by 0.5% to 5.6% with immediate effect.

5.10. Following the interest rate changes on the main refinancing operations of the ECB, the Nationalbank changes its main steering interest rates accordingly with effect from 6 October; the discount rate is raised by 0.25% to 4.75%.

13.10. The Nationalbank lowers the lending rate by 0.1% to 5.5%.

27.10. The Nationalbank lowers the lending rate by 0.1% to 5.4%.

Germany (D)

22.9. The government approves a DEM 2.9 billion compensation package to offset steep rises in energy prices. There will be additional tax breaks for all commuters, not just motorists. The allowance will rise from 70 Pfennigs per kilometre for car drivers to 80 Pfennigs per kilometre eligible for all commuters, i.e. independent of the means of transport used. German Minister of Finance, Mr Eichel, estimates the tax-relief for commuters to amount to an extra budgetary cost of DEM 1.8 billion. Other measures decided include extra help for poorer families and students with their heating bills. A one-off payment of DEM 5 per square metre of residential floor area will be paid to people eligible for housing allowance, social welfare allowance and education and training allowances. This package is expected to cost DEM 1.1 billion. Compensation measures will require approval by the Bundesrat. Tax-relief is intended to come into force on 1.1.2001.

11.10. The government adopts the updated Stability Programme. Germany plans to reduce its deficit in Maastricht terms from -1.5% of GDP in 2001 to a balanced budget in 2004. The new Stability Programme foresees a budget surplus in 2000 amounting to 1.5% of GDP. This is the result of euro 51 billion in proceeds from the auctioning of UMTS licences. Without the UMTS licence revenues, Germany would have a deficit of 1% of GDP this year. The projected deficit of 1.5% of GDP in 2001 results in part from planned corporate and income tax cuts due to take effect next year as part of a tax reform package 1999-2005. The new update confirms that the UMTS revenues will be used to reduce debt to 60% of GDP in 2000 and underlines that at least part of the resulting savings in interest payments will be used to increase spending on education and infrastructure.

Greece (EL)

6.9. The Bank of Greece lowers its key intervention rates by 75 basis points:

- the Lombard rate to 8.25%;
- the 14-day deposit rate to 7.50%;
- the overnight rate to 6.50%.

Spain (E)

22.9. The government approves the draft budget for 2001 which will be discussed in parliament in the coming months. The official GDP growth forecast for 2000 is 4.0%, 3.6% for 2001. The general government deficit is targeted at 0.4% of GDP for 2000 and 0.0% for next year.

7.10. The government approves the complementary draft budget law. This regulation contains some fiscal measures such as: i) an increase in the legal minimum level of earned income requiring the submission of a tax return and ii) frozen excise duty rates.

France (F)

20.9. The government presents the draft budget for 2001. This budget involves a reduction of the deficit-to-GDP ratio to 1.0% (excluding the impact of the mobile phone licence cessions), after 1.4% in 2000, and is based on GDP growth of 3.3% in 2001.

Ireland (IRL)

None.

Italy (I)

30.9. The government unveils the budget law for 2001. The target for the general government deficit is now 0.8% (previously it was 1.0%). To reach this objective the law introduces corrective measures (expenditure cuts) amounting to some 0.4% of GDP. Moreover, the budget law foresees tax cuts of about 1.0% of GDP thanks to higher than expected tax receipts. Part of these tax cuts (about 0.6% of GDP) will be effective from this year.

Luxembourg (L)

1.9. The government presents a draft tax reform bill. In 2001 income tax rates will be cut to reduce the tax burden on labour. In 2002 company tax rates will also be lowered.

Netherlands (NL)

19.9. The government submits the 2001 budget to Parliament. The draft budget foresees a general government surplus of 0.7% of GDP against 1% this year (1.7% including the revenues from the UMTS licences auction).

Austria (A)

16.10. The federal government and the Länder agree on a new financial equalisation scheme. Under the new scheme, Länder must reach an annual surplus of 0.75% of GDP, which is substantially higher than their budgetary outcomes in the past.

17.10. The Minister of Finance presents the draft budget for 2001 to Parliament. He announces a restrictive fiscal course with consolidation measures amounting to some 1.3% of GDP in the year 2001. Except for a major pension reform, planned savings stem to a very large extent from the revenue side.

Portugal (P)

13.9. The government is reshuffled. The finance and economics ministry is split into two separate ministries (i.e. it returns to its previous format).

29.9. The government decides to subsidise scrapping of cars which are older than 10 years. The premium amounts to between € 750 and € 1 000.

Finland (FIN)

4.9. The 2001 budget proposal with expenditure of FIM 196.6 billion agreed in August is presented to Parliament. Budgetary revenue is forecast to grow 4.8% to FIM 209.2 billion. In the personal income tax proposals the lowest bracket is abolished and tax concessions targeted on low incomes. Taxes on earned income are reduced by an average 1.5% percentage points.

The Stability Programme update is presented to Parliament. The programme, extending to 2004, foresees central government surpluses of just under 1½% of GDP p.a. in 2000-03 (compared with a deficit of 0.8% in 1999) rising to 1.9% in 2004 and general government surpluses of around 4½% of GDP (1999, a surplus of 1.9%). General government debt declines from 46.6% of GDP at end-1999 to 32.2% at end-2004. The economic projections foresee growth of 5.2% in 2000 decelerating to 4.2% in 2001, 3.2% in 2002 and 2.7% in 2003 and 2004. Following the real income tax reductions of 0.6% of GDP proposed for 2001, a further ½% of GDP of reductions are foreseen for 2002 and 2003.

12.9. The government reaches agreement on a second supplementary budget for 2000. Forecast general revenue increases FIM 2 billion, of which FIM 0.7 billion is from taxes and an equivalent amount is repayment of capital support to banks. An extra FIM 6 billion is allocated to debt reduction, bringing the total for the year to FIM 23 billion.

22.9. The government introduces to Parliament a bill to rescind the fourth instalment of lorry excise duties for the year 2000. This amounts to between FIM 900-3 300 per lorry this year, depending on vehicle weight. The total revenue cost will be about FIM 100 million.

Sweden (S)

20.9. The government presents the budget for 2001:

- The budget surplus is expected to increase and reach 3.4% of GDP in 2000 and 3.5% of GDP in 2001.
- The expenditure ceilings on central government expenditure are maintained and measures to restrain expenditure in 2000 are proposed in order to ensure adherence to these.
- Further tax cuts are being proposed for 2001, totalling SEK 15 billion. Of these, cuts in income tax amount to about SEK 12 billion.
- Wealth and corporate taxes are being reduced, while energy taxes are being increased, in order to finance educational measures in firms (green tax swap).
- The ratable values of property are to be adjusted in 2001 and property tax rates reduced to counter this.
- Reforms, within the expenditure ceilings, in the fields of work promotion, education, childcare, and healthcare are proposed.

United Kingdom (UK)

None.