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Autumn 2001: Economic Forecasts 2001 – 2003

Economic growth in the EU has been decelerating in 2001, but will rebound in 2002. The euro area economy is likely to face a very weak year end and to grow at only 1.6% this year on average. Next year's growth performance is not expected to be better on average, notwithstanding a gradual recovery in 2002 which will gain steam throughout 2003. After the 1999-2000 oil price hike, a sudden increase in food prices in the first half of 2001 gave a boost to inflation that eroded the purchasing power of households and private consumption. Exports faced an abrupt deceleration in global trade growth, mainly stemming from the marked US slowdown. At the same time, investment was hit by a squeeze in profit margins, weak demand, and the bursting of the bubble in the information and communication technology sector. On top of the unfolding slowdown, the 11 September terrorist attack worsened the outlook as it created a feeling of insecurity and uncertainty. Weak growth will lead to the first increase in unemployment since 1997, but strong growth in 2003 will bring it down again to below its 2001 rate. Inflation is forecast to be back below 2% as from the first quarter of 2002 on. Fiscal consolidation in the euro area as a whole will temporarily stall, as the cyclical adjusted deficit remains unchanged for the euro-area as a whole in 2001 and is forecast to improve marginally in 2002.

1. Unusual uncertainty during a rare synchronous slowdown

The degree of uncertainty surrounding the outlook is unusually high, not in the least because of the terrorist attack in the US on 11 September. However, all major regions in the world were experiencing a growth slowdown already before the attack. The main factors behind the slowdown were common to the major regions: the bursting of the bubble in the sector of information and communication technology (ICT), the halt in global trade growth and the effects of the previously enacted interest rate increases, following the hike in oil prices in 1999-2000. The transmission of these shocks was more rapid than in the past due to increased integration of financial markets and internationalisation of firms. The downturn propagated itself in a synchronised way leading to a self-reinforcing fall in aggregate demand.

On top of the unfolding slowdown, the terrorist attack worsened the outlook. It created a world-wide feeling of insecurity, which is negative for economic activity as firms and households tend to take a "wait and see" attitude. International trade is set to be negatively affected as transport costs and insurance premiums increased. Investment is likely to be negatively affected due to the general increase in risk aversion. Households increase their precautionary savings and scale back their spending, in particular on durable consumer goods. Putting all this together means that the global slowdown will be deeper and longer than initially anticipated. World growth is expected to be very low, at 2.1% and 2.2% in 2001 and 2002, before recovering to 3.7% in 2003. Reflecting low import elasticity, world import growth

would also be very subdued, at 0.9% in 2001 and 1.8% in 2002, before jumping to 6.1% in 2003.

2. Recovery in 2002 foreseen after a pronounced deceleration this year

Under the conditions of an unaffected oil supply and of absence of major international crises, a global recovery is expected for 2002. The recovery will be supported by a return of confidence, that will be helped by a diminishing feeling of insecurity and by very low interest rates.

The euro area economy is likely to grow at only 1.6% this year. Next year's growth performance is not expected to be better. As the euro area economy is free of major imbalances, a turnaround could start relatively early in 2002, but the recovery would be moderate. Not much support from exports can be expected in the initial phase of the recovery. For a strong recovery to take hold, an improvement in external demand is necessary.

Among the larger countries, Germany experiences the largest downward growth revision and is likely to grow by less than 1 % in 2001, which is also the case of Finland, an economy hard hit by the slump in the ICT sector. Thanks to an investment and spending boom linked to the organisation of the Olympic games, Greece is likely to continue enjoying a strong expansion. Growth will also decelerate in Ireland, Luxembourg and Spain but will stay significantly above the EU average. France resists well and is expected to realise this year an average growth rate of 2 %, while Italy will achieve a similar rate of growth. The United Kingdom will grow clearly above the EU average. Particularly vulnerable to the slowdown in international trade, the small open economies of the EU realise only average growth rates of at most 1.5 % this year.

Higher inflation has dented the purchasing power of households and has, as a result, put a brake on private consumption growth. Since June 2001, inflation is declining again and this movement is expected to continue. Low inflation will, together with low interest rates and the earlier agreed tax cuts, support private consumption. These factors should be strong enough to counter the negative effect of the foreseen rise in unemployment.

Investment growth has been hampered by weak demand and a squeeze in profits, due to rising input prices. Going forward, a recovery in external and domestic demand, contained production costs and low interest rates will support investment. Moreover, the euro area industry is still operating at a relatively high capacity utilisation rate. This implies that an increase in demand will quickly have to be met by increased investment.

3. Unemployment to rise for the first time since 1997

Employment creation is expected to be less buoyant over the forecast horizon. In the three-year period 2001-2003, only 3.3 million new jobs are expected to be created, compared to the 2.4 million in the single year 2000. In 2002, employment is expected to contract by -0.3% in Germany and Austria. In almost all other Member States employment may grow at very moderate positive rates between zero and one per cent. Due to the slowdown, the unemployment rate stopped declining in the euro area and started already to edge up in some Member States. The number of jobless is expected to increase by about half a million in 2002, the first increase since 1997. It would bring the average unemployment rate of the euro area in 2002 to be 8.6%, compared to 8.3% in 2001. But strong growth in 2003 will bring it down again to below its 2001 rate.

4. The decline in inflation is expected to continue

The year 2000 and the first part of 2001 witnessed a considerable increase in the overall price level in the euro area. Headline annual inflation, as measured by HICP, remained above the threshold of 2% since June 2000 and peaked in May 2001 when it reached 3.4%. Higher than expected oil prices and the weakness of the euro were the main causes of the inflation surge in 2000, while in the first part of 2001, it was a sudden increase in food prices. Since June 2001, the inflation rate has exhibited a continuous decline mainly attributable to a substantial fall in the contribution of energy prices.

The average inflation rate in 2001 is estimated to be 2.8% in the euro area. The current downward trend in prices should, however, continue and in the first quarter of next year inflation is expected to fall below the medium-term inflation objective of 2%. The average headline inflation rate for 2002 is forecast at 1.8% in the euro area.

The increase in unemployment and the desire to maintain employment in the presence of weak output growth are leading to a continuation of wage moderation. However, the latter was less the case in the Netherlands, due to a tightening labour market. The increase in nominal compensation per head in the euro area is projected to be fairly constant at 3.0% over the forecast period, resulting in unit labour costs increases of 1.9% in 2002, coming down from 2.5% in 2001.

5. Weak growth has a negative effect on public finances

The average general government balance in the euro area, net of proceeds from the sale of UMTS licenses, is expected to record a deficit of 1.1% of GDP in 2001, widening to 1.4% in 2002 before coming down to 1.0% in 2003. These figures represent a deterioration of government balances both compared to the year 2000 and to the Commission Spring forecasts, of which the main cause is weak growth.

The deterioration is particularly strong in Germany where the deficit, based on unchanged policy, is forecast to reach 2.7% of GDP in 2002. In France the deficit is forecast to widen to 2% of GDP in 2002. In Portugal the deficit is expected to be above 1.5 % of GDP in both 2001 and 2002, while in Italy it is likely to remain at 1.2 %. The other countries have smaller deficits or record a surplus.

Fiscal consolidation in the euro area as a whole will temporarily stall. The cyclical adjusted budget balance remains unchanged in 2001 and is forecast to improve marginally in 2002. Fiscal policy in the euro area can be considered close to neutral, although with country differences, as a result of significant tax cuts introduced in several member states at the beginning of the year and the working of automatic stabilisers in most countries.

6. Downside risks because of unusual uncertainty

Three reasons can be given for the particular large uncertainty at this juncture. First, the political events following the terrorist attack still have to unfold, undermining consumer and business confidence, which was already fragile given the ongoing slowdown. It is very difficult to disentangle in the confidence indicators overreaction from a true development in times of crisis. Second, as a consequence of 11 September, risk aversion increased, reflected in higher insurance premiums and transportation costs, but their impact on investment and trade is difficult to estimate. Finally, the slowdown occurred against the background of persistent imbalances in the US economy. The personal saving rate in the US is unusually low, requiring an adjustment sooner or later. The recent events may be the trigger for US households to bring about such an adjustment. Moreover, the over-investment in the US could take more time than expected to digest.

More detailed information on the forecasts is available in Supplement A of European Economy, published on the internet at:

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AUTUMN 2001
FORECASTS

MAIN ECONOMIC INDICATORS, 1961 - 2003

(a) GDP at constant prices (annual % change)

	1961	1974	1986	1991	1996			Estimate s	Forecasts	Scenario unchange d policies 2003	
	- 1973	- 1985	- 1990	- 1995	- 2003	1999	2000	2001	2002		
B	4,9	2,0	3,2	1,4	2,4	3,0	4,0	1,3	1,3	2,8	B
DK	4,4	1,5	1,3	2,0	2,4	2,1	3,2	1,3	1,6	2,5	DK
D	4,3	1,7	3,4	2,0	1,6	1,8	3,0	0,7	0,7	2,8	D
EL	8,5	1,7	1,2	1,2	3,5	3,4	4,3	4,1	3,5	4,2	EL
E	7,2	1,8	4,5	1,5	3,4	4,1	4,1	2,7	2,0	3,2	E
F	5,4	2,2	3,3	1,1	2,3	2,9	3,1	2,0	1,5	2,6	F
IRL	4,4	3,8	4,6	4,7	8,1	10,8	11,5	6,5	3,3	5,5	IRL
I	5,3	2,7	2,9	1,3	1,9	1,6	2,9	1,8	1,3	2,7	I
L	4,0	1,8	6,4	5,4	5,7	5,7	9,5	4,0	3,0	5,4	L
NL	4,9	1,9	3,3	2,1	3,1	3,7	3,5	1,5	1,5	3,1	NL
A	4,9	2,3	3,2	2,0	2,2	2,8	3,0	1,1	1,2	2,4	A
P	6,9	2,2	5,7	1,7	3,1	3,4	3,4	1,7	1,5	2,3	P
FIN	5,0	2,8	3,3	-0,7	3,8	4,0	5,7	0,5	1,7	2,9	FIN
S	4,1	1,8	2,3	0,6	2,5	4,5	3,6	1,4	1,6	2,6	S
UK	3,2	1,4	3,3	1,8	2,6	2,1	2,9	2,3	1,7	3,0	UK
EU-15	4,8	2,0	3,3	1,6	2,4	2,6	3,3	1,7	1,4	2,9	EU-15
Euro area	5,2	2,1	3,4	1,5	2,3	2,7	3,4	1,6	1,3	2,9	Euro area
USA	4,4	2,8	3,2	2,4	3,2	4,1	4,2	0,9	0,5	3,4	USA
JAP	9,4	3,3	4,9	1,4	0,7	0,8	1,5	-0,6	-0,9	0,5	JAP

(b) Gross fixed capital formation in equipment
(annual % change)

	1971	1974	1986	1991	1996			Estimate	Forecasts	Scenario	
	-	-	-	-	-	1999	2000	s		unchange	
	1973	1985	1990	1995	2003			2001	2002	d policies	
										2003	
B	-	-	-	-	-	-	-	-	-	-	B
DK	6,3	2,5	1,8	2,5	4,8	3,5	12,7	-3,1	0,9	5,1	DK
D	0,2	1,6	7,2	-2,4	4,5	7,2	8,7	-0,5	-0,2	7,0	D
EL	11,9	0,7	5,4	4,6	11,9	1,9	16,2	8,3	7,0	8,5	EL
E	10,9	-0,2	11,9	-2,5	6,3	7,7	4,8	1,2	1,1	4,1	E
F	9,2	2,9	9,0	-0,1	5,2	6,6	8,5	3,8	0,8	4,7	F
IRL	13,8	1,6	6,0	1,8	10,8	17,9	6,3	4,5	2,7	4,5	IRL
I	8,7	1,8	6,3	-0,1	4,9	6,0	8,0	0,2	3,1	4,4	I
L	-	-	-	-	8,3	42,3	-9,1	9,0	3,0	6,0	L
NL	0,4	2,8	3,6	1,3	4,0	8,9	5,5	-3,4	-2,2	2,9	NL
A	6,4	2,4	5,8	0,3	5,4	4,0	11,7	2,3	3,0	6,7	A
P	-	-	13,3	0,0	7,9	10,8	7,6	-2,0	2,7	4,3	P
FIN	6,0	1,6	6,4	-9,3	4,7	-2,0	3,2	1,0	0,5	4,5	FIN
S	6,9	3,2	6,9	-0,6	5,3	8,3	3,9	2,7	2,7	3,5	S
UK	4,5	1,8	5,2	0,3	6,1	0,1	7,0	0,3	-1,8	3,5	UK
EU-15	5,6	2,0	7,2	-0,8	5,2	5,9	7,9	0,6	0,8	4,9	EU-15
Euro area	5,6	1,9	7,7	-1,1	5,1	6,7	8,1	0,7	1,2	5,2	Euro area
USA	10,3	4,7	3,7	7,7	7,6	12,0	10,8	-4,3	-2,4	7,4	USA
JAP	7,5	3,2	9,0	0,3	0,7	-0,8	2,6	-3,1	-5,5	1,0	JAP

Note : - EU-15 and euro area aggregates include unified Germany from 1991 or 1992 onwards, depending on the aggregate.

- As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken

into account. As a result, projections for 2003 are essentially an extrapolation of present trends.

- Euro area : EUR-12 (EU-15 excluding DK, S and the UK).

AUTUMN 2001
FORECASTS

MAIN ECONOMIC INDICATORS, 1961 - 2003

(c) Total employment (annual % change)

	1961	1974	1986	1991	1996			Estimate s	Forecasts	Scenario unchange d policies 2003	
	- 1973	- 1985	- 1990	- 1995	- 2003	1999	2000	2001	2002		
B	0,5	-0,3	1,0	-0,2	1,0	1,4	1,6	1,2	0,3	1,2	B
DK	1,1	0,3	0,1	-0,2	0,7	1,1	0,7	0,4	0,2	0,5	DK
D	0,3	-0,2	1,5	-0,1	0,4	1,1	1,5	0,0	-0,3	0,8	D
EL	-0,5	1,0	0,7	0,6	0,6	-0,7	-0,3	1,1	0,6	1,2	EL
E	0,7	-1,4	3,3	-0,5	2,4	3,5	3,1	2,3	1,0	2,1	E
F	0,7	0,1	0,9	-0,2	1,1	1,8	2,2	1,6	0,4	1,2	F
IRL	0,1	0,1	1,1	1,9	4,0	6,3	4,9	2,3	0,8	1,8	IRL
I	-0,3	0,6	0,9	-0,6	1,0	1,1	1,6	1,5	0,4	1,3	I
L	1,1	0,5	3,2	2,7	4,0	5,0	5,6	5,4	2,3	3,8	L
NL	1,5	0,4	2,3	1,1	2,1	2,5	2,4	1,9	0,5	1,3	NL
A	0,0	0,1	0,7	0,2	0,3	1,2	0,5	0,0	-0,3	0,3	A
P	0,3	-0,4	1,1	-0,6	0,6	1,8	1,7	1,5	0,7	0,8	P
FIN	0,4	0,4	0,3	-3,8	1,6	2,7	1,8	1,4	0,0	0,5	FIN
S	0,6	0,8	1,0	-2,2	0,8	2,3	2,2	1,8	0,1	0,7	S
UK	0,3	-0,1	1,8	-0,9	1,0	1,1	1,0	0,7	0,0	0,4	UK
EU-15	0,4	0,0	1,4	-0,4	1,1	1,6	1,7	1,1	0,2	1,0	EU-15
Euro area	0,3	0,0	1,4	-0,2	1,1	1,7	1,9	1,2	0,2	1,2	Euro area
USA	2,0	1,8	2,2	1,1	1,3	1,9	1,9	-0,1	-0,6	0,9	USA
JAP	1,3	0,7	1,0	0,8	-0,2	-0,8	-0,2	-0,3	-0,3	-0,3	JAP

(d) Number of unemployed (as % of the civilian labour force)

	1964	1974	1986	1991	1996			Estimate s	Forecasts	Scenario unchange d policies 2003	
	- 1973	- 1985	- 1990	- 1995	- 2003	1999	2000	2001	2002		
B	2,0	7,7	8,7	8,5	8,2	8,8	7,0	6,9	7,0	6,9	B
DK	0,9	6,4	6,4	8,6	5,2	5,2	4,7	4,6	4,7	4,6	DK
D	0,7	4,2	5,9	7,3	8,6	8,6	7,9	7,8	8,2	7,8	D
EL	4,2	3,8	6,6	8,3	10,4	11,6	11,1	10,6	10,1	9,6	EL
E	2,8	11,3	18,9	20,9	16,2	15,9	14,1	13,0	13,0	12,1	E
F	2,2	6,4	9,8	11,1	10,5	11,2	9,5	8,7	9,2	8,7	F
IRL	5,7	10,6	15,5	14,5	6,5	5,6	4,2	3,8	4,5	4,5	IRL
I	5,2	7,0	9,5	10,1	10,6	11,3	10,5	9,5	9,6	8,9	I
L	0,0	1,7	2,1	2,5	2,5	2,4	2,4	2,2	2,4	2,2	L
NL	1,3	7,1	7,4	6,4	3,9	3,4	3,0	2,3	3,2	3,5	NL
A	2,2	2,6	3,0	3,6	4,2	3,9	3,7	3,9	4,3	4,2	A
P	2,5	7,0	6,4	5,7	5,1	4,5	4,1	3,8	4,3	4,7	P
FIN	2,6	4,9	4,1	13,3	10,8	10,2	9,8	9,2	9,4	9,3	FIN
S	2,0	2,4	2,0	7,2	7,1	7,2	5,9	5,2	5,6	5,4	S
UK	2,0	6,9	9,0	9,5	6,1	6,1	5,5	5,1	5,4	5,4	UK
EU-15	2,4	6,4	8,9	10,0	9,0	9,1	8,2	7,7	8,0	7,6	EU-15
Euro area	2,5	6,5	9,2	10,2	9,7	9,9	8,9	8,3	8,6	8,2	Euro area
USA	4,6	7,5	5,9	6,6	4,9	4,2	4,0	4,7	5,9	5,7	USA
JAP	1,2	2,2	2,5	2,6	4,9	4,7	4,7	5,2	6,5	7,3	JAP

Note : - EU-15 and euro area aggregates include unified Germany from 1991 or 1992 onwards, depending on the aggregate.

- As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken

into account. As a result, projections for 2003 are essentially an extrapolation of present trends.

- Euro area : EUR-12 (EU-15 excluding DK, S and the UK).

AUTUMN 2001
FORECASTS

MAIN ECONOMIC INDICATORS, 1961 - 2003

(e) Inflation (1) (annual % change)

	1961	1974	1986	1991	1996			Estimate s	Forecasts	Scenario unchange d policies 2003	
	- 1973	- 1985	- 1990	- 1995	- 2003	1999	2000	2001	2002		
B	3,7	7,4	1,9	2,5	1,6	1,1	2,7	2,4	1,4	1,4	B
DK	6,6	9,7	4,0	2,3	2,0	2,1	2,7	2,3	1,7	2,0	DK
D	3,4	4,3	1,4	3,3	1,4	0,6	2,1	2,4	1,5	1,5	D
EL	3,6	18,2	17,6	13,8	4,0	2,1	2,9	3,6	2,7	2,9	EL
E	6,5	15,3	6,6	5,6	2,6	2,2	3,5	3,7	2,3	2,1	E
F	4,7	10,5	3,1	2,5	1,4	0,6	1,8	1,8	1,4	1,5	F
IRL	6,3	13,8	3,2	2,6	2,9	2,5	5,3	4,0	3,3	2,9	IRL
I	4,9	16,0	6,1	5,8	2,3	1,7	2,6	2,7	1,7	1,8	I
L	3,0	7,4	2,4	3,0	1,9	1,0	3,8	2,6	2,2	1,7	L
NL	5,1	6,0	1,0	2,6	2,4	2,0	2,3	5,2	2,6	1,9	NL
A	4,1	5,8	2,0	3,1	1,5	0,5	2,0	2,4	1,7	1,8	A
P	3,9	22,2	11,9	7,5	2,7	2,2	2,8	4,3	2,8	2,2	P
FIN	5,7	10,7	4,3	3,0	1,8	1,3	3,0	2,7	2,0	2,2	FIN
S	4,8	10,3	6,7	4,7	1,6	0,6	1,3	2,7	2,2	2,2	S
UK	4,8	11,9	5,5	4,1	1,5	1,3	0,8	1,3	1,3	1,5	UK
EU-15	4,6	10,9	4,4	4,2	1,8	1,2	2,1	2,5	1,7	1,7	EU-15
Euro area	4,5	10,7	4,1	4,2	1,9	1,1	2,4	2,8	1,8	1,8	Euro area
USA	2,9	6,9	3,8	2,7	1,8	1,6	2,7	1,9	1,5	1,8	USA
JAP	6,1	6,5	1,3	1,1	-0,2	-0,7	-1,1	-1,0	-0,1	0,1	JAP

(1) Consumer prices (harmonised index) from 1996 onwards for the EU, deflator of private consumption otherwise.

(f) Balance on current transactions with the rest of the world
(as a % of GDP)

	1961	1974	1986	1991	1996			Estimate s	Forecasts	Scenario unchange d policies 2003	
	- 1973	- 1985	- 1990	- 1995	- 2003	1999	2000	2001	2002		
B	1,4	-1,4	1,2	3,7	4,8	5,3	4,7	4,4	4,6	4,5	B
DK	-1,9	-3,5	-2,2	1,6	1,7	2,2	2,1	3,2	2,5	2,7	DK
D	0,7	0,8	4,2	-0,9	-0,4	-0,8	-1,0	-0,1	-0,2	-0,1	D
EL	-2,0	-0,9	-3,0	-2,0	-3,7	-3,2	-4,5	-4,3	-4,5	-4,7	EL
E	-0,7	-1,4	-1,2	-1,8	-1,8	-2,3	-3,4	-3,1	-2,9	-2,7	E
F	0,6	-1,7	-1,6	-0,1	1,8	2,3	1,4	1,7	1,8	1,5	F
IRL	-2,5	-7,9	-1,2	1,9	0,2	0,4	-0,6	-1,5	-2,0	-2,2	IRL
I	1,4	-0,8	-0,7	-0,1	1,1	1,0	0,1	0,2	-0,1	-0,3	I
L	6,9	26,6	28,1	-	-	-	-	20,1	19,7	19,7	L
NL	0,5	2,0	2,8	4,3	5,2	4,1	5,0	5,8	6,1	6,0	NL
A	0,1	-1,0	0,1	-1,1	-2,5	-3,1	-2,7	-2,7	-2,4	-2,7	A
P	0,4	-6,6	-0,2	-2,7	-7,7	-8,9	-10,5	-8,7	-8,3	-8,2	P
FIN	-1,5	-2,0	-3,1	-1,2	6,0	6,0	7,3	7,1	6,2	6,6	FIN
S	0,2	-1,7	-1,6	-0,3	3,4	4,0	3,3	3,4	2,4	2,2	S
UK	0,4	0,2	-3,2	-1,6	-1,7	-2,1	-2,0	-1,9	-2,9	-2,6	UK
EU-15	0,5	-0,5	-0,1	-0,4	0,3	0,1	-0,3	0,2	-0,1	-0,1	EU-15
Euro area	0,6	-0,5	0,7	-0,2	0,6	0,4	-0,1	0,4	0,4	0,4	Euro area
USA	0,5	-0,3	-2,3	-0,9	-2,9	-3,3	-4,4	-3,7	-3,3	-3,6	USA
JAP	0,6	0,9	2,7	2,5	2,3	2,5	2,5	2,3	2,3	2,1	JAP

Note : - EU-15 and euro area aggregates include unified Germany from 1991 or 1992 onwards, depending on the aggregate.

- As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken

into account. As a result, projections for 2003 are essentially an extrapolation of present trends.

- Euro area : EUR-12 (EU-15 excluding DK, S and the UK).

AUTUMN 2001
FORECASTS

MAIN ECONOMIC INDICATORS, 1961 - 2003

(g) General government net lending (+) or borrowing (-) (as a % of GDP) (1)

	1970	1974	1986	1991	1996			Estimate s	Forecasts	Scenario unchange d policies 2003	
	- 1973	- 1985	- 1990	- 1995	- 2003	1999	2000	2001	2002		
B	-3,4	-7,8	-7,0	-5,9	-0,9	-0,6	0,1	0,0	-0,2	0,1	B
DK	4,1	-2,7	1,3	-2,4	1,5	3,1	2,5	2,2	1,6	2,0	DK
D	0,2	-2,8	-1,5	-3,1	-2,0	-1,6	1,2	-2,5	-2,7	-2,2	D
EL (2)	0,2	-4,9	-12,0	-11,5	-2,2	-1,8	-1,1	0,0	0,3	0,8	EL
E	0,4	-2,6	-4,1	-5,6	-1,5	-1,1	-0,3	0,1	-0,2	0,0	E
F	0,7	-1,6	-1,8	-4,5	-2,2	-1,6	-1,4	-1,5	-2,0	-1,6	F
IRL	-3,9	-9,9	-5,3	-2,1	2,0	2,3	4,5	2,4	1,8	1,8	IRL
I	-5,4	-9,6	-10,8	-9,1	-2,3	-1,8	-0,3	-1,2	-1,2	-0,9	I
L	2,6	1,8	-	1,8	3,6	3,7	6,1	4,4	2,8	3,2	L
NL	-0,5	-3,4	-4,9	-3,5	0,3	0,4	2,2	1,3	0,5	1,4	NL
A	1,4	-2,3	-3,2	-3,8	-1,4	-2,2	-1,1	-0,2	-0,4	0,4	A
P	1,9	-6,8	-4,3	-5,0	-2,2	-2,1	-1,5	-2,0	-1,6	-1,4	P
FIN	4,5	3,7	4,0	-5,0	1,9	1,9	6,9	4,8	2,9	2,3	FIN
S	4,3	-1,7	3,1	-7,6	1,3	1,7	4,1	3,9	1,6	1,9	S
UK	0,1	-3,6	-0,7	-5,7	0,2	1,2	4,3	1,2	0,4	0,5	UK
EU-15	-0,3	-3,7	-3,3	-5,1	-1,2	-0,7	1,1	-0,5	-0,9	-0,6	EU-15
Euro area	-0,7	-3,9	-4,2	-5,0	-1,7	-1,3	0,3	-1,1	-1,4	-1,0	Euro area
USA	-1,6	-3,3	-4,2	-4,5	-1,0	0,9	1,7	-0,3	-3,6	-3,4	USA
JAP	0,8	-3,2	1,2	-0,8	-6,5	-7,0	-7,6	-6,5	-5,9	-5,6	JAP

(1) 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 -1.3%, -0.4%, -1.5%, 1.5%, -1.5%, -1.8%, 1.9%, -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 -0.2%, 2.0%, -0.4%, -1.6%, -0.5%

and -1.1% for B, DK, EL, F, EU-15 and Euro area.

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

(h) General government gross debt (as a % of GDP)

	1980	1985	1990	1995	1997	1999	2000	Estimate s 2001	Forecasts 2002	Scenario unchange d policies 2003	
B	78,3	121,8	127,7	133,4	119,7	115,9	110,3	107,0	103,9	99,4	B
DK	36,4	69,8	57,7	69,3	55,6	52,0	46,1	43,2	42,5	40,0	DK
(1) D	31,7	41,7	43,5	57,1	60,9	61,3	60,3	60,0	61,0	60,6	D
EL	27,7	59,8	89,0	108,7	105,0	103,9	102,7	99,8	98,5	95,1	EL
E	17,0	42,7	44,0	64,0	64,7	63,4	60,7	58,0	57,3	55,6	E
F	20,4	31,8	36,3	54,0	59,5	58,5	57,6	57,1	57,3	56,6	F
IRL	72,3	105,3	97,5	84,3	54,8	49,3	38,6	34,3	30,8	27,1	IRL
I	58,3	82,0	97,3	123,3	116,4	114,6	110,5	108,2	106,9	103,4	I
L	9,3	9,6	4,5	5,6	6,4	6,0	5,3	5,3	5,2	4,9	L
NL	46,3	70,5	77,4	77,0	66,8	63,1	56,1	51,8	48,9	45,3	NL
A	36,4	49,5	57,5	68,5	63,9	64,7	63,1	62,3	61,2	58,7	A
P	34,9	66,6	63,0	64,1	54,7	54,5	53,7	53,5	53,5	53,3	P
FIN	11,6	16,4	14,5	57,1	48,8	47,3	44,0	42,7	42,0	41,7	FIN
S	39,6	61,6	42,1	76,6	70,5	65,3	55,7	52,7	50,5	48,2	S
UK	54,9	54,4	35,1	51,8	48,1	45,7	42,8	39,3	37,2	34,8	UK
EU-15	38,4	53,8	54,9	70,2	69,0	67,5	64,4	62,5	61,8	59,9	EU-15
Euro area	35,1	52,8	59,1	72,9	73,7	72,7	70,2	68,8	68,4	66,7	Euro area

(1) 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.

Note : - EU-15 and euro area aggregates include unified Germany from 1991 or 1992 onwards, depending on the aggregate.

- As usual, the forecasts are conditioned upon, inter alia, the technical assumption of 'no policy change'.

This means that specific policy measures, especially in the budgetary field, which have not yet been disclosed are not taken

into account. As a result, projections for 2003 are essentially an extrapolation of present trends.

- Euro area : EUR-12 (EU-15 excluding DK, S and the UK).